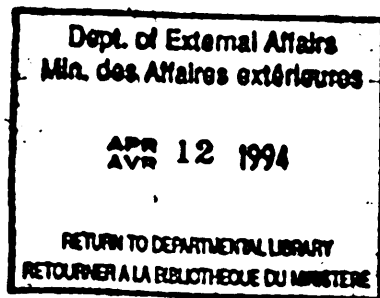


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**DOCUMENTS RELATIFS AUX
RELATIONS EXTÉRIEURES DU CANADA**

**DOCUMENTS ON CANADIAN
EXTERNAL RELATIONS**



CANADA

DOCUMENTS RELATIFS AUX
RELATIONS EXTÉRIEURES
DU CANADA

DOCUMENTS ON CANADIAN
EXTERNAL RELATIONS

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1948

Compilé par/Edited by
Hector Mackenzie

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INTERNATIONAL TRADE

MINISTRE DES APPROVISIONNEMENTS ET SERVICES
REINTEGRATION OF THE
AGENCY

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INTRODUCTION

INTRODUCTION

L'année 1948 a été marquée par le changement : changement de leadership et, jusqu'à un certain point, changement d'orientation pour le gouvernement du Canada et son ministère des Affaires extérieures. À la fin de janvier 1948, William Lyon Mackenzie King annonça sa décision de quitter ses fonctions de Premier ministre. Seize mois plus tôt, il avait abandonné le portefeuille des Affaires extérieures, mais ni ce geste ni sa décision de partir ne mirent fin à l'intérêt qu'il portait à l'élaboration et à la mise en oeuvre de la politique extérieure du Canada ou à sa participation au processus. Le rôle de King ne fait aucun doute à la lecture de la présente collection de documents; celle-ci comporte obligatoirement des extraits du journal du Premier ministre afin d'éclaircir certains détails clés d'un épisode d'une importance majeure que Robert Cuff et J.L. Granatstein ont qualifié de « croissance et déclin du projet de libre-échange canado-américain »¹. De plus, à bien d'autres occasions, l'intervention de King se révéla déterminante ou bien son influence déclencha le réexamen de politiques. La déclaration officielle dans laquelle il annonça son départ avant la fin de l'année marqua néanmoins le début de la fin d'une époque.

En août 1948, Louis S. Saint-Laurent, qui avait succédé à King comme secrétaire d'État aux Affaires extérieures deux ans plus tôt, remporta la course à la direction du Parti libéral. Il n'assuma toutefois la charge de Premier ministre que le 15 novembre, une fois Mackenzie King rentré de la réunion de l'Assemblée générale des Nations Unies à Paris et de celle des premiers ministres du Commonwealth à Londres (à laquelle il ne put assister pour des raisons de santé). À ce moment, Lester B. Pearson, qui avait été pendant deux ans sous-secrétaire d'État aux Affaires extérieures, était entré en politique comme il l'avait donné à entendre à Norman Robertson au début de juin². Devenu secrétaire d'État aux Affaires extérieures le 10 septembre, il sera le plus souvent absent d'Ottawa jusqu'à la fin de l'année, d'abord pour faire campagne comme candidat lors des élections complémentaires dans la circonscription d'Algoma-Est puis pour représenter le Canada à des réunions à Paris et à Londres.

La direction politique des Affaires extérieures releva donc pour une longue période d'un ministre suppléant, le ministre de la Défense nationale, Brooke Claxton. Son principal conseiller au ministère, tout au cours de l'automne, fut Escott Reid qui était devenu sous-secrétaire d'État par intérim le lendemain de la nomination de Pearson à la tête du ministère. Entre-temps, la recherche d'un successeur permanent à Pearson se trouva entremêlée avec les efforts, entrepris plus tôt, en vue de trouver un haut fonctionnaire francophone capable de remplacer Laurent Beaudry, qui avait dû démissionner comme sous-secrétaire associé pour des raisons de santé. Les tentatives en vue de maintenir une présence francophone aux plus hauts échelons du ministère échouèrent lorsque, dans un premier temps, Pierre Dupuy déclina le poste de sous-secrétaire suppléant et que par la suite Jean Désy résista aux pressions de Pearson qui voulait en faire son successeur. Pearson avait alors déjà approché Arnold Heeney, greffier du Conseil privé. Cette intrigue secondaire ne connut son

¹Robert Cuff et J.L. Granatstein, «The Rise and Fall of Canadian-American Free Trade, 1947-8», *Canadian Historical Review*, vol. 57, décembre 1977, pp. 459 et suiv. Voir aussi J.L. Granatstein *How Britain's Weakness Forced Canada into the Arms of the United States*, (Toronto, 1989), chapitre 3. C.P. Stacey a fait valoir que cet épisode était révélateur du pouvoir du premier ministre. Stacey, *Canada and the Age of Conflict, Volume 2: 1921-1948*, (Toronto, 1981), p. 424.

²Documents de Pearson, vol. 13 : L.B. Pearson à N.A. Robertson, 1^{er} juin 1948.

INTRODUCTION

The year covered in this volume was one of change in leadership, and to some extent also in direction, for the Government of Canada and for its Department of External Affairs. In late January 1948, William Lyon Mackenzie King announced his decision to retire as Prime Minister. Sixteen months earlier, he had relinquished the portfolio of Secretary of State for External Affairs, but neither that change nor the announcement of his retirement ended his interest or involvement in the development and implementation of Canada's foreign policy. There is ample evidence of that impact in this collection of documents, which necessarily includes extracts from the Prime Minister's diary to fill important gaps in one major story, what Robert Cuff and J.L. Granatstein called 'The Rise and Fall of Canadian-American Free Trade.'¹ As well, there were many other instances when Mackenzie King's intervention proved decisive or when his influence prompted a reconsideration of policy. Even so, his formal declaration that he would leave the office of Prime Minister before the end of the year anticipated the end of an era.

In August 1948, Louis S. St. Laurent, who had succeeded King as Secretary of State for External Affairs two years earlier, won the leadership of the Liberal Party, though he did not immediately take over as Prime Minister. Not until after Mackenzie King returned from the meetings of the United Nations General Assembly in Paris and the Prime Ministers of the Commonwealth in London (which he was unable to attend for reasons of health) did St. Laurent finally assume the mantle of Prime Minister on 15 November 1948. By then, Lester B. Pearson, who had served for two years as Under-Secretary of State for External Affairs, had made the transition to politics, about which he had hinted to Norman Robertson at the beginning of June.² On 10 September 1948, Pearson became Secretary of State for External Affairs. From then until the end of the year, Pearson was more often away from Ottawa, first to fight a by-election in Algoma East, then to represent Canada at meetings in Paris and London.

As a consequence, the political direction of the Department of External Affairs was for a considerable time in the hands of an acting minister, the Minister of National Defence, Brooke Claxton. The principal official advising him throughout the autumn was Escott Reid, who had assumed responsibility as Acting Under-Secretary of State for External Affairs the day after Pearson's appointment as Minister. Meanwhile, the search for a permanent successor to Pearson became entangled with an earlier effort to find a senior francophone official to replace Laurent Beaudry, who had been forced to resign as Associate Under-Secretary for reasons of health. Efforts to maintain a francophone presence in the highest ranks of the Department failed when first Pierre Dupuy declined the position of Deputy Under-Secretary and later Jean Désy resisted Pearson's entreaties to succeed him as Under-Secretary. By then, Pearson had already approached the Clerk of the Privy Council, Arnold Heeney, about the latter position. That particular sub-plot was not

¹ Robert Cuff and J.L. Granatstein, 'The Rise and Fall of Canadian-American Free Trade, 1947-8,' *Canadian Historical Review* 57 (December 1977), 459ff. See also J.L. Granatstein *How Britain's Weakness Forced Canada into the Arms of the United States* (Toronto, 1989), chapter 3. C.P. Stacey argued that this episode was an effective demonstration of the power of the Prime Minister. Stacey, *Canada and the Age of Conflict*, Volume 2: 1921-1948 (Toronto, 1981), p. 424.

² Pearson Papers/Vol.13: L.B. Pearson to N.A. Robertson, 1 June 1948.

dénouement que lorsque ce dernier devint sous-secrétaire d'État aux Affaires extérieures en mars 1949.

Le Ministère poursuit son expansion en 1948, et à un rythme à peine moins spectaculaire que l'année précédente. Le service extérieur passa à 216 membres (une augmentation de 23 %) et le Ministère, à 1 213 employés (une augmentation de 47 %). Environ la moitié du personnel travaillait à l'étranger. Sept postes furent ouverts : une légation à Belgrade, deux représentations permanentes auprès des Nations Unies, l'une à New York et l'autre à Genève, un consulat général à San Francisco ainsi que des consulats à Détroit, à Boston et à Francfort. De plus, la légation à Rome fut élevée au rang d'ambassade. À la fin de l'année, le Canada comptait 44 missions à l'étranger : 14 ambassades, huit légations, sept hauts-commissariats, 11 bureaux consulaires et quatre missions spéciales¹.

Si les femmes furent admises pour la première fois comme agents du service extérieur en 1947, leur nombre restait par ailleurs très limité. D'autre part, le lecteur remarquera sans aucun doute l'absence de documents en français dans le présent volume. En fait, un seul (le document 786) fut rédigé entièrement en français; d'autres ne renfermaient que de brefs passages dans cette langue. Même les communications en provenance de Paris (fut-ce de l'ambassade ou de la délégation à l'Assemblée générale des Nations Unies) étaient rédigées en anglais. On peut en trouver une explication dans un extrait des délibérations d'un comité ministériel spécial sur les rapports préparés par les missions (document 7).

Mises à part quelques exceptions, on ne trouvera pas le type de dépêches ou d'analyses qui renaient le plus l'attention de ce comité, à savoir les rapports sur la situation dans les pays hôtes. La première de ces exceptions a trait à l'une des crises fondamentales de 1948, à savoir le coup d'État communiste en Tchécoslovaquie et la deuxième, aux politiques nationales et aux relations internationales de deux des plus vieux et des plus grands alliés du Canada, la Grande-Bretagne et la France, qui présentèrent d'épineux problèmes aux occupants de l'Édifice de l'Est sur la Colline parlementaire. Les dépêches pertinentes ont été reproduites car elles aident à comprendre d'une part le contexte dans lequel le gouvernement du Canada et le ministère des Affaires extérieures cherchaient à définir les engagements du Canada à l'étranger et, d'autre part, certaines des réactions spécifiques à cette évolution de la situation internationale. Une autre préoccupation du Ministère à savoir l'attitude et les intentions de l'Union soviétique, est reflétée dans les documents qui complètent l'histoire amorcée dans le chapitre V du volume 13 des *Documents sur les relations extérieures du Canada*.

Cette préoccupation n'était que la manifestation la plus évidente d'une nouvelle donne dont on retrouve la trace partout dans le présent ouvrage : le début de ce qui commençait à être surnommé «la guerre froide». Même si cette expression n'est utilisée que dans deux documents (1079 et 1082), cherchant l'un et l'autre à résoudre l'énigme de la politique soviétique, l'impact de la bipolarisation du monde est évident dans presque tous les chapitres. Le niveau de la représentation du Canada à Prague et à Varsovie fut réévalué au lendemain du coup d'État en Tchécoslovaquie. Et, au moment d'arrêter sa position à l'égard des règlements de paix conclus avec l'Allemagne et le Japon, le Canada prit en compte leur impact sur les relations entre l'Est et l'Ouest. La plupart des grandes questions soumises au Conseil de sécurité

¹Rapport annuel du ministère des Affaires extérieures, 1948 (Ottawa, 1949).

resolved until Heeney became Under-Secretary of State for External Affairs in March 1949.

The Department of External Affairs continued to expand in 1948, with only a slight variation in the dramatic growth witnessed in 1947. The foreign service was enlarged by 23% to 216, while the staff increased by 47% to 1,213. Roughly half of the employees worked abroad. Seven new Canadian posts were opened in 1948: a Legation in Belgrade; permanent representation to the United Nations in New York and Geneva; a Consulate-General in San Francisco; Consulates in Detroit, Boston and Frankfurt. During the year, the Legation in Rome was raised to the status of an Embassy. By the end of the year, Canada had 44 posts abroad: 14 Embassies, 8 Legations, 7 High Commissioners' Offices; 11 consular offices and 4 special missions.³

Although the first women had been appointed as foreign service officers in 1947, their numbers were still meagre. Also conspicuous to a modern reader is the absence of French from the documents reproduced in this volume. Only one document (786) was written entirely in French, with brief extracts in others. Even communications from Paris (whether from the Embassy or from the Delegation to the General Assembly of the United Nations) and Brussels were sent in English. An explanation of that tendency may be found in an extract from the deliberations of a special departmental committee on reporting from posts (Document 7).

With few exceptions, the documents selected for this volume do not include the kind of despatches or analyses which most preoccupied that committee, those which reported on the situation in the host country. The departures from this rule deal with one of the fundamental crises in 1948, the Communist coup in Czechoslovakia, as well as tendencies in the national policies and international relations of two of Canada's oldest and closest allies, Britain and France, which posed difficult problems for the occupants of the East Block on Parliament Hill. These despatches are included here as they help to explain the context in which the Government of Canada and the Department of External Affairs considered Canada's overseas commitments as well as some of the specific responses to these international changes. Another preoccupation of the Department, the attitudes and intentions of the Soviet Union, is reflected in the documents which complete the story begun in Chapter V of Volume 13 in *Documents on Canadian External Relations*.

That concern was simply the most obvious manifestation of a development whose influence pervades this volume, the onset of what was becoming known as the 'cold war'. Though that phrase is employed in only two documents (1079 and 1082), both of which are attempts to solve the conundrum of Soviet policy, the impact of the bi-polar world is evident in virtually every chapter of this book. The level of Canada's representation in Prague and Warsaw was reviewed in the light of the coup in Czechoslovakia. Canada's attitude toward the peace settlements with Germany and Japan was considered for its implications on relations between East and West. Most issues which came before the Security Council of the United Nations, on which Canada was now represented, were interpreted or debated along the

³*Annual Report of the Department of External Affairs, 1948* (Ottawa, 1949).

des Nations Unies, auquel siégeait alors le Canada, furent d'ailleurs interprétées ou débattues avec la guerre froide comme toile de fond. Qu'il fut question de décider de l'admission de nouveaux membres à l'ONU ou de chercher à résoudre les conflits en Palestine, en Indonésie, en Corée ou au Cachemire, la délégation canadienne se retrouva souvent aux premières lignes dans la guerre de mots que se livraient deux idéologies opposées.

«Aujourd'hui, il n'est qu'un agresseur possible,» affirma Brooke Claxton à la Chambre des communes le 24 juin 1948. «Le seul conflit auquel le Canada prendrait part serait un conflit universel, une guerre totale⁴.» Les négociateurs canadiens jouèrent un rôle important dans l'élaboration du système de sécurité collective mis en place pour contrer la menace soviétique. La négociation du Traité de l'Atlantique Nord se déroula en trois étapes : des réunions tripartites en mars auxquelles participèrent les États-Unis, la Grande-Bretagne et le Canada; des rencontres, à Washington, entre les ambassadeurs de ces pays et d'autres signataires du Traité de Bruxelles durant l'été; et de nouvelles rencontres entre les ambassadeurs, qui se poursuivaient toujours à la fin de l'année. Le département d'État prépara un compte rendu des rencontres des ambassadeurs, qui a été reproduit dans *Foreign Relations of the United States* (1948, volume III). Plutôt que de reprendre ce compte rendu, nous nous en sommes remis aux rapports canadiens sur les discussions et les négociations, ainsi qu'à certains comptes rendus des groupes de travail préparés par l'ambassade du Canada. Deux ouvrages, *Time of Fear and Hope* (Toronto, 1977) d'Escott Reid, et *In Defence of Canada: Growing Up Allied* (Toronto, 1980) de James Eayrs, ont puisé à ces sources. Sauf pour quelques nuances, la version des faits relatée ici est sensiblement la même. J'ai voulu couvrir ces négociations le plus complètement possible pour montrer à quel point ce sujet était important pour les décideurs à Ottawa et pour préserver l'équilibre dans ce survol des relations extérieures du Canada.

Même si ce chapitre débute par une tribulation plutôt familière pour Mackenzie King — la tendance des Britanniques à se livrer à des généralisations concernant les attitudes, les intérêts et les engagements du Commonwealth —, il importe de signaler que le Premier ministre ne fut pas aussi hésitant dans sa réponse (document 298) à la demande que lui avait faite le Premier ministre britannique Clement Attlee de participer aux discussions préliminaires sur la sécurité dans l'Atlantique Nord (document 296). En fait, King s'arrangea même pour lier la possibilité d'une coopération économique dans le cadre d'un éventuel Traité de l'Atlantique Nord et l'abandon du projet de libre-échange entre le Canada et les États-Unis (documents 323, 647 et 648). Fort conscient des réticences habituelles du Premier ministre au sujet d'engagements, réels ou appréhendés, Pearson souligna à plusieurs reprises que les discussions n'engageraient à rien. À l'automne, Reid tenta de convaincre ses collègues, son ministre et son ministre suppléant que le Cabinet devrait approuver l'ensemble de documents sur cette question. Une bonne indication des tensions suscitées par ces discussions et fournie par la démarche de Reid auprès de Pearson (document 425) et la conversation téléphonique entre Brooke Claxton et Hume Wrong (document 441) ainsi que par les commentaires sur la formulation de certains textes (particulièrement les observations incisives de Norman Robertson dans le document 414).

⁴Chambre des communes, *Débats*, 24 juin 1948, p. 5956.

lines of the cold war. Whether the question was the admission of new members to the United Nations or an attempt to resolve conflicts in Palestine, Indonesia, Korea or Kashmir, the Canadian delegation often found itself in the front lines of a rhetorical contest between opposing ideologies.

"Today there is only one possible aggressor," Brooke Claxton told the House of Commons on 24 June 1948, "the only war in which Canada would take part would be a world war, a total war."⁴ Canadian negotiators played an important part in the elaboration of that form of collective security, the North Atlantic Treaty, which was devised to counter the Soviet threat. Those negotiations took place in three phases: tripartite meetings in March involving the United States, Britain and Canada; meetings of the Ambassadors in Washington of these countries with other signatories of the Brussels Treaty during the summer; and further meetings of Ambassadors which had not concluded when the year ended. The State Department prepared minutes of the meetings of Ambassadors, which have been published in the *Foreign Relations of the United States* (1948, Volume III). Rather than duplicate that record, I have relied on Canadian reports of the discussions and negotiations, supplemented by some minutes of the working groups prepared by the Canadian Embassy. Two published accounts, *Time of Fear and Hope* (Toronto, 1977) by Es-cott Reid and *In Defence of Canada: Growing Up Allied* (Toronto, 1980) by James Eayrs, have made use of some of this material. What is printed here adds some shading and nuance to those versions of events, though not significant differences. To reflect the importance of this subject to policy-makers in Ottawa and to preserve balance within this overview of Canada's international relations, I decided to cover these negotiations as completely as possible.

Although this chapter begins with a familiar tribulation for Mackenzie King — the British tendency to generalize about the attitudes, interests and commitments of the Commonwealth — it is noteworthy that the Prime Minister was not so hesitant in his response (Document 298) to the appeal from the British Prime Minister, Clement Attlee, to participate in the preliminary discussions about North Atlantic security (Document 296). Indeed, King even contrived to link the possibility of economic cooperation under a North Atlantic Treaty to the abandonment of Canadian-American free trade (Documents 323, 647 and 648). Ever mindful of the Prime Minister's traditional wariness about commitments real or imagined, Pearson frequently emphasised the non-committal nature of the talks. In the autumn, Reid attempted to persuade his colleagues, his Minister and his acting Minister that the Cabinet should endorse a comprehensive package of documents on this subject. Some sense of the tensions evoked by this exercise can be found in Reid's appeal to Pearson (Document 425) and Claxton's telephone conversation with Hume Wrong (Document 441) as well as the comments on drafting (particularly Norman Robertson's cutting remarks in Document 414).

In the midst of this flurry of activity, Heeny wrote privately to Pearson that 'the combination of your acting Minister and acting Under-Secretary is pretty exhausting as you can imagine. The production of papers and the volume thereof has struck an all time high I should think and the North Atlantic crusade which you started is

⁴House of Commons, *Debates*, 24 June 1948, 5782-5783.

Au milieu de toute cette activité, Heeney écrivit en privé à Pearson : «[L]’action combinée de votre ministre suppléant et de votre sous-secrétaire par intérim a un effet plutôt exténuant, comme vous pouvez vous en douter. La production de documents et leur volume ont sans doute atteint un niveau record, et je crains que les notes de service n’aient raison de la croisade que vous avez amorcée au sujet du Traité de l’Atlantique Nord⁵.» Robertson, un ancien et futur sous-secrétaire, était aussi d’avis qu’en l’absence du ministre, son suppléant avait naturellement tendance à «saisir le Cabinet de questions qu’un ministre en titre sur place cherchera[it] à régler lui-même ou en consultation étroite avec ses collègues du Cabinet que ces questions intéressent tout particulièrement⁶». Pearson, toutefois, ne rentra qu’à la mi-décembre à Ottawa, où sa relation de travail étroite avec Louis Saint-Laurent, alors Premier ministre, facilita l’examen des grands dossiers de politique étrangère.

La position à adopter face au blocus soviétique de Berlin et au pont aérien mis subséquemment en place par les alliés fut l’un des points sur lesquels Mackenzie King s’opposa à Saint-Laurent et à Pearson. Malheureusement, ce furent les Britanniques qui, les premiers, demandèrent l’aide du Canada (documents 491 et 494) et la presse eut vent de la chose. King y vit un scénario semblable à celui de la crise de Chanak en 1922, épisode resté gravé dans sa mémoire comme une tentative d’un gouvernement britannique belliqueux de presser son gouvernement de soutenir aveuglément une intervention militaire à la marge des intérêts impériaux. Facile à caricaturer, la circonspection du Premier ministre était compréhensible et sa crainte d’un casus belli impliquant un avion ou un pilote canadien et susceptible de déclencher une Troisième Guerre mondiale était partagée par quelqu’un que ne hantait pas le spectre de Chanak, à savoir Brooke Claxton. King fut certainement soulagé quand ce dernier s’opposa, au Cabinet, à la participation du Canada au pont aérien (document 498). Deux lettres (documents 499 et 506) font ressortir les divergences d’opinion entre Claxton et Pearson.

Au fur et à mesure que d’autres dominions répondaient positivement à l’appel d’aide de la Grande-Bretagne, les pressions privées et publiques sur le gouvernement se firent plus insistantes. Il ressort clairement des archives de l’ambassade à Washington que le département d’État et les autorités militaires américaines souhaitaient elles aussi vivement la participation du Canada (documents 521, 522, 528, 532 et 533), mais il est aussi évident que Pearson y fut pour quelque chose (documents 519 et 520). Il ne fait pas de doute que l’approche initiale via Londres compliqua l’examen de la question à Ottawa, comme d’ailleurs l’impression du premier ministre sortant qu’une guerre était imminente. Ce sentiment était né durant une séance d’information donnée par le secrétaire aux Affaires étrangères de Grande-Bretagne, Ernest Bevin, quand King s’était rendu à Londres à l’occasion du mariage royal en novembre 1947, et il était toujours présent un an plus tard lorsque le premier ministre prit sa retraite. Comme on pouvait s’y attendre, deux semaines après le départ de King, Pearson pressa Saint-Laurent de reconsidérer la question (document 535). À la fin de l’année, toutefois, le Canada restait sur la touche.

La guerre froide eut aussi un impact sur les relations du Canada avec le reste du Commonwealth même si King ne jugeait pas que cela justifiait de devancer la date

⁵Documents de Pearson, volume 32 : A.D.P. Heeney à L.B. Pearson, 19 novembre 1948.

⁶DEA/259-A(s) : N.A. Robertson à Reid, 30 décembre 1948.

in danger of being checked by memoranda.⁵ Robertson, a former and future Under-Secretary, shared the view that while the Minister was away there was a natural tendency for an acting Minister 'to take to Cabinet questions which a full-time Minister at his desk will try to dispose of either by himself or in direct consultation with those of his Cabinet colleagues most interested in a particular question.'⁶ But it was not until mid-December that Pearson returned to Ottawa, where his close working relationship with Louis St. Laurent, by then Prime Minister, eased further consideration of the fundamental questions of foreign policy.

One issue on which St. Laurent and Pearson had found themselves opposed by Mackenzie King was the question of how Canada should respond to the Soviet blockade of Berlin and the resultant airlift by western allies. Unfortunately, the first approach for Canadian aid came from the British (Documents 491 and 494) and was leaked to the press. To King, this was reminiscent of the Chanak Crisis of 1922, seared in his memory as an attempt by a bellicose British government to stampede his government into blind support for British military intervention at the margins of imperial interests. This reaction is easy to caricature, but King's caution was understandable and his fear that an incident involving a Canadian aircraft or pilot would be a *casus belli* for a Third World War was shared by someone not haunted by the spectre of Chanak, Brooke Claxton. King was certainly relieved when Claxton opposed participation in the airlift in the Cabinet (Document 498). The differences between Claxton and Pearson are covered in two letters (Documents 499 and 506).

As other Dominions responded positively to the British appeal for help, the public and private pressure on the Canadian Government mounted. Records from the Embassy in Washington make it clear that the State Department and American military authorities were also anxious that Canada should participate (Documents 521, 522, 528, 532 and 533), though it is also evident that Pearson played a part in stimulating this expression of concern (Documents 519 and 520). There is no doubt that the initial approach through London complicated consideration of the question in Ottawa, as did the outgoing Prime Minister's sense that war was imminent. That sentiment had first been aroused at a briefing by the British Foreign Secretary, Ernest Bevin, when King was in London in November 1947 for the Royal Wedding, and it was still present a year later when he retired. Not surprisingly, two weeks after King's departure, Pearson appealed to St. Laurent to reconsider the question (Document 535). By year's end, however, Canada was still a bystander.

The cold war was also a factor in Canada's relations with the rest of the Commonwealth, though King did not regard it as a sufficient reason to advance the date for the meeting of Prime Ministers. As that gathering loomed, there were also objections in Ottawa to implications in the British approach to defence relations that the Commonwealth should be a focus for collective security. However, many of the items on the agenda were familiar: relations between sterling and dollar countries; regular consultation among members and the status or designation of

⁵Pearson Papers/Vol.32: A.D.P. Heenev to L.B. Pearson, 19 November 1948.

⁶DEA/259-A(S): N.A. Robertson to E. Reid, 30 December 1948.

de la réunion des premiers ministres. À l'approche de la réunion, certains à Ottawa s'opposèrent au fait que, dans leur approche des relations en matière de défense, les Britanniques semblaient voir le Commonwealth comme un instrument de la sécurité collective. Toutefois, bon nombre des points à l'ordre du jour étaient familiers : les relations entre les pays de la zone sterling et ceux de la zone dollar; les consultations régulières entre les membres; et le statut ou la désignation des chefs de mission. En revanche, la décision de l'Irlande d'abroger la Loi sur les relations extérieures, son dernier lien formel avec la monarchie, et celle de l'Inde de se doter d'une constitution républicaine présentaient des défis plus importants pour le Canada et le reste du Commonwealth. Dans le premier cas, il y avait un mouvement vers la séparation d'avec le Commonwealth (tout en prenant soin de protéger le traitement préférentiel relativement au commerce et à la citoyenneté), mais les relations avec l'Inde furent caractérisées par un désir sincère d'en arriver à un compromis. Le gouvernement canadien fut quelque peu pris au dépourvu lorsque le Premier ministre John Costello, dans une allocution prononcée au Canada, fit part de l'intention de l'Irlande de quitter le Commonwealth (document 922). Il ressortit toutefois d'un entretien privé entre Mackenzie King et Costello que les deux parties étaient tout aussi désireuses d'opérer ce changement le plus amicalement possible⁷. Si Mackenzie King tenta de trouver dans le cas de l'Inde une formulation de compromis, Pearson pour sa part participa très activement aux négociations avec Nehru et d'autres en vue de garder une Inde républicaine dans un Commonwealth jusque-là monarchique. Pour le Canada, il importait de garder l'Inde dans le Commonwealth, tant comme membre le plus influent d'Asie que comme compart possible pour l'Ouest dans cette région. En fait, il s'agissait de redéfinir le Commonwealth.

Ce qui ressort tout spécialement du chapitre sur le Commonwealth (et des archives ministérielles à partir desquelles il a été élaboré), c'est l'insignifiance relative des relations bilatérales, exception faite des rapports financiers et commerciaux entre le Canada et la Grande-Bretagne. La dépêche de Norman Robertson reproduite dans le présent volume représente un brillant compte rendu de «la continentalisation croissante de la politique du Royaume Uni»; largement diffusée à Ottawa, elle ne souleva pas néanmoins de questions bilatérales exigeant une suite immédiate (document 927).

On ne négligea certes pas le fait, de leur consacrer un chapitre séparé se justifia par leur importance les relations économiques internationales. Mais aussi les différents volets de ce sujet — et notamment les relations financières et commerciales au sein du Triangle de l'Atlantique Nord formé par la Grande-Bretagne, les États-Unis et le Canada — étaient très interreliés. Cela ne fut jamais plus manifeste qu'au moment de l'examen du Plan Marshall et de ses répercussions. Au départ, les Canadiens voulaient éviter de créer à Washington l'impression d'une «coalition» des pays du Commonwealth contre les États-Unis et rejetaient donc catégoriquement une approche concertée (documents 585 et 586). L'Administration américaine exerça néanmoins des pressions dans le but d'amener le Canada à aider la Grande-Bretagne et, de la sorte, à influencer le Congrès (document 605). Et le caractère tripartite du problème sterling-dollar fut mis en évidence lorsque le chancelier de l'Échiquier, sir Stafford Cripps, effectua une visite à Ottawa (document 684) et se

⁷Journal de King : 9 septembre 1948.

heads of post. More significant challenges for Canada and the rest of the Commonwealth were posed by Ireland's decision to repeal the External Relations Act, its last formal link with the monarchy, and India's move toward a republican constitution. In the former case, there was a drift toward separation from the Commonwealth (with care to protect trade and citizenship preferences), but relations with India were characterized by a strong desire to reach an accommodation. The Canadian Government was taken aback somewhat when Prime Minister John Costello declared Ireland's intention to leave the Commonwealth in a speech in Canada (Document 922), but Mackenzie King's private chat with Costello clearly indicated that there was a mutual desire to make the change as amicably as possible.⁷ While even Mackenzie King tried his hand at drafting some way out of India's dilemma, Pearson was most actively involved in the negotiations with Nehru and others to keep a republican India in a heretofore monarchical Commonwealth. For Canada, it was important that India should stay in the Commonwealth, as its foremost Asian member and as a potential bulwark for the West in that region. In effect, the Commonwealth would be redefined.

What is most striking about the chapter on the Commonwealth (and about the departmental files upon which it is based) is how relatively insignificant were bilateral relations, other than Anglo-Canadian finance and trade. The despatch by Norman Robertson printed herein was a brilliant report on the 'increasing continentalization of the United Kingdom's policy' which received wide circulation in Ottawa, but it did not raise any immediate bilateral issues requiring action (Document 927).

However, there was certainly no lack of attention to international economic relations. The various strands within this topic were closely interwoven, especially the financial and commercial relations within the North Atlantic Triangle of Britain, the United States and Canada. That was nowhere more evident than in the consideration of the Marshall Plan and its implications. At first, the Canadians were wary of any impression in Washington of 'ganging up' by Commonwealth countries against the United States, so a combined approach was emphatically rejected (Documents 585 and 586). Still, the Canadians had to contend with pressure from Washington to assist Britain and thus impress Congress (Document 605). And the tripartite nature of the sterling-dollar problem was underlined when the British Chancellor of the Exchequer, Sir Stafford Cripps, came to Ottawa (Document 684) and then went on to Washington with the Minister of Finance, Douglas Abbott (Documents 632 to 635).

Curiously, the most emphatic statements of Canada's need to seek 'some pretty far-reaching trade arrangement with our neighbour to the south' came in the context of the bleak preparations for Cripps' visit (Document 675). For the story of the effort to reach a comprehensive agreement with the United States, the King Diary is an indispensable source. In its pages, one can find Abbott's progress report (Document 645), as well as further entries charting the course of negotiations until they were wrecked on the shoals of King's apprehensions (Document 647). That episode did nothing to ease the tensions between King and colleagues such as

⁷King Diary: 9 September 1948.

rendit ensuite à Washington en compagnie du ministre des Finances, Douglas Abbott (documents 632 et 635).

Curieusement, la nécessité de rechercher «un arrangement commercial plutôt global avec notre voisin du sud» fut soulignée avec le plus de conviction lors des mornes préparatifs de la visite de Cripps (document 675), quand on prit conscience des difficultés qui s'annonçaient. Le journal de King est une source indispensable pour qui veut reconstituer l'histoire des efforts déployés pour en venir à un accord global avec les États-Unis. King y fait état des progrès rapportés par Abbott (document 645) et retrace l'évolution des négociations jusqu'à ce qu'elles achoppent sur ses appréhensions personnelles (document 647). Cet épisode ne fit rien pour atténuer les tensions entre King et certains de ses collègues, comme Howe, comme aussi de hauts fonctionnaires, y compris Pearson (document 654). Il faut toutefois rappeler que King ne prenait pas seulement en compte les «conseils de l'au-delà» (que toute autre personne verrait comme des coïncidences paraissant confirmer sa décision) mais aussi la controverse qu'avait provoquée dans les journaux canadiens un éditorial du *Life* du 15 mars 1948, «Customs Union with Canada: Canada Needs Us and We Need Canada in a Violently Contracting World» (Union douanière avec le Canada : Le Canada a besoin de nous et nous de lui, dans un monde qui subit une contraction violente). Dans le cadre de ses préparatifs en vue de la réunion qui devait décider du sort du projet d'union douanière, King demanda à Pearson un résumé de la réaction des éditorialistes canadiens à ce ballon d'essai⁹. Et quelle qu'en soit la cause apparente, le recul de King sur cette question fut tout à fait conforme à la prudence politique qui le caractérisait.

D'autres aspects des relations du Canada avec les États-Unis soulevèrent des difficultés sans toutefois être aussi controversées. Ottawa réagit aux menaces que la coopération de défense dans l'Arctique présentait pour la souveraineté canadienne comme seul Ottawa sait le faire — en créant un comité interministériel, le Comité consultatif sur le développement du Nord. Les comptes rendus de ses délibérations (documents 931 à 933) donnent au lecteur une idée des raisons pour lesquelles les décideurs canadiens s'inquiétaient de l'intérêt que les Américains portaient à la défense dans l'Arctique. Pour ce qui est de la coopération canado-américaine dans le secteur de la production et des approvisionnements de défense, il est intéressant de confronter deux démarches de Heeney auprès de Claxton, l'une «officieuse» (document 978) et l'autre, officielle (document 979). Les attitudes et les actions provinciales vinrent parfois compliquer les rapports entre les deux pays, par exemple la réaction qu'on anticipait du Québec en ce qui concerne l'utilisation de soldats noirs par les États-Unis (document 989) et les échanges avec le gouvernement de l'Ontario et le président d'Hydro Ontario au sujet de la dérivation de la rivière Niagara et du Projet de canalisation et d'aménagement hydroélectrique du Saint-Laurent. Mais comme le gouvernement fédéral était lui aussi préoccupé par l'attitude des Américains à l'égard du Canada, on vit naître le «Projet canadien de coopération» avec l'industrie cinématographique américaine, les recettes que cette dernière tirait du Canada la rendant plus ouverte à la persuasion que la radio ou la presse écrite (documents 1040 à 1046).

Les relations bilatérales du Canada avec les autres pays revêtaient moins d'importance. Certes, l'Europe restait un centre d'intérêt et les Canadiens continuaient

⁹Documents de King/J4/vol. 240 : L.B. Pearson, note du 14 avril 1948 (avec pièce jointe).

Howe, as well as senior officials, including Pearson (Document 654). However, it is worth recalling that King was responding not only to 'guidance from Beyond' (which for anyone else would be seen as coincidences that seemed to confirm his decision) but also to controversy in Canadian newspapers provoked by an editorial in *Life* on 15 March 1948: 'Customs Union with Canada: Canada Needs Us and We Need Canada in a Violently Contracting World.' In preparation for the meeting which sealed the fate of the proposal for a customs union, King had asked Pearson for a summary of editorial reaction to that trial balloon in Canada.³ Whatever the apparent cause, King's retreat on this issue was quite consistent with his cautious approach to politics.

Other aspects of Canada's relations with the United States posed problems but proved less controversial. Ottawa responded to threats to Canadian sovereignty from defence cooperation in the Arctic as only Ottawa can, by establishing an interdepartmental committee, the Advisory Committee on Northern Development. The records of its deliberations (Documents 931 to 933) do give the reader a sense of what bothered Canadian policy-makers about American interest in northern defence. On the subject of Canadian-American cooperation in defence production and supply, it is interesting to juxtapose two approaches by Heeney to Claxton, one 'informal' (Document 978) and one official (Document 979). Provincial attitudes and actions sometimes complicated the continental relationship, as with the anticipated reaction from Quebec to the employment of black troops by the United States (Document 989) and the dealings with the Ontario Government and the Chairman of Ontario Hydro over the Niagara Diversion and the St. Lawrence Seaway and Power Project. However, the Canadian government was also concerned about the disposition of Americans towards Canada, hence the 'Canadian Cooperation Project' with the American film industry, whose revenues from Canada made it more susceptible to persuasion than radio or print (Documents 1040 to 1046).

Other bilateral relationships were less important to Canada. Though Europe remained a focus for Canadian interest and developments there were followed closely by Canadians, the few diplomatic issues of note were irritants associated with the bi-polar world. In the Gray Lecture of January 1947, Louis St. Laurent had identified France as one of Canada's principal partners, but there was not much evidence of that priority in the files of the Department of External Affairs. We have reproduced here a long and revealing despatch written by Charles Ritchie about 'the state of French preparedness, both moral and material' (Document 1058). As Escott Reid commented, it conveyed a sense of a French 'apathy which endangers our national interests.'⁴ That report received a wide distribution in Ottawa and it likely influenced later Canadian efforts to inspire a more resolute commitment to the North Atlantic Treaty from France and Belgium (Documents 372, 373, 379, 381, 383 and 390).

The peculiar dispute over the Polish art treasures bedevilled relations with Poland and with the Quebec provincial government. Meanwhile, the deepening rift of the cold war prompted a fundamental reconsideration of what information and

³King Papers/14/Vol.240: L.B. Pearson, Memorandum, 14 April 1948 (with enclosure).

⁴PCO/Vol.245: E. Reid to B. Claxton, 16 June 1948.

de suivre de près l'évolution de la situation européenne. Toutefois, les quelques événements d'importance sur le plan diplomatique tournèrent autour des points de friction associés au bipolarisme mondial. Lors de la conférence Gray de janvier 1947, Louis Saint-Laurent avait nommé la France comme l'un des principaux partenaires du Canada. On ne retrouve cependant pas beaucoup de preuves de cette priorité dans les archives du ministère des Affaires extérieures. Nous avons reproduit une dépêche détaillée et révélatrice rédigée par Charles Ritchie au sujet de «l'état de préparation, tant morale que matérielle, de la France» (document 1058). Comme le fit remarquer Escott Reid, cette dépêche témoignait d'une «apathie [de la France] qui met en danger nos intérêts nationaux». Largement distribué à Ottawa, ce rapport influença sans doute les efforts ultérieurs du Canada pour obtenir de la France et de la Belgique une adhésion plus ferme au Traité de l'Atlantique Nord (documents 372, 373, 379, 381, 383 et 390).

Le différend au sujet des trésors d'art polonais envenima les relations entre la Pologne et le gouvernement québécois. Parallèlement, l'intensification de la guerre froide entraîna une remise en cause fondamentale des informations et des privilèges que le Canada échangeait avec l'Union soviétique. À la fin de l'année, le ministère des Affaires extérieures s'orientait, avec certaines hésitations, vers la «guerre psychologique» avec les adversaires du Canada dans la guerre froide.

En ce qui a trait à d'autres régions, le bilan en fut un d'indifférence ou de réticence à s'impliquer. Ce fut manifestement le cas de nos relations avec l'Amérique latine. L'échange entre T.C. Davis et Pearson (dont la réponse reflète ses annotations en marge de la lettre de Davis) témoigne éloquentement de l'orientation occidentale de la politique du Canada. L'Asie n'avait pas plus de priorité, comme l'indique la décision du Cabinet sur la question de la représentation à Ceylan. Les tensions de la guerre froide accentuèrent les inquiétudes concernant la Chine et la Corée (avec en plus dans ce dernier cas la crise aiguë que provoqua, au sein du Cabinet, la participation canadienne à la Commission temporaire des Nations Unies pour la Corée), même si le Canada avait, à l'égard de la Chine, des intérêts qu'il fallait suivre de près. Évidemment, ce manque d'attention portée à l'Extrême-Orient eut, entre autres, pour conséquence que lorsque le Conseil de sécurité des Nations Unies se pencha sur le cas de l'Indonésie, le ministère des Affaires extérieures dut rechercher des sources d'information additionnelles à ses rapports de La Haye (documents 141, 147 et 152 à 154). Cette situation était tout simplement symptomatique d'un ministère des affaires étrangères dont les ressources et le personnel, en croissance, n'était pas encore à la hauteur de ses intérêts, responsabilités et engagements à l'étranger.

Pour ce survol des relations internationales du Canada telles que vues de l'Édifice de l'Est, je me suis fondé sur les archives du ministère des Affaires extérieures (maintenant le ministère des Affaires étrangères et du Commerce extérieur), du Bureau du Conseil privé et du ministère des Finances et, au besoin, sur celles d'autres ministères ainsi que sur des collections privées aux Archives nationales du Canada, y compris les documents de William Lyon Mackenzie, Louis S. Saint-Laurent, Lester B. Pearson, Hume Wrong, Escott Reid et d'autres. Les principes directeurs suivis pour sélectionner les documents présentés dans le présent volume sont exposés dans l'Introduction au volume 7. Les signes conventionnels sont les mêmes que

¹BCP/vol.245 : E. Reid à B. Claxton, 16 juin 1948.

privileges Canada exchanged with the Soviet Union. By the end of the year, the Department of External Affairs was also moving tentatively in the direction of 'psychological warfare' with Canada's adversaries in the cold war.

In other regions, there is a pattern of indifference or wariness about involvement, as was undoubtedly the case in our relations with Latin America. Certainly, the exchange between T.C. Davis and Pearson (whose response mirrors marginalia he had scrawled on the incoming letter) provides eloquent testimony to the occidental orientation of Canadian policy — a similar low priority to Asia was indicated by the Cabinet's decision on representation in Ceylon. Concern about China and Korea was elevated by cold war tensions (in the latter case complicated by the remarkable Cabinet crisis over Canadian participation in the United Nations Temporary Commission on Korea), though there were Canadian interests in China which merited close attention. Of course, one consequence of this inattention to the Far East was that when the Security Council of the United Nations fixed its gaze on Indonesia, the Department of External Affairs had to seek out alternative sources of information to its reports from The Hague (Documents 141, 147 and 152 to 154). That was simply symptomatic of a foreign ministry whose burgeoning resources and personnel still had not kept pace with its overseas interests, responsibilities and commitments.

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

In the preparation of this volume, however, many people assisted. The staff of the National Archives of Canada make a vital and sometimes unacknowledged contribution to scholarship. I would like to thank particularly Paulette Dozois, Paul Marsden and David Smith of the Military and International Affairs Records Unit of the Government Archives Division whose professional dedication is matched only by their patient good humour. Several research assistants helped collect material for this book: Michel Beauregard, Neal Carter, Christopher Cook, Lisa Dillon, Brian Hearnden, Ted Kelly, Steven Lee, Leigh Sarty and Jacqueline Shaw all made my task easier. Fellow editors Greg Donaghy and Norman Hillmer were always available for consultation about those apparently inevitable problems or questions which arise almost daily in the preparation of such a volume. The general editor of this series, John Hilliker, is unrivalled for his attention to consistency and accuracy. Through reorganizations and reassignments, several managers have been responsible for sustaining this project: Peter Daniel, Fernand Tanguay, Alain Dudoit, Peter Lloyd, Janet Bax, Brian Long and Mary Jane Starr. Their commitment has

ceux décrits dans l'Introduction au volume 9. Une croix (†) signifie que le document n'est pas reproduit dans le présent volume; des points de suspension [. . .] indiquent une coupure dans le texte. J'ai eu accès à tous les dossiers du ministère des Affaires extérieures et j'ai eu toute latitude quant au choix des documents.

J'ai toutefois été secondé par plusieurs personnes. Le personnel des Archives nationales du Canada apporte à la recherche une contribution indispensable mais qu'on a parfois tendance à passer sous silence. Je voudrais tout particulièrement remercier Paulette Dozois, Paul Marsden et David Smith de la Sous-section des archives militaires et affaires internationales de la Division des archives gouvernementales, dont le dévouement professionnel n'a d'égal que leur patience et leur bonne humeur. Plusieurs assistants de recherche m'ont aidé à réunir la documentation; Michel Beauregard, Neal Carter, Christopher Cook, Lisa Dillon, Brian Hearnden, Ted Kelly, Steven Lee, Leigh Sarty et Jacqueline Shaw m'ont tous facilité la tâche. Mes collègues Greg Donaghy et Norman Hillmer ont toujours été disponibles lorsque j'ai eu à les consulter au sujet des problèmes et des questions apparemment inévitables qui surgissent presque tous les jours dans l'élaboration d'un tel ouvrage. L'éditeur en chef de la collection, John Hilliker, s'est distingué comme toujours par son souci de l'uniformité et du détail. Au fil des réorganisations et des réaffectations, différents gestionnaires ont été responsables de la poursuite du projet : Peter Daniel, Fernand Tanguay, Alain Dudoit, Peter Lloyd, Janet Bax, Brian Long and Mary Jane Starr. Leur appui a permis la publication du présent volume. Gail Kirkpatrick Devlin a coordonné les travaux de l'équipe — qui comprenait Aline Gélinau, Islay Mawhinney, Catherine Devlin et James Hyndman — chargée de la production technique du volume. Isobel Cameron pour sa part a choisi les photographies et établi la liste des personnes et des abréviations et l'index. Ils furent secondés par Ted Kelly, Janet Ritchie et Calla Fireman à la Section des affaires historiques. J'ai aussi bénéficié de l'appui de Kathy Giles-Mackenzie, d'Anna Mackenzie et de Sarah Mackenzie. Je tiens en outre à exprimer ma profonde gratitude à Maria Horner et au regretté Imre Horner qui m'ont assisté dans certains travaux d'édition. Toutes les personnes susmentionnées m'ont aidé, mais je suis responsable de la sélection des documents dans le présent ouvrage.

HECTOR MACKENZIE

Ottawa (Ontario)

le 6 décembre 1993

made this book possible. The technical preparation of the manuscript for publication was undertaken by a team coordinated by Gail Kirkpatrick Devlin, which included Aline G lineau, Islay Mawhinney, Catherine Devlin and James Hyndman. Another member of this group, Isobel Cameron, chose the photographs and prepared the list of persons, the list of abbreviations and the index. Within the Historical Section, they were aided by Ted Kelly, Janet Ritchie and Calla Fireman. I have also derived support for this project from Kathy Giles-Mackenzie, Anna Mackenzie and Sarah Mackenzie. Some of the editorial preparation of this work was made possible by assistance from Maria Horner and the late Imre Horner, to whom I express my profound gratitude. All of those mentioned above have assisted me, but I am responsible for the selection of documents in this book.

HECTOR MACKENZIE
Ottawa, Ontario
6 December 1993

THE UNIVERSITY OF CHICAGO

PHYSICS DEPARTMENT

PHYSICS 551

LECTURE 1

LECTURE 2

LECTURE 3

PROVENANCE DES DOCUMENTS¹
LOCATION OF DOCUMENTS¹

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

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

This is a list of the symbols used to indicate the location of documents. The call numbers of collections deposited at the National Archives of Canada are in parentheses.

Autres documents des archives du BCP

PCO/Vol. #

Other documents from PCO records

Documents de W.L. Mackenzie King, Archives nationales (Lettres : MG 26 J1)

W.L.M.K./J1

W.L. Mackenzie King Papers, National Archives (Correspondence: MG 26 J1)

Documents de W.L. Mackenzie King, Archives nationales (Notes et memoranda : MG 26 J4)

W.L.M.K./J4

W.L. Mackenzie King Papers, National Archives (Notes and memoranda: MG 26 J4)

Documents de W.L. MacKenzie King, Archives nationales (Journal : MG 26 J13)

W.L.M.K./J13

W.L. Mackenzie King Papers, National Archives (Diary: MG 26 J13)

LISTE DES ABRÉVIATIONS LIST OF ABBREVIATIONS

AEC	ATOMIC ENERGY COMMISSION
AP	ASSOCIATED PRESS
BENELUX	BELGIUM, THE NETHERLANDS, LUXEMBOURG
BOAC	BRITISH OVERSEAS AIRWAYS CORPORATION
CBC (IS)	CANADIAN BROADCASTING CORPORATION [INTERNATIONAL SERVICE]
CCA	COMMISSION FOR CONVENTIONAL ARMAMENTS
CCIT	INTERNATIONAL TELEGRAPH CONSULTATIVE COMMITTEE
CDC	CABINET DEFENCE COMMITTEE
CEEC	COMMITTEE ON EUROPEAN ECONOMIC COOPERATION
CFM	COUNCIL OF FOREIGN MINISTERS
Cominform	COMMUNIST INFORMATION BUREAU
CPA(L)	CANADIAN PACIFIC AIRLINES
CPC	COMBINED POLICY COMMITTEE
PCPAD	COMMISSION PERMANENTE CANADO-AMÉRICAINNE DE DÉFENSE
CRO	COMMONWEALTH RELATIONS OFFICE
DP	DISPLACED PERSON
ECA	ECONOMIC COOPERATION ADMINISTRATION
ECE	ECONOMIC COMMISSION FOR EUROPE
ECOSOC	ECONOMIC AND SOCIAL COUNCIL OF THE UNITED NATIONS
ERP	EUROPEAN RECOVERY PROGRAMME
FAO	FOOD AND AGRICULTURE ORGANIZATION
FEC	FAR EASTERN COMMISSION
FO	FOREIGN OFFICE
FRUS	FOREIGN RELATIONS OF THE UNITED STATES
GATT	GENERAL AGREEMENT ON TARIFFS AND TRADE/ACCORD GÉNÉRAL SUR LES TARIFS DOUANIERS ET LE COMMERCE
ICAO	INTERNATIONAL CIVIL AVIATION ORGANIZATION
ICEF	INTERNATIONAL CHILDREN'S EMERGENCY FUND
IDB	INDUSTRIAL DEFENCE BOARD
IEFC	INTERNATIONAL EMERGENCY FOOD COUNCIL
IJC	INTERNATIONAL JOINT COMMISSION
IMF	INTERNATIONAL MONETARY FUND
IRO	INTERNATIONAL REFUGEE ORGANIZATION
ITO	INTERNATIONAL TRADE ORGANIZATION
JIB	JOINT INTELLIGENCE BOARD
JIC	JOINT INTELLIGENCE COMMITTEE
KC	KILOCYCLE
MFN	MOST FAVOURED NATION
NRC	NATIONAL RESEARCH COUNCIL
OACI	ORGANISATION DE L'AVIATION CIVILE INTERNATIONALE
OEEC	ORGANIZATION FOR EUROPEAN ECONOMIC CO-OPERATION
ONU	ORGANISATION DES NATIONS UNIES
PC(O)	PRIVY COUNCIL (OFFICE)
PCIRO	PREPARATORY COMMISSION OF INTERNATIONAL REFUGEE ORGANIZATION
PJBD	PERMANENT JOINT BOARD ON DEFENCE
RAF	ROYAL AIR FORCE
RCAF	ROYAL CANADIAN AIR FORCE
RCMP	ROYAL CANADIAN MOUNTED POLICE
RCN	ROYAL CANADIAN NAVY
RFC	RECONSTRUCTION FINANCE CORPORATION
SCAP	SUPREME COMMANDER, ALLIED POWERS, PACIFIC
SHAEP	SUPREME HEADQUARTERS, ALLIED EXPEDITIONARY FORCE
TCA	TRANS-CANADA AIRLINES
UK	UNITED KINGDOM

UN	UNITED NATIONS
UNAEC	UNITED NATIONS ATOMIC ENERGY COMMISSION
UNESCO	UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION
UNRRA	UNITED NATIONS RELIEF AND REHABILITATION ADMINISTRATION
UNTCOK	UNITED NATIONS TEMPORARY COMMISSION ON KOREA
US(A)	UNITED STATES (OF AMERICA)
USAF	UNITED STATES AIR FORCE
USSR	UNION OF SOVIET SOCIALIST REPUBLICS
WHO	WORLD HEALTH ORGANIZATION

LISTE DES PERSONNALITÉS LIST OF PERSONS

- ABBOTT, Douglas C.**, ministre des Finances.
- ACHILLES, T.C.**, chef, Direction des affaires de l'Europe de l'Ouest, Département d'État des États-Unis.
- ARMOUR, Norman**, secrétaire d'État adjoint des affaires politiques des États-Unis.
- ATHERTON, Ray**, ambassadeur des États-Unis (-novembre).
- ATILEE, Clement**, premier ministre du Royaume-Uni.
- AUSTIN, Warren R.**, représentant des États-Unis au Conseil de sécurité des Nations Unies; représentant, délégations à la Commission temporaire, à la deuxième session spéciale et à la troisième session, Assemblée générale.
- BAJPAI, Sir Girja**, secrétaire général, ministère des Affaires extérieures et des Relations du Commonwealth de l'Inde.
- BALDWIN, J.R.**, secrétaire adjoint au Cabinet; secrétaire, Comité du Cabinet sur la politique du commerce extérieur.
- BENES, Edvard**, président de la Tchécoslovaquie (-7 juin).
- BÉRARD, Armand**, ministre-conseiller, ambassade de France aux États-Unis.
- BEVIN, Ernest**, secrétaire d'État aux Affaires étrangères du Royaume-Uni.
- BIDAULT, Georges**, ministre des Affaires étrangères de France.
- BISSELL, Richard M., jr**, directeur de programme, Opérations et Approvisionnements, Administration de la coopération économique.
- BOHLEN, Charles E.**, conseiller, Département d'État des États-Unis.
- BONNET, Henri**, ambassadeur de France aux États-Unis.
- BRUCE, David**, secrétaire adjoint du Commerce des États-Unis; plus tard, représentant de l'Administration de la coopération économique auprès du gouvernement de la France.
- BRUCE, Howard**, administrateur adjoint, Administration de la coopération économique.
- BRYCE, R.B.**, sous-ministre adjoint des Finances et secrétaire du Conseil du Trésor.
- BUTLER, George H.**, Personnel de la planification des politiques, Département d'État des États-Unis.
- ABBOTT, Douglas C.**, Minister of Finance.
- ACHILLES, T.C.**, Chief, Division of Western European Affairs, Department of State of United States.
- ARMOUR, Norman**, Assistant Secretary of State for Political Affairs of United States.
- ATHERTON, Ray**, Ambassador of United States (-Nov.).
- ATILEE, Clement**, Prime Minister of United Kingdom.
- AUSTIN, Warren R.**, Representative of United States on Security Council of United Nations; Representative, Delegations to Interim Committee, to Second Special Session and to Third Session, General Assembly.
- BAJPAI, Sir Girja**, Secretary-General, Ministry of External Affairs and Commonwealth Relations of India.
- BALDWIN, J.R.**, Assistant Secretary to Cabinet; Secretary Cabinet Committee on External Trade Policy.
- BENES, Edvard**, President of Czechoslovakia (-Jun.7).
- BÉRARD, Armand**, Minister-Counsellor, Embassy of France in United States.
- BEVIN, Ernest**, Secretary of State for Foreign Affairs of United Kingdom.
- BIDAULT, Georges**, Minister of Foreign Affairs of France.
- BISSELL, Richard M., Jr.**, Director of Program, Operations and Supply, Economic Cooperation Administration.
- BOHLEN, Charles E.**, Counsellor, Department of State of United States.
- BONNET, Henri**, Ambassador of France in United States.
- BRUCE, David**, Assistant Secretary of Commerce of United States; later Representative of Economic Cooperation Administration to Government of France.
- BRUCE, Howard**, Deputy Administrator, Economic Cooperation Administration.
- BRYCE, R.B.**, Assistant Deputy Minister of Finance and Secretary of Treasury Board.
- BUTLER, George H.**, Policy Planning Staff, Department of State of United States.

- CADOGAN, Sir Alexander, délégué permanent du Royaume-Uni aux Nations Unies; représentant au Conseil de sécurité; représentant, Commission temporaire de l'Assemblée générale; représentant suppléant, délégation à la deuxième session spéciale de l'Assemblée générale.
- CAFFERY, Jefferson, ambassadeur des États-Unis en France.
- CHANCE, Leslie G., chef, Direction des affaires consulaires.
- CHEVRIER, Lionel, ministre des Transports; représentant, délégation à la troisième session, Assemblée générale des Nations Unies.
- CHIFLEY, J.B., premier ministre d'Australie.
- CLARK, W.C., sous-ministre des Finances.
- CLAXTON, Brooke, ministre de la Défense nationale.
- CLAY, général Lucius D., gouverneur militaire des États-Unis en Allemagne et commandant en chef, commandement européen.
- CLUTTERBUCK, Sir Alexander, haut-commissaire du Royaume-Uni.
- COSTELLO, John A., premier ministre d'Irlande (18 février-).
- CREAN, G.G., chef par intérim, Direction de liaison avec la Défense (novembre-)
- CRIPPS, Sir Stafford, chancelier de l'Échiquier du Royaume-Uni.
- CURTIS, maréchal de l'air W.A., chef d'état-major des forces aériennes.
- DAVIS, Thomas C., ambassadeur en Chine.
- DE GASPERI, Alcide, premier ministre d'Italie.
- DÉSY, Jean, ministre (plus tard ambassadeur) en Italie; chef, délégation à la Conférence des Nations Unies sur la liberté de l'information; représentant à la Commission préparatoire et à l'Assemblée, Organisation internationale pour les réfugiés.
- DEUTSCH, John J., directeur, Direction des relations économiques, ministère des Finances.
- DEWEY, Thomas, gouverneur de l'État de New York; candidat républicain à la présidence des États-Unis.
- CADOGAN, Sir Alexander, Permanent Delegate of United Kingdom to United Nations; Representative on Security Council; Representative, Interim Committee of General Assembly; Alternate Representative, Delegation to Second Special Session, General Assembly.
- CAFFERY, Jefferson, Ambassador of United States in France.
- CHANCE, Leslie G., Head, Consular Division.
- CHEVRIER, Lionel, Minister of Transport; Representative, Delegation to Third Session, General Assembly of United Nations.
- CHIFLEY, J.B., Prime Minister of Australia.
- CLARK, W.C., Deputy Minister of Finance.
- CLAXTON, Brooke, Minister of National Defence.
- CLAY, General Lucius D., United States Military Governor for Germany and Commander-in-Chief, European Command.
- CLUTTERBUCK, Sir Alexander, High Commissioner for United Kingdom.
- COSTELLO, John A., Prime Minister of Ireland (Feb.18-).
- CREAN, G.G., Acting Head, Defence Liaison Division (Nov.-).
- CRIPPS, Sir Stafford, Chancellor of Exchequer of United Kingdom.
- CURTIS, Air Marshal W.A., Chief of Air Staff.
- DAVIS, Thomas C., Ambassador in China.
- DE GASPERI, Alcide, Prime Minister of Italy.
- DÉSY, Jean, Minister (later Ambassador) in Italy; Head, Delegation to United Nations Conference on Freedom of Information and of the Press; Representative on Preparatory Commission and Assembly, International Refugee Organization.
- DEUTSCH, John J., Director, Economic Relations Division, Department of Finance.
- DEWEY, Thomas, Governor of New York State; Republican Candidate for President of United States.

- DORÉ, Victor**, ambassadeur en Belgique; président, délégation à l'Organisation des Nations Unies pour l'éducation, la science et la culture; représentant, Conseil exécutif, Organisation des Nations Unies pour l'éducation, la science et la culture; membre, délégation au Comité exécutif, Commission temporaire de l'Organisation internationale du commerce.
- DOUGLAS, Lewis H.**, ambassadeur des États-Unis au Royaume-Uni.
- DRURY, C.M.**, coordinateur, activités du Programme pour le relèvement de l'Europe; chef intérimaire, Direction économique (novembre-).
- DULLES, John Foster**, expert des affaires internationales du Parti républicain des États-Unis; membre, délégations des États-Unis aux Nations Unies.
- DUPUY, Pierre**, ambassadeur aux Pays-Bas.
- EADY, Sir Wilfrid**, deuxième secrétaire, ministère des Finances du Royaume-Uni.
- EBERTS, C.C.**, membre, Direction de l'Amérique et de l'Extrême-Orient et secrétaire, section canadienne, Commission permanente canado-américaine de défense; Direction de liaison avec la Défense (novembre-).
- EVATT, Herbert V.**, vice-premier ministre et ministre des Affaires extérieures d'Australie.
- FORDE, F.M.**, haut-commissaire d'Australie.
- FORRESTAL, James V.**, secrétaire de la Défense des États-Unis.
- FOSTER, Andrew B.**, chef adjoint, Direction des affaires du Commonwealth, Département d'État des États-Unis; secrétaire, section américaine, Commission permanente canado-américaine de défense.
- FOSTER, William**, sous-secrétaire du Commerce des États-Unis; plus tard adjoint au représentant spécial en Europe de l'Administration de la coopération économique.
- FOULKES, lieutenant-général Charles**, chef d'état-major général.
- FRANKS, Sir Oliver**, ambassadeur du Royaume-Uni aux États-Unis (mai-).
- FRASER, Peter**, premier ministre et ministre des Affaires extérieures de Nouvelle-Zélande.
- GARDINER, James G.**, ministre de l'Agriculture.
- GIBSON, Colin W.G.**, secrétaire d'État.
- GILL, Evan**, secrétaire, Comité de la défense du Cabinet.
- DORÉ, Victor**, Ambassador in Belgium; Chairman, Delegation to United Nations Educational, Scientific and Cultural Organization; Representative on Executive Board, United Nations Educational, Scientific and Cultural Organization; Member, Delegation to Executive Committee, Interim Commission of International Trade Organization.
- DOUGLAS, Lewis H.**, Ambassador of United States in United Kingdom.
- DRURY, C.M.**, Coordinator, European Recovery Programme Activities; Acting Head, Economic Division (Nov.-).
- DULLES, John Foster**, Expert of Republican Party of United States on international affairs; Member, Delegations of United States to United Nations.
- DUPUY, Pierre**, Ambassador in the Netherlands.
- EADY, Sir Wilfrid**, Second Secretary, Treasury of United Kingdom.
- EBERTS, C.C.**, Member, American and Far Eastern Division and Secretary, Canadian Section, Permanent Joint Board on Defence; Member, Defence Liaison Division (Nov.-).
- EVATT, Herbert V.**, Deputy Prime Minister and Minister for External Affairs of Australia.
- FORDE, F.M.**, High Commissioner for Australia.
- FORRESTAL, James V.**, Secretary of Defense of United States.
- FOSTER, Andrew B.**, Assistant Chief, Division of Commonwealth Affairs, Department of State of United States; Secretary, United States Section, Permanent Joint Board on Defence.
- FOSTER, William**, Under-Secretary of Commerce of United States; later Deputy to Special Representative in Europe for Economic Cooperation Administration.
- FOULKES, Lt.-Gen. Charles**, Chief of General Staff.
- FRANKS, Sir Oliver**, Ambassador of United Kingdom in United States (May-).
- FRASER, Peter**, Prime Minister and Minister of External Affairs of New Zealand.
- GARDINER, James G.**, Minister of Agriculture.
- GIBSON, Colin W.G.**, Secretary of State.
- GILL, Evan**, Secretary, Cabinet Defence Committee.

- GLEN, J.A., ministre des Mines et des Ressources (-juin).
- GORDON, Donald, sous-gouverneur, Banque du Canada.
- GRAHAM, brigadier H.D., agent de liaison adjoint, haut-commissariat au Royaume-Uni; plus tard, chef adjoint d'état-major général.
- GRANT, vice amiral H.T.W., chef d'état-major naval.
- GREENE, K.A., haut-commissaire en Australie.
- GROMYKO, Andreï, vice-ministre des Affaires étrangères de l'Union soviétique; chef, délégation à la deuxième session spéciale, Assemblée générale des Nations Unies.
- GRUENTHER, major-général A.M., directeur d'état-major combiné des États-Unis.
- HARRIMAN, W. Averill, secrétaire du Commerce des États-Unis (-avril); représentant spécial en Europe pour l'Administration de la coopération économique (avril-).
- HARRINGTON, Julian, ministre, ambassade des États-Unis.
- HEENEY, A.D.P., greffier du Conseil privé et secrétaire du Cabinet; président, Comité consultatif sur l'énergie atomique.
- HEMSLEY, S.D., directeur général.
- HENDERSON, Loy H., directeur, Bureau des affaires du Proche-Orient et de l'Afrique, Département d'État des États-Unis.
- HICKERSON, John D., directeur, Bureau des affaires européennes, Département d'État des États-Unis.
- HODGE, lieutenant-général, John J., commandant, forces des États-Unis en Corée.
- HOFFMAN, Paul G., administrateur, Administration de la coopération économique des États-Unis.
- HOPKINS, E.R., conseiller juridique et chef, Direction juridique; représentant suppléant, délégation à la deuxième session spéciale, Assemblée générale des Nations Unies.
- HOWE, C.D., ministre de la Reconstruction et des Approvisionnements et ministre du Commerce.
- HUGGINS, Sir Godfrey, premier ministre de la Rhodésie du Sud.
- GLEN, J.A., Minister of Mines and Resources (-Jun).
- GORDON, Donald, Deputy Governor, Bank of Canada.
- GRAHAM, Brigadier H.D., Joint Liaison Officer, High Commission in United Kingdom; later, Vice Chief of General Staff.
- GRANT, Vice Admiral H.T.W., Chief of Naval Staff.
- GREENE, K.A., High Commissioner in Australia.
- GROMYKO, Andreï, Deputy Foreign Minister of Soviet Union; Head, Delegation to Second Special Session, General Assembly of United Nations.
- GRUENTHER, Maj.-Gen. A.M., Director, Combined Staff of United States.
- HARRIMAN, W. Averill, Secretary of Commerce of United States (-Apr.); Special Representative in Europe for Economic Cooperation Administration (Apr.-).
- HARRINGTON, Julian, Minister, Embassy of United States.
- HEENEY, A.D.P., Clerk of Privy Council and Secretary to Cabinet; Chairman, Advisory Panel on Atomic Energy.
- HEMSLEY, S.D., Chief Administrative Officer.
- HENDERSON, Loy H., Director, Office of Near Eastern and African Affairs, Department of State of United States.
- HICKERSON, John D., Director, Office of European Affairs, Department of State of United States.
- HODGE, Lt.-Gen. John J., Commander, United States Forces in Korea.
- HOFFMAN, Paul G., Administrator, Economic Cooperation Administration of United States.
- HOPKINS, E.R., Legal Adviser and Head, Legal Division; Alternate Representative, Delegation to Second Special Session, General Assembly of United Nations.
- HOWE, C.D., Minister of Reconstruction and Supply and of Trade and Commerce.
- HUGGINS, Sir Godfrey, Prime Minister of Southern Rhodesia.

- IGNATIEFF, George, conseiller principal, délégation permanente aux Nations Unies; représentant suppléant au Conseil de sécurité; représentant suppléant, délégation au Comité intérimaire et à la deuxième session spéciale, Assemblée générale; chef temporaire, Direction des Nations Unies (septembre-décembre).
- IGNATIEFF, George, Principal Adviser, Permanent Delegation to United Nations; Alternate Representative on Security Council; Alternate Representative, Delegation to Interim Committee and to Second Special Session, General Assembly; Temporary Head, United Nations Division (Sept.-Dec.).
- ILSLEY, James L., ministre de la Justice (-juin).
- ILSLEY, James L., Minister of Justice (-Jun.).
- INVERCHAPEL, Lord, ambassadeur du Royaume-Uni aux États-Unis (-mai).
- INVERCHAPEL, Lord, Ambassador of United Kingdom in United States (-May).
- JEBB, H.M. Gladwyn, sous-secrétaire d'État adjoint, Foreign Office du Royaume-Uni.
- JEBB, H.M. Gladwyn, Assistant Under-Secretary of State, Foreign Office of United Kingdom.
- JESSUP, Phillip, représentant adjoint des États-Unis au Conseil de sécurité des Nations Unies; représentant adjoint, délégation au Comité intérimaire, Assemblée générale; représentant suppléant, délégation à la troisième session.
- JESSUP, Phillip, Deputy Representative of United States on Security Council of United Nations; Deputy Representative, Delegation to Interim Committee, General Assembly; Alternate Representative, Delegation to Third Session.
- JINNAH, Mohammed Ali, gouverneur-général du Pakistan.
- JINNAH, Mohammed Ali, Governor-General of Pakistan.
- JOHNSON, David M., chef, Direction de l'Amérique et de l'Extrême-Orient; secrétaire, section canadienne, Commission permanente canado-américaine de défense.
- JOHNSON, David M., Head, American and Far Eastern Division; Secretary, Canadian Section, Permanent Joint Board on Defence.
- KEARNEY, John D., haut-commissaire en Inde.
- KEARNEY, John D., High Commissioner in India.
- KEENLEYSIDE, Hugh L., sous-ministre des Mines et des Ressources et commissaire des Territoires du Nord-Ouest.
- KEENLEYSIDE, Hugh L., Deputy Minister of Mines and Resources and Commissioner of Northwest Territories.
- KENNAN, George F., directeur, Personnel de la planification des politiques, Département d'État des États-Unis.
- KENNAN, George F., Director, Policy Planning Staff, Department of State of United States.
- KHAN, voir Liaquat Ali Khan
- KHAN, Liaquat Ali, Prime Minister and Minister of Defence of Pakistan.
- KING, William Lyon Mackenzie, premier ministre (-15 novembre); chef, délégation à la troisième session, Assemblée générale des Nations Unies.
- KING, William Lyon Mackenzie, Prime Minister (-Nov.15); Head, Delegation to Third Session, General Assembly of United Nations.
- KIRK, amiral Alan G., ambassadeur des États-Unis en Belgique.
- KIRK, Admiral Alan G., Ambassador of United States in Belgium.
- KIRKWOOD, Kenneth P., chargé d'affaires en Pologne; conseiller, délégation à la troisième session, Assemblée générale des Nations Unies.
- KIRKWOOD, Kenneth P., Chargé d'Affaires in Poland; Adviser, Delegation to Third Session, General Assembly of United Nations.
- LEAHY, amiral de flotte H.D., chef d'état-major du commandant en chef des forces armées des États-Unis.
- LEAHY, Fleet Admiral H.D., Chief of Staff to Commander-in-Chief, Armed Forces of United States.
- LIAQUAT Ali Khan, premier ministre et ministre de la Défense du Pakistan.
- LIAQUAT Ali Khan, see Khan, Liaquat Ali.
- LIE, Trygve, secrétaire général des Nations Unies.
- LIE, Trygve, Secretary-General of United Nations.

- LIESCHING, Sir Percivale, secrétaire permanent, ministère de l'Alimentation du Royaume-Uni.
- LOUW, Eric H., ministre du Développement économique et des Mines de l'Afrique du Sud (mai-).
- LOVETT, Robert A., sous-secrétaire d'État des États-Unis.
- MACDERMOT, T.W.L., chef, Direction du personnel.
- MACDONALD, James Scott, haut-commissaire à Terre-neuve (-mai); ambassadeur au Brésil (mai-).
- MACDONNELL, R.M., chargé d'affaires en Tchécoslovaquie.
- MACHTIG, Sir Eric, sous-secrétaire d'État permanent des Relations du Commonwealth du Royaume-Uni.
- MACKAY, R.A., chef, Direction du Commonwealth.
- MACKENZIE, C.J., président, Conseil national de recherches.
- MACKENZIE, M.W., sous-ministre du Commerce.
- MACKINNON, James A., ministre du Commerce (-18 janvier); ministre des Pêches (-10 juin); ministre des Mines et des Ressources.
- MAGANN, G.L., conseiller, ambassade aux États-Unis.
- MALAN, D.F., premier ministre et ministre des Affaires extérieures de l'Afrique du Sud (mai-).
- MALIK, Y.A., représentant de l'Union soviétique au Conseil de sécurité des Nations Unies; représentant, délégation à la troisième session, Assemblée générale.
- MARIE, André, ministre de la Justice de France (-juillet); président du Conseil (juillet-septembre).
- MARSHALL, George C., secrétaire d'État des États-Unis; chef, délégation à la troisième session, Assemblée générale des Nations Unies.
- MASARYK, Jan, ministre des Affaires étrangères de la Tchécoslovaquie (-février).
- MATTHEWS, W.D., sous-secrétaire d'État adjoint aux Affaires extérieures (administration).
- MAYER, René, ministre des Finances de France (-juillet); ministre de la Défense (juillet-).
- MAYRAND, Léon, chef, Direction européenne (juin-).
- LIESCHING, Sir Percivale, Permanent Secretary, Ministry of Food of United Kingdom.
- LOUW, Eric H., Minister of Economic Development and Mines of South Africa (May-).
- LOVETT, Robert A., Under-Secretary of State of United States.
- MACDERMOT, T.W.L., Head, Personnel Division.
- MACDONALD, James Scott, High Commissioner in Newfoundland (-May); Ambassador in Brazil (May-).
- MACDONNELL, R.M., Chargé d'Affaires in Czechoslovakia.
- MACHTIG, Sir Eric, Permanent Under-Secretary of State for Commonwealth Relations of United Kingdom.
- MACKAY, R.A., Head, Commonwealth Division.
- MACKENZIE, C.J., President, National Research Council.
- MACKENZIE, M.W., Deputy Minister of Trade and Commerce.
- MACKINNON, James A., Minister of Trade and Commerce (-Jan.18); Minister of Fisheries (-Jun.10); Minister of Mines and Resources.
- MAGANN, G.L., Counsellor, Embassy in United States.
- MALAN, D.F., Prime Minister and Minister of External Affairs of South Africa (May-).
- MALIK, Y.A., Representative of Soviet Union on Security Council of United Nations; Representative, Delegation to Third Session, General Assembly.
- MARIE, André, Minister of Justice of France (-Jul.); Premier (Jul.-Sept.).
- MARSHALL, George C., Secretary of State of United States; Head, Delegation to Third Session, General Assembly of United Nations.
- MASARYK, Jan, Minister of Foreign Affairs of Czechoslovakia (-Feb.).
- MATTHEWS, W.D., Assistant Under-Secretary of State for External Affairs (Administration).
- MAYER, René, Minister of Finance of France (-Jul.); Minister of Defence (Jul.-).
- MAYRAND, Léon, Head, European Division (Jun-).

- MCKINNON, Hector B., président, Commission du tarif.
- MCNAUGHTON, général A.G.L., représentant, Commission de l'énergie atomique des Nations Unies; délégué permanent aux Nations Unies; représentant au Conseil de sécurité (président en février); représentant, délégation à la deuxième session spéciale et à la troisième session, Assemblée générale; président, section canadienne, Commission permanente canado-américaine de défense.
- MCNEIL, Hector, ministre d'État du Royaume-Uni; représentant, délégation à la troisième session, Assemblée générale des Nations Unies.
- MEASURES, W.H., chef, Direction du protocole et chef du protocole.
- MILLAR, Sir Frederick Hoyer, ministre, ambassade du Royaume-Uni aux États-Unis.
- MOLOTOV, V.M., ministre des Affaires étrangères de l'Union soviétique.
- MORAN, Herbert O., chef, Direction économique; adjoint spécial au sous-secrétaire d'État par intérim aux Affaires extérieures (octobre-).
- MUNRO, Sir Gordon, ministre, ambassade du Royaume-Uni aux États-Unis.
- NEHRU, Pandit Jawaharlal, premier ministre et ministre des Affaires extérieures et des Relations du Commonwealth de l'Inde.
- NITZE, Paul H., adjoint spécial du sous-secrétaire d'État aux Affaires économiques des États-Unis.
- NOEL-BAKER, Philip J., secrétaire d'État des Relations du Commonwealth du Royaume-Uni.
- NORMAN, E.H., chef, mission de liaison auprès du commandant suprême des Forces alliées, Japon.
- PATTERSON, George S., conseiller, mission de liaison auprès du commandant suprême des Forces alliées, Japon; représentant, Commission temporaire des Nations Unies pour la Corée; membre, délégation à la troisième session, Assemblée générale des Nations Unies.
- PEARSON, Lester B., sous-secrétaire d'État aux Affaires extérieures (-10 septembre); secrétaire d'État aux Affaires extérieures (10 septembre-); représentant au Conseil de sécurité des Nations Unies; représentant, délégation au Comité intérimaire et à la troisième session, Assemblée générale.
- MCKINNON, Hector B., Chairman, Tariff Board.
- MCNAUGHTON, Gen. A.G.L., Representative, United Nations Atomic Energy Commission; Permanent Delegate to United Nations; Representative on Security Council (President in February); Representative, Delegation to Second Special Session and to Third Session, General Assembly; Chairman, Canadian Section, Permanent Joint Board on Defence.
- MCNEIL, Hector, Minister of State of United Kingdom; Representative, Delegation to Third Session, General Assembly of United Nations.
- MEASURES, W.H., Head, Protocol Division, and Chief of Protocol.
- MILLAR, Sir Frederick Hoyer, Minister, Embassy of United Kingdom in United States.
- MOLOTOV, V.M., Minister of Foreign Affairs of Soviet Union.
- MORAN, Herbert O., Head, Economic Division; Special Assistant to Acting Under-Secretary of State for External Affairs (Oct.-).
- MUNRO, Sir Gordon, Minister, Embassy of United Kingdom in United States.
- NEHRU, Pandit Jawaharlal, Prime Minister and Minister of External Affairs and Commonwealth Relations of India.
- NITZE, Paul H., Special Assistant to Under-Secretary of State for Economic Affairs of United States.
- NOEL-BAKER, Philip J., Secretary of State for Commonwealth Relations of United Kingdom.
- NORMAN, E.H., Head, Liaison Mission to Supreme Allied Commander, Japan.
- PATTERSON, George S., Counsellor, Liaison Mission to Supreme Allied Commander, Japan; Representative, United Nations Temporary Commission on Korea; Member, Delegation to Third Session, General Assembly of United Nations.
- PEARSON, Lester B., Under-Secretary of State for External Affairs (-Sept.10); Secretary of State for External Affairs (Sept.10-); Representative on Security Council of United Nations; Representative, Delegation to Interim Committee and to Third Session, General Assembly.

- PICKERSGILL, J.W., adjoint spécial au premier ministre.
- PIERCE, S.D., ambassadeur au Mexique (mission spéciale à titre de représentant à Paris, juin-décembre, au Programme pour le relèvement de l'Europe); membre, délégation à la troisième session de l'Assemblée générale des Nations Unies.
- POPE, lieutenant-général, Maurice, chef, mission militaire auprès de la Commission alliée de contrôle, Allemagne.
- RAE, Saul F., chef, Direction de l'information.
- REBER, Samuel, directeur adjoint, Bureau des affaires européennes, Département d'État des États-Unis.
- REID, Escott M., sous-secrétaire d'État adjoint aux Affaires extérieures; sous-secrétaire d'État par intérim aux Affaires extérieures (10 septembre-).
- REUHLIN, Jonkheer J., ambassadeur des Pays-Bas aux États-Unis.
- RIDDELL, R.G., chef, Direction des Nations Unies; représentant suppléant au Conseil de sécurité des Nations Unies; représentant suppléant, délégation au Comité intérimaire et à la troisième session de l'Assemblée générale.
- RITCHIE, A.E., premier secrétaire, haut-commissariat au Royaume-Uni.
- RITCHIE, C.S.A., conseiller, ambassade en France; conseiller, délégation à la troisième session de l'Assemblée générale des Nations Unies.
- ROBERTSON, Norman A., haut-commissaire au Royaume-Uni; représentant suppléant, délégation à la troisième session de l'Assemblée générale des Nations Unies.
- ROBERTSON, R. Gordon, secrétaire, cabinet du premier ministre.
- ROGERS, R.L., troisième secrétaire, ambassade aux États-Unis.
- RUSK, Dean, directeur, Bureau des affaires des Nations Unies, Département d'État des États-Unis; représentant suppléant, délégation à la deuxième session spéciale de l'Assemblée générale des Nations Unies.
- SAINT-LAURENT, Louis S., secrétaire d'État aux Affaires extérieures (-10 septembre); ministre de la Justice (-15 novembre); premier ministre (novembre 15-).
- SAWYER, Charles, secrétaire du Commerce des États-Unis (mai-).
- PICKERSGILL, J.W., Special Assistant to Prime Minister.
- PIERCE, S.D., Ambassador in Mexico (special duty as Representative to European Recovery Programme in Paris, Jun.-Dec.); Member, Delegation to Third Session, General Assembly, United Nations.
- POPE, Lt.-Gen. Maurice, Head, Military Mission to Allied Control Commission, Germany.
- RAE, Saul F., Head, Information Division.
- REBER, Samuel, Deputy Director, Office of European Affairs, Department of State of United States.
- REID, Escott M., Assistant Under-Secretary of State for External Affairs; Acting Under-Secretary of State for External Affairs (Sept.10-).
- REUHLIN, Jonkheer J., Ambassador of Netherlands in United States.
- RIDDELL, R.G., Head, United Nations Division; Alternate Representative on Security Council of United Nations; Alternate Representative, Delegation to Interim Committee and to Third Session, General Assembly.
- RITCHIE, A.E., First Secretary, High Commission in United Kingdom.
- RITCHIE, C.S.A., Counsellor, Embassy in France; Adviser, Delegation to Third Session, General Assembly of United Nations.
- ROBERTSON, Norman A., High Commissioner in United Kingdom; Alternate Representative, Delegation to Third Session, General Assembly of United Nations.
- ROBERTSON, R. Gordon, Secretary, Office of Prime Minister.
- ROGERS, R.L., Third Secretary, Embassy in United States.
- RUSK, Dean, Director, Office of United Nations Affairs, Department of State of United States; Alternate Representative, Delegation to Second Special Session, General Assembly of United Nations.
- ST. LAURENT, Louis S., Secretary of State for External Affairs (-Sept.10); Minister of Justice (-Nov.15); Prime Minister (Nov.15-).
- SAWYER, Charles, Secretary of Commerce of United States (May-).

- SCHUMAN, Robert, président du Conseil de France (-juillet et une partie de septembre); ministre des Affaires étrangères (juillet-).
- SCOTT, S. Morley, conseiller, haut-commissariat en Inde.
- SENANAYAKE, D.S., premier ministre de Ceylan.
- SFORZA, le comte Carlo, ministre des Affaires étrangères d'Italie.
- SILVERCRUYS, le baron Robert, ambassadeur de la Belgique aux États-Unis.
- SKELTON, D. Alexander, directeur général, Direction de la recherche économique, ministère de la Reconstruction et des Approvisionnements.
- SOLANDT, O.M., président, Conseil de recherches pour la défense.
- SOUTHARD, Frank A., adjoint spécial au secrétaire du Trésor des États-Unis.
- SPAAK, Paul-Henri, premier ministre et ministre des Affaires étrangères de Belgique.
- SPIEGEL, Howard R., chef, Direction des affaires financières, Département d'État des États-Unis.
- STALINE, généralissime Joseph V., président, Conseil des ministres de l'Union soviétique.
- STONE, Thomas A., ministre, ambassade aux États-Unis; délégué, conférence sur la transmission à haute fréquence, Mexico.
- STRANGE, Robert, section du commerce hors de l'Europe, Direction de la politique fiscale et commerciale, Administration de la coopération économique.
- SYERS, Sir Cecil, secrétaire d'État adjoint, Bureau des Relations du Commonwealth du Royaume-Uni.
- SYMINGTON, Stuart, secrétaire des forces aériennes des États-Unis.
- THORP, Willard L., secrétaire d'État adjoint aux Affaires économiques, Département d'État des États-Unis et coordonnateur, Programme pour le relèvement de l'Europe.
- TOWERS, Graham F., gouverneur de la Banque du Canada.
- TRUMAN, Harry S., président des États-Unis.
- TURGEON, W.F.A., haut-commissaire en Irlande.
- VAILLANCOURT, J.J.J. Émile, ministre en Yougoslavie.
- SCHUMAN, Robert, Premier of France (-Jul. and part of Sept.); Minister for Foreign Affairs (Jul.-).
- SCOTT, S. Morley, Counsellor, High Commission in India.
- SENANAYAKE, D.S., Prime Minister of Ceylon.
- SFORZA, Count Carlo, Minister of Foreign Affairs of Italy.
- SILVERCRUYS, Baron Robert, Ambassador of Belgium in United States.
- SKELTON, D. Alexander, Director-General, Economic Research Branch, Department of Reconstruction and Supply.
- SOLANDT, O.M., Chairman, Defence Research Board.
- SOUTHARD, Frank A., Special Assistant to Secretary of Treasury of United States.
- SPAAK, Paul-Henri, Prime Minister and Minister of Foreign Affairs of Belgium.
- SPIEGEL, Howard R., Chief, Division of Financial Affairs, Department of State of United States.
- STALIN, Generalissimo Joseph V., Chairman, Council of Ministers of Soviet Union.
- STONE, Thomas A., Minister, Embassy in United States; Delegate, High Frequency Broadcasting Conference, Mexico City.
- STRANGE, Robert, Extra-European Trade Section, Fiscal and Trade Policy Division, Economic Cooperation Administration.
- SYERS, Sir Cecil, Assistant Secretary of State, Commonwealth Relations Office of United Kingdom.
- SYMINGTON, Stuart, Secretary of Air Force of United States.
- THORP, Willard L., Assistant Secretary of State for Economic Affairs, Department of State of United States and Coordinator, European Recovery Programme.
- TOWERS, Graham F., Governor, Bank of Canada.
- TRUMAN, Harry S., President of United States.
- TURGEON, W.F.A., High Commissioner in Ireland.
- VAILLANCOURT, J.J.J. Émile, Minister in Yugoslavia.

- VANDENBERG, Arthur J., sénateur (Michigan); président, Comité des relations étrangères du Sénat.
- VANIER, major-gén. Georges P., ambassadeur en France; représentant, délégation à la troisième session de l'Assemblée générale des Nations Unies.
- VAN KLEFFENS, E.N., ambassadeur des Pays-Bas aux États-Unis.
- VAN LANGENHOVE, Fernand, délégué permanent de la Belgique aux Nations Unies; représentant au Conseil de sécurité; représentant, délégation au Comité intérimaire et à la troisième session de l'Assemblée générale des Nations Unies.
- VAN ROUEN, J.H., ambassadeur des Pays-Bas.
- VISHINSKY, A.Y., vice-ministre des Affaires étrangères de l'Union soviétique; chef, délégation à la troisième session, Assemblée générale des Nations Unies.
- WATKINS, J.B.C., chef, Direction européenne, chargé d'affaires en Union soviétique (septembre-).
- WILGRESS, L. Dana, ministre (avec rang d'ambassadeur) en Suisse; président, délégation à la Conférence des Nations Unies sur le commerce et l'emploi (La Havane); chef, délégation à la première session de la Commission préparatoire, Organisation internationale pour les réfugiés; représentant suppléant, délégation à la troisième session, Assemblée générale des Nations Unies et président, Comité sur l'administration et le budget.
- WILLOUGHBY, Woodbury, chef, Direction de la politique commerciale, Département d'État des États-Unis.
- WILSON SMITH, Sir Henry, deuxième secrétaire, ministère des Finances du Royaume-Uni.
- WOOD, Sir John Henry, secrétaire permanent, ministère du Commerce du Royaume-Uni.
- WOOD, Tyler, adjoint au secrétaire d'État adjoint aux Affaires économiques des États-Unis; plus tard, adjoint spécial à l'administrateur adjoint, Administration de la coopération économique.
- WRIGHT, H. Hume, troisième secrétaire, ambassade aux États-Unis; adjoint au sous-secrétaire d'État aux Affaires extérieures (avril-).
- WRONG, H. Hume, ambassadeur aux États-Unis.
- VANDENBERG, Arthur J., Senator (Michigan); Chairman, Senate Committee on Foreign Relations.
- VANIER, Maj.-Gen. Georges P., Ambassador in France; Representative, Delegation to Third Session, General Assembly of United Nations.
- VAN KLEFFENS, E.N., Ambassador of Netherlands in United States.
- VAN LANGENHOVE, Fernand, Permanent Delegate of Belgium to United Nations; Representative on Security Council; Representative, Delegation to Interim Committee and to Third Session, General Assembly of United Nations.
- VAN ROUEN, J.H., Ambassador of Netherlands.
- VISHINSKY, A.Y., Deputy Minister for Foreign Affairs of Soviet Union; Head, Delegation to Third Session, General Assembly of United Nations.
- WATKINS, J.B.C., Head, European Division; Chargé d'Affaires in Soviet Union (Sept.-).
- WILGRESS, L. Dana, Minister (with rank of Ambassador) in Switzerland; Chairman, Delegation to United Nations Conference on Trade and Employment (Havana); Head, Delegation to First Session of Preparatory Commission, International Refugee Organization; Alternate Representative, Delegation to Third Session, General Assembly of United Nations and Chairman, Administrative and Budgetary Committee.
- WILLOUGHBY, Woodbury, Chief, Division of Commercial Policy, Department of State of United States.
- WILSON SMITH, Sir Henry, Second Secretary, Treasury of United Kingdom.
- WOOD, Sir John Henry, Permanent Secretary, Board of Trade of United Kingdom.
- WOOD, Tyler, Deputy to Assistant Secretary of State for Economic Affairs of United States; later, Special Assistant to Deputy Administrator, Economic Cooperation Administration.
- WRIGHT, H. Hume, Third Secretary, Embassy in United States; Assistant to Under-Secretary of State for External Affairs (Apr.-).
- WRONG, H. Hume, Ambassador in United States.

ILLUSTRATIONS

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PA-187125

De gauche à droite : le roi Georges VI, Clement Attlee et N.A. Robertson participant à une cérémonie tenue dans le cadre de la conférence des premiers ministres du Commonwealth.

L. to r.: King George VI, Clement Attlee and N.A. Robertson attend a function during the Commonwealth Prime Ministers' Conference.



C-31317

Assermentation de Louis Saint-Laurent comme premier ministre, le 15 novembre 1948, à la résidence du gouverneur général; de gauche à droite : le premier ministre Saint-Laurent, le gouverneur général lord Alexander et W.L.M. King.

Louis St. Laurent is sworn in as Prime Minister at Government House on November 15, 1948; l. to r.: Prime Minister St. Laurent, Governor-General Lord Alexander, W.L.M. King.



C-20027

Le secrétaire d'État aux Affaires extérieures lors de son départ pour la troisième session de l'Assemblée générale des Nations Unies, le 29 octobre 1948; de gauche à droite : L.B. Pearson, M^{me} Pearson, Brooke Claxton.

Duncan Cameron

The Secretary of State for External Affairs leaves to attend the Third Session of the General Assembly of the United Nations, October 29, 1948; l. to r.: L.B. Pearson, Mrs. Pearson, Brooke Claxton.



PA-187126

Membres de la délégation canadienne à la troisième session de l'Assemblée générale des Nations Unies; autour de la table, de gauche à droite : R.G. Riddell, L.D. Wilgress, le sénateur Wishart Robertson, S.D. Pierce, Ralph Maybank, H.F. Feaver, Hugues Lapointe, N.A. Robertson, J.W. Holmes, C.S.A. Ritchie, G.P. Vanier, Lionel Chevrier, W.L.M. King, A.G.L.

BY APPOINTMENT TO THE QUEEN

M.-A. Zalewski

Members of the Canadian delegation to the Third Session of the General Assembly of the United Nations; faces seen around the table, l. to r.: R.G. Riddell, L.D. Wilgress, Senator Wishart Robertson, S.D. Pierce, Ralph Maybank, H.F. Feaver, Hugues Lapointe, N.A. Robertson, J.W. Holmes, C.S.A. Ritchie, G.P. Vanier, Lionel Chevrier, W.L.M. King, A.G.L. McNaughton.



PA-187127

De gauche à droite : A.G.L. McNaughton, Lionel Chevrier, C.S.A. Ritchie et J.W. Holmes, lors de la troisième session de l'Assemblée générale des Nations Unies.

M.-A. Zalewski

L. to r.: A.G.L. McNaughton, Lionel Chevrier, C.S.A. Ritchie and J.W. Holmes at the Third Session of the General Assembly of the United Nations.



PA-187129

De gauche à droite : L.D. Wilgress (président du Comité du budget) et O.P. Machado, du Brésil (secrétaire), lors de la troisième session de l'Assemblée générale des Nations Unies.

M.-A. Zalewski

L. to r.: L.D. Wilgress (President of the Budget Committee) and O.P. Machado of Brazil (Secretary) at the Third Session of the General Assembly of the United Nations.



Le gouverneur général et lady Alexander
entre M. et M^{me} J.S. Macdonald, à l'extérieur
de l'ambassade du Canada à Rio de Janeiro.

coll: E.B. Rogers
Governor-General and Lady Alexander
stand between Mr. and Mrs. J.S. Macdonald
outside the Embassy in Rio de Janeiro.



PA-122244

De gauche à droite : Morley Wang (Chine) et Donald Manson pendant une pause, durant la conférence internationale sur la radiodiffusion à ondes décimétriques tenue à Mexico en octobre 1948.

coll: D. Manson

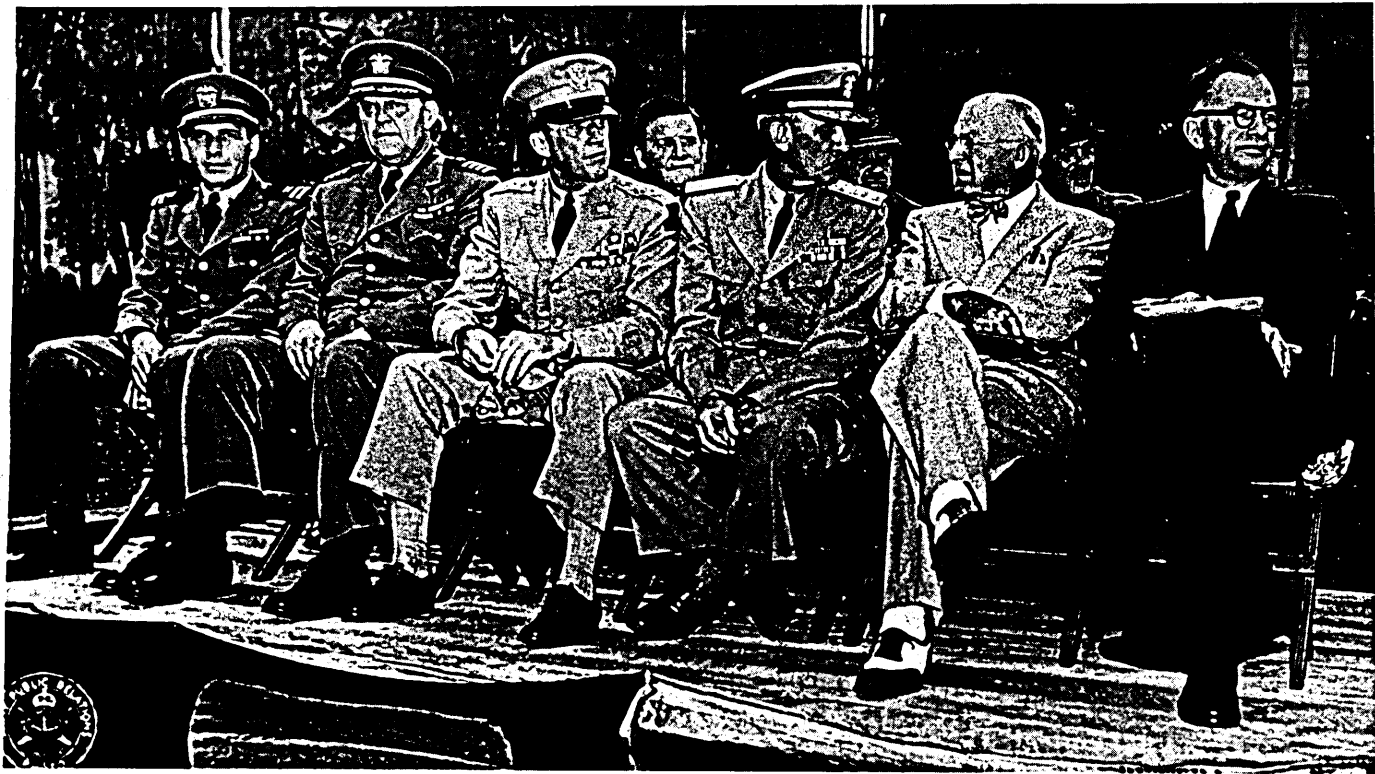
L. to r.: Morley Wang (China) and Donald Manson during a break at the International High Frequency Broadcasting Conference held in Mexico City, October, 1948.



PA-187302

Une séance de la deuxième assemblée du Congrès de l'aviation civile internationale; on observe à l'arrière-plan, au centre, dans l'ordre habituel, Albert Robert et M. Edward Warner. À droite, le délégué canadien, C.S. Booth.

A session of the Second Assembly of the International Civil Aviation Conference; at centre rear, l. to r.: Albert Roper and Dr. Edward Warner and at right, the Canadian delegate, C.S. Booth.



PA-187203

Au premier rang, à droite, dans l'ordre habituel : James V. Forrestal et Brooke Claxton assistent à l'inauguration d'une plaque commémorant la déclaration d'Ogdensburg.

L. to r. at right of front row: James V. Forrestal and Brooke Claxton attend the dedication of a plaque commemorating the Ogdensburg Agreement.

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

PREMIÈRE PARTIE/PART I
DÉSIGNATION ET TITRES ROYAUX
ROYAL STYLE AND TITLES

1.

PCO

Décret

Order in Council

P.C. 2828

[Ottawa], June 21, 1948

The Committee of the Privy Council have had before them a report, dated 15th June, 1948, from the Secretary of State for External Affairs, representing:

That Section 3 of The Royal Style and Titles Act (Canada) 1947, provides that the date on which the omission of the words "Emperor of India" becomes effective shall be published in the *Canada Gazette*;

That the Government of the United Kingdom has consulted the Government of Canada, which considered the matter on June 2, 1948, and agreed that the omission should be made effective as regards Canada by means of an Order in Council;

That the Minister has advised the Secretary of State for Commonwealth Relations, London, of the Canadian Government's intentions and stated that it would be agreeable to any future date convenient to the United Kingdom and other Members of the Commonwealth provided suitable notice is given in advance; and

That the Members of the Commonwealth have agreed that the date on which the omission of the words "Emperor of India" becomes effective shall be the 22nd day of June, 1948.

The Committee, therefore, on the recommendation of the Secretary of State for External Affairs, advise that Your Excellency in Council, in accordance with Section 3 of The Royal Style and Titles Act (Canada), 1947, cause the omission of the words "Indiae Imperator" and the words "Emperor of India" from the Royal Style and Titles to become effective as regards Canada on and from the 22nd day of June, 1948, by authorizing the publication of a notice in the attached form† in the *Canada Gazette*.¹

W.L. MACKENZIE KING

¹ Notre copie du document porte l'annotation suivante :

The following was written on this copy of the document:

Approved. P. Rinfret Deputy Governor General 21.6.48

2^e PARTIE/PART 2
ADMINISTRATION

SECTION A

GÉNÉRALITÉS
GENERAL

DEA/4086-40

2.

*Le secrétaire d'État aux Affaires extérieures
aux chefs de poste à l'étranger*
*Secretary of State for External Affairs
to Heads of Posts Abroad*

Ottawa, January 27, 1948

CIRCULAR DOCUMENT ADMIN. NO. 6

I have the honour to advise you that changes have been made in the organization of the Department of External Affairs.

2. The Second Political Division has been split into two new divisions, the Commonwealth Division with Mr. R.A. MacKay as Chief, and the European Division with Mr. J.B.C. Watkins as Chief. The First Political Division has been renamed The United Nations Division and the Third Political Division has been renamed The American and Far Eastern Division.

3. Mr. Escott Reid has been appointed Assistant Under-Secretary and the American and Far Eastern Division, The Commonwealth Division and The European Division will report through him.

4. Mr. W.D. Matthews has been appointed Assistant Under-Secretary (Admin.) and the Administrative Division with Mr. S.D. Hemsley as Chief Administrative Officer, will report through him.

5. The other Divisions of the Department will continue to report to the Under-Secretary and Associate Under-Secretary as in the past.

I have etc.

L.B. PEARSON
for Secretary of State
for External Affairs

3.

L.B.P./Vol. 4

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

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

SECRET AND PERSONAL

[Ottawa], March 3, 1948

POST OF ASSOCIATE UNDER-SECRETARY

With reference to our talk this morning on this matter, the suggestion which Mr. Robertson and I have been discussing is the abolition of the post of Associate Under-Secretary, the reclassification of the post of Deputy Under-Secretary at \$12,000 (the salary now provided for the Associate), and the designation of its occupant as "Ambassador on Duty in the Department of External Affairs as Deputy Under-Secretary of State."

The Under-Secretary-Associate relationship worked very well with Mr. Wrong and Mr. Robertson, and with Mr. Beaudry² and myself. It would, however, be difficult to make this peculiar relationship work in all circumstances, as it does, in fact, mean that there are two officials in the Department of approximately equal rank, with the chain of responsibility between them not always clearly defined. For this reason, the relationship might be particularly difficult if the Associate was being brought back from abroad in an almost ostentatiously Deputy Minister capacity. On the other hand, to make the second man a Deputy Under-Secretary would fix him in the direct line of responsibility to the Minister and obviate some of the risks of disagreement and dissension under the alternative organization.

If the Deputy Under-Secretary were given the style of Ambassador on Duty in the Department, it would be easy and even natural to appoint him for a two or three year term, at the end of which he would again take up a position abroad.

Though the officer brought back would be a Deputy Under-Secretary in the Departmental set-up, he could retain the rank of Ambassador in the Diplomatic Service while he is on duty in the Department, to ensure that he had the rank and precedence of a Deputy Minister when on duty in the Department. All that would be required would be a ruling from Council or Treasury Board, as the case may be. A ruling of this sort was obtained when Mr. Wrong was made Associate Under-Secretary. An advantage of a ruling of this kind would be that, if the Ambassador brought back as Deputy Under-Secretary were French-speaking, there would be another person in Ottawa from Quebec in the Deputy Minister category.

² Laurent Beaudry a démissionné pour des raisons de santé.
Laurent Beaudry resigned for reasons of health.

You may wish to mention the above suggestion to the Prime Minister.³ If it is agreeable, the post of Deputy Under-Secretary could then be offered to Mr. Dupuy.⁴

L.B. P[EARSON]

4.

DEA/8508-40

Extrait du procès-verbal de la réunion des chefs de direction

Extract from Minutes of Meeting of Heads of Divisions

SECRET

[Ottawa], March 23, 1948

PRIORITY PREFIXES ON TELEGRAMS

15. Mr. Reid said that the Department was receiving too many telegrams marked "Most Immediate". In addition to depreciating the importance which should be attached to such telegrams, this practice means that members of the Cypher Section may be called back to the office in the middle of the night to decipher telegrams which could be dealt with equally well the following day. The following rules should be observed in the Department and abroad in giving priority markings to telegrams:

"Priority markings are an indication to the Cypher Section or Cypher Clerk and to the telegraph companies of the speed with which the message should be transmitted and, to the receiving office, of the degree of urgency attached to it. They are:

Most Immediate — Use of this prefix should be limited to cases of urgent necessity when action is required immediately upon receipt of the telegram, regardless of the hour of day or night at which it arrives. Telegrams with this marking must be deciphered at once and brought to the attention of the officer concerned. The drafter of a telegram has a special responsibility for preventing abuse of this prefix, not only because of the inconvenience it might cause but because its excessive use will lead to its being accorded less than the exacting attention it is intended to require.

³ Note marginale /Marginal note:

I have discussed this with the P[ri]me M[in]ister and we both approve 5.3.48 [St. Laurent]

⁴ Pierre Dupuy a refusé en expliquant que sa santé ne permettait pas son retour à Ottawa. Pearson a reconfirmé cette réponse pendant son séjour à Paris pour des réunions de l'Assemblée générale et a alors offert le poste de sous-secrétaire d'État aux Affaires extérieures à Jean Désy qui était réticent à rentrer à Ottawa et a fait des propositions relatives au logement et aux allocations de représentation que Pearson n'a pas jugé raisonnables. Voir: L.B.P./Vol. 4, Pearson à Dupuy, le 9 mars; Dupuy à Pearson, le 31 mars; PCO/Vol. 89, Pearson à Saint-Laurent, le 25 novembre 1948.

Pierre Dupuy declined on the grounds that his health would not permit his return to Ottawa. Pearson reconfirmed this when in Paris for meetings of the General Assembly and at that time offered the post of Under-Secretary of State for External Affairs to Jean Désy who was reluctant to return to Ottawa and put forward proposals for accommodation and a representation allowance which Pearson did not regard as reasonable. See: LBP/Vol. 4, Pearson to Dupuy, March 9; Dupuy to Pearson, March 31; PCO/Vol 89, Pearson to St. Laurent, November 25, 1948.

Immediate — This prefix is intended to be used when it is essential that action on the telegram be taken within a few hours of its arrival. Telegrams with this prefix must also be deciphered at once.

Important — Use of this prefix should be restricted to telegrams of moderate urgency dealing with matters of sufficient importance to warrant priority over routine telegrams in deciphering and circulation.

When urgent messages are being sent, consideration should be given to the difference in time between the sending and the receiving office."

5.

DEA/1086-40

*Directive du Cabinet**Cabinet Directive*

CIRCULAR NO. 9

Ottawa, November 3, 1948

CANADIAN REPRESENTATION AT INTERNATIONAL CONFERENCES;
PROCEDURES FOR APPROVING DELEGATIONS

In accordance with a direction from the Prime Minister, which was approved by Cabinet on June 16th, 1948, all proposals involving Canadian participation in International Conferences and in meetings of International Organizations will be reviewed by the Department of External Affairs before submission to the government for approval.³

Departments and agencies are, therefore, requested to refer to the Under-Secretary of State for External Affairs, for approval by the Secretary of State for External Affairs, all proposals for participation in and representation at International Conferences, together with a list of nominations for delegates.

This reference should be made well in advance of the Conference date so that, where appropriate, the Secretary of State for External Affairs can make recommendations to Cabinet, and the nomination list can be co-ordinated and approved.

A.D.P. HEENEY

³ Cette directive a été émise parce que les départements et les agences ne faisaient pas attention à la décision du Cabinet.

This directive arose from a concern that departments and agencies were ignoring the Cabinet decision.

6.

DEA/8508-40

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

SECRET

[Ottawa], November 15, 1948

DEPARTMENTAL ORGANIZATION

ESTABLISHMENT OF DEFENCE LIAISON DIVISION

26. *Mr. Reid* said that the developments during the past year in Canadian foreign policy were bringing about a corresponding change in our defence policy generally. Since the beginning of this year public statements by members of the Government have emphasized that Canada is now willing to sign a regional defence treaty and is indeed anxious that such an agreement should be concluded. This development has meant that a great deal of time must be spent by members of the Department on questions of defence policy which impinge on foreign policy. The Department is already represented on such joint defence bodies as the Chiefs of Staff Committee, the Joint Intelligence Committee, the Joint Intelligence Staff, the Permanent Joint Board on Defence, the National Defence College, etc., and relations between the Departments of National Defence and External Affairs are extremely good. Within the Department, however, from an administrative point of view, difficulties frequently arise because no one Division has primary responsibility for all these matters. The Minister has therefore agreed that a functional division be established, effective November 15, to bring together all the defence liaison work which is now scattered throughout several sections of the Department. *Mr. Crean* will be Acting Head of the new division which will be called "Defence Liaison Division".

27. It will deal with work arising under the Permanent Joint Board on Defence, Commonwealth defence questions, and defence matters arising under the proposed North Atlantic Treaty. It will coordinate all defence questions dealt with in the Department, and will be the normal channel for liaison with the Department of National Defence on policy questions. It will also deal with security matters arising in the Department and at Missions abroad.

7.

DEA/50118-40

*Extrait du rapport du Comité sur le reportage des missions au sous-secrétaire
d'État par intérim aux Affaires extérieures*

*Extract from Report by Committee on Reporting from Missions
to Acting Under-Secretary of State for External Affairs*

[Ottawa], November 30, 1948

USE OF FRENCH IN DESPATCHES

16. The Committee⁶ considered the use of French in a limited field of reporting. While this was desirable, it was realized that reporting in French might raise certain administrative difficulties which might be referred to the Administrative Committee. (Second meeting, November 9th)

17. *Recommendation:* Provided there are no insuperable administrative difficulties, a circular despatch should be sent to all missions indicating that, on an experimental basis, officers abroad may prepare despatches in French, provided (a) that such despatches are not concerned with subjects upon which specific action needs to be taken by someone who may not be familiar with the French language, and (b) that the Head of Mission is sufficiently familiar with French to sign these despatches — see Appendix VI.

SECTION B

ATTACHÉS SERVICES EN UNION SOVIÉTIQUE
SERVICE ATTACHÉS IN SOVIET UNION

8.

DEA/226 (S)

Extrait du procès-verbal de la réunion du Comité des chefs d'état-major

Extract from Minutes of Meeting of Chiefs of Staff Committee

TOP SECRET

[Ottawa], January 7, 1948

SERVICE ATTACHÉS — U.S.S.R.

5. *The Chief of the General Staff* stated that he had been advised by Mr. Pearson that the overall accommodation requirements in Moscow were being reviewed and that the availability of accommodation for two Service attachés was still uncertain. In view of this situation, he had at first decided that he would not now replace the

⁶ Léon Mayrand était président du Comité qui s'est réuni sept fois; les procès-verbaux étaient annexés au rapport.

Léon Mayrand was chairman of the Committee which met seven times; minutes were appended to the report.

present Army attaché when he was withdrawn. However, he had learned that the present Army attaché was producing reports of considerable value and he would like, therefore, to have this whole matter of Service representation in Moscow reviewed by the Joint Intelligence Committee and their recommendations made available before any final decision was reached. If, however, it should eventually be decided that accommodation could be made available only for one officer, he would agree that this be an Air Force officer.

6. *The Chief of the Air Staff* pointed out that as the sources of information were limited and a good deal was dependent upon personal observation, it was difficult for the Army attaché to provide information of value to the Air Force. It was most important that Air information be received. Further, it had been agreed previously that when the present Army attaché was withdrawn he would be replaced by an Air attaché. He did not feel, therefore, that reference to the Joint Intelligence Committee at this stage would be particularly useful.

7. *The Chief of the Naval Staff* observed that if the Service requirement were for two attachés, then strong representations should be made for the necessary accommodation.

8. *The Committee* agreed, after further discussion, that the Joint Intelligence Committee be asked to review the requirements for Service attaché representation in Moscow and make recommendations thereon.

...

9.

DEA/226 (S)

Extrait du procès-verbal de la réunion du Comité des chefs d'état-major
Extract from Minutes of Meeting of Chiefs of Staff Committee

TOP SECRET

[Ottawa], February 3, 1948

...

SERVICE ATTACHÉS — U.S.S.R.

15. *Mr. Pearson* reported that the maintenance of the diplomatic mission in Moscow had proven increasingly difficult since the recent Russian currency revaluation. As a result, and since the Mission was restricted in the amount of Russian currency which it could obtain, it would be impossible, quite aside from considerations of accommodation, to increase the staff at present. This applied not only to Service Attachés but also to other officials which it had been intended to send. It was hoped that this situation would improve, but meanwhile it was suggested that only one Service Attaché be sent to replace the Army Attaché who was being withdrawn.

(Deferred from 410th meeting)

16. *The Chief of the General Staff* stated that, though he was impressed with the importance of having an Army Attaché in Moscow, in view of *Mr. Pearson's* remarks and of previous discussions in this connection, he would agree that the single Attaché to be sent be an Air Force officer.

17. *The Chief of the Naval Staff* pointed out that the Navy had previously agreed in the case of many Attaché appointments in Europe that, where only one Attaché could be sent, he be an Army or Air Force officer where there was a larger Army or Air Force than Navy in the country concerned. In Europe generally, however, if this principle continued to be followed, it would mean that Naval Attaché representation would be completely precluded. At the present time, two officers were available; one who could speak Russian, the other who could speak Turkish, eminently suitable respectively for appointment as Attachés to the U.S.S.R. and Turkey. This situation deserved serious consideration.

18. *The Committee* agreed, after further discussion:

- (a) that only one Service Attaché be appointed to the U.S.S.R. at present; and
- (b) that an Air Force Attaché be appointed to Moscow to replace the Army Attaché being withdrawn.

10.

DEA/4595-S-40

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

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

PERSONAL AND SECRET

[Ottawa], February 20, 1948

I attach a note of February 20 of a conversation which I had yesterday with Brigadier Allard.⁷ Mr. Watkins and Mr. Wallis⁸ were present at our talk. I explained to him that you were disappointed not to see him.

He struck me as being a very intelligent person.

This morning on my way in with General Foulkes he asked me about my talk with Allard. He had himself been talking to Allard and his conclusion from what Allard had told him was that accommodation in Moscow was sufficient for the Military Attaché as well as an Air Attaché. He added that Allard had said that some of our accommodation in Moscow was now being used by some clerks from the British Embassy.

General Foulkes appeared to be somewhat annoyed with you because of the arguments which you had used against the appointment of both a Military and an Air Attaché in Moscow. He thinks that you have not brought forward your real objections. I gather that he feels that your objections are based on reports from Holmes that a Military Attaché is not necessary.

He says that he will raise the matter with you on your return to Ottawa.

E[SCOTT] R[EID]

⁷ Brigadier Jean Allard, ancien attaché militaire en Union soviétique.

Brigadier Jean Allard, former Military Attaché in Soviet Union.

⁸ B.A. Wallis.

DEA/291 (S)

11.

*Le sous-secrétaire d'État adjoint aux Affaires extérieures
au chargé d'affaires en Union soviétique*

*Assistant Under-Secretary of State for External Affairs
to Chargé d'Affaires in Soviet Union*

Ottawa, February 26, 1948

SECRET

Dear Mr. Holmes:

I enclose for your information a copy of a memorandum to the Under-Secretary of State for External Affairs recording a conversation with Brigadier Allard on his return to Canada. I am not particularly impressed with his arguments concerning the relative values of a Military Attaché as opposed to an Air Attaché in Moscow, but I was interested in his statement concerning travel in the Soviet Union. Certainly, the reports, which I have received from National Defence, from Brigadier Allard do not bear out the fact that he had travelled very far afield from Moscow. I should therefore be interested in your comments on this point.

I should be interested in any other observations you may have to make on this memorandum.

Yours sincerely,

ESCOTT REID

DEA/291 (S)

12.

*Le chargé d'affaires en Union soviétique
au sous-secrétaire d'État adjoint aux Affaires extérieures*

*Chargé d'Affaires in Soviet Union
to Assistant Under-Secretary of State for External Affairs*

Moscow, March 18, 1948

SECRET

Dear Mr. Reid:

I should like to refer to your letter of February 26th with which you enclosed a memorandum regarding a conversation with Brigadier Allard. Like you, I am not impressed with the argument that it would be a mistake to appoint an Air Attaché in place of a Military Attaché. My frank opinion has been that there are grave doubts about the value of having a Service attaché of any kind in Moscow. There has been little enough for a Service Attaché to do in the past, without resorting to methods which could compromise his Government, and since the affair involving General Hilton last November the opportunities for legitimate investigation have been almost completely stopped. The decision, however, has been taken to send an Air Attaché, and I think that if he does not confine his interests too narrowly to military matters, he will be able to make a contribution to the work of the Embassy and have a satisfactory experience.

As for the opportunities to inspect and photograph Army or Air Force equipment, it seems to me, and I think it seemed also to my predecessors who have had somewhat longer experience, that the opportunities of seeing either are so insignificant that comparisons are not worth making. On the other hand, I know that the only report from any of the United Kingdom Service Attachés last year which was considered to be of some value in London, was a report by the Air Attaché. As for the view that an Air Attaché would merely complement the work of the Air Attachés of the United Kingdom, French and United States missions, and be able to get little information on his own, I doubt if this is a particularly impressive argument, as it would mean no change in the situation which has existed in the past.

As for the question of travelling throughout the Soviet Union, Brigadier Allard's experience in this country was, of course, considerably longer than mine. However, I think that his remarks, as reported in the memorandum, are misleading. It is difficult to point to any regulations preventing foreigners from travelling throughout the Soviet Union, but the fact of the matter is that there are in Moscow a considerable number of people suffering acutely from claustrophobia, anxious to travel anywhere, but unable to do so. I have heard of people getting as far as Kiev, and I know that last summer two members of the United States Embassy drove in their car as far as Kazan. It is, of course, quite easy to go to Leningrad. One can travel to Odessa or Libau in transit, and U.S. officials travel to Vladivostok when they are appointed to their consulate there. Otherwise, the limit seems to be Gorki, which is about 500 kilometres from Moscow, and there have been difficulties in getting even there. There is no particular difficulty about visiting towns within a hundred kilometres of Moscow. The problem is not that one needs a special permit to travel, but that one needs some kind of accommodation and facilities, not to mention a railway ticket or petrol, which are never provided. For a Service Attaché I should think travel very far from Moscow is completely out of the question. Certainly his heels would be dogged all the way, and every possible opportunity would be taken to embarrass or compromise him. It may be that the travel by car of foreign representatives, to which the Brigadier referred, took place during the earlier part of his stay in Moscow, or was confined to the vicinity of Moscow. Brigadier Allard himself, as far as I am aware, never travelled far from Moscow, but I do not know whether he made any effort to do so.

I agree strongly with Brigadier Allard's view that it would be valuable to have in Moscow an expert whose task it would be to collect all possible information about Soviet industrial, agricultural and technical developments in order to estimate the real strength of the country. This, in my opinion, would be the most useful work for a Service Attaché. Any attempts on his part to travel about the country "snooping" will serve no useful purpose, and will only involve the overworked staff of the Embassy in the complicated problem of getting him out of the hands of the M.V.D.⁹ On the other hand, a great deal can be done, I think, by a careful study of published reports; by the patient collation of this material we would be in a much better position to estimate the real war potential of the Soviet Union. That is what I had in mind when I said I hoped that the new Attaché would not interpret

⁹ Ministère de l'Intérieur/Ministry of Internal Affairs.

too narrowly his functions. For his own peace of mind, furthermore, I think it essential that he occupy himself in this way, or he will quickly become discouraged, frustrated and unhappy.

Yours sincerely,
J.W. HOLMES

13.

C.H./Vol. 207

*Le délégué au Comité préparatoire de l'Organisation internationale des réfugiés
au sous-secrétaire d'État adjoint aux Affaires extérieures*

*Delegate to Preparatory Committee of International Refugee Organization
to Assistant Under-Secretary of State for External Affairs*

PERSONAL AND CONFIDENTIAL

Geneva, May 10, 1948

My dear Escott [Reid],

I have had referred to me copies of your letter to Mr. Holmes of February 26th, together with accompanying memorandum on your interview with Brigadier Allard, the two letters of March 18th addressed to you by Mr. Holmes on the subject of Service attachés at Moscow, and the letter addressed to you by Mr. Ford on March 24th on the same subject.

I have no hesitation in endorsing all that Holmes and Ford write with regard to this subject. Not only is it useless to have Service attachés in Moscow because there is nothing for them to do, but it is positively dangerous and the chances are very grave that sooner or later we will be involved in some international incident. This is particularly the case because the Defence Department stubbornly refuse to believe our representatives, who really know Russia, and contend that if they send the right man he will find work to do in Moscow. This means that whoever they send will, like Brigadier Allard, feel that he should be able to "deliver the goods", unless the man is very much above the average. This means that there is a grave danger that he will do something which, sooner or later, will get us into trouble. Finally, and not unimportant, is the fact that it is very disturbing to the morale of our staff at Moscow to have Service attachés hanging around with nothing to do.

I do not expect that this letter will arrive in time to alter the decision which I believe has already been reached, but I thought it was my duty to warn you so that perhaps before the men leave for Moscow they will be cautioned not to do anything which will result in an international incident. This at least will serve to absolve our Department from failure to realize the risks we are running in sending to Moscow men who impress me as being "babes in the woods".

With kindest regards and all good wishes,

Yours sincerely,
L.D. WILGRESS

3° PARTIE/PART 3

REPRÉSENTATION DIPLOMATIQUE ET CONSULAIRE
DIPLOMATIC AND CONSULAR REPRESENTATION

SECTION A

AUTRICHE

AUSTRIA

14.

DEA/8447-40

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

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

CONFIDENTIAL

[Ottawa], May 14, 1948

DIPLOMATIC RELATIONS WITH AUSTRIA

You will recall that the post-war relations between Canada and Austria were reviewed in a memorandum which I had prepared for you on January 21st, 1948.† After pointing out that Canada had never been at war with the political entity of Austria, nor with any Austrian predecessor to the present Government, the memorandum reported that both the Canadian High Commissioner in London and the Canadian Ambassador in Washington had been approached by their Austrian colleagues with a view to exchanging diplomatic representation; and that the Austrian Minister in Washington had explained that his Government would like to open a Legation in Ottawa, or at least a Consulate-General, even if the Canadian Government were not able to reciprocate for the time being.

2. Your comment on the memorandum on February 12th was: "Council feels we should not be in any hurry about this. We are not able to expand at present." On February 14th you added: "In view of attitude of Council re our mission in Rome, I prefer not to bring up the matter of diplomatic relations with Austria at this time. Perhaps we might consider it a few weeks hence when again discussing Rome."

3. The elevation of our mission in Rome from Legation to Embassy has recently received your, and the Prime Minister's, approval. I feel that consideration might now be given to the Austrian Government's request for some sort of representation here.

4. The Austrian Government, since the date of my previous memorandum on the subject, has continued to press this matter, and not only through their Ministers in London and Washington. As you know, the Austrian Chancellor himself brought it up when he received Mr. Manion of our Rome Legation, during the latter's visit to Vienna in connection with Canadian relief shipments. In a despatch dated February 24th Mr. Manion reported: "The Austrian Government desires by all possible means to strengthen its position vis-à-vis the Western Powers."

5. I consider that recent developments in Europe make it advisable for us to do what we can to help Austria strengthen the ties with the West upon which it evidently sets such store. It is true that our shortage of staff makes it inadvisable to consider an exchange of diplomatic representatives for the time being. However, I can see no objection to the Austrian Government's alternative suggestion, that an Austrian Consulate-General be appointed to Ottawa, — a step, of course, which involves no obligation whatever on our part to reciprocate.

6. I would suggest, therefore, that we might instruct the Canadian High Commissioner in London to inform his Austrian colleague that the Canadian Government would now welcome the establishment of an Austrian Consulate-General in Ottawa. In doing so he should make clear that we cannot reciprocate now or in the foreseeable future.¹⁰

L.B. P[EARSON]

15.

DEA/8447-40

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

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

CONFIDENTIAL

[Ottawa], July 14, 1948

Attached is a fresh copy of a memorandum entitled "Diplomatic Relations with Austria", which I sent to you on May 14th. My conclusion was that while our shortage of staff made it inadvisable to consider an exchange of diplomatic representatives for the time being, we might well allow the Austrian Government to establish a Consulate General in Ottawa (as this would involve no obligation whatever on our part to reciprocate). You returned the memorandum with the following annotation: "I prefer to wait until I can suggest something more obvious in the way of advantages to a grouping of the Western Powers."

2. May I take the liberty of pointing out that our Ambassador in Washington and our High Commissioner in London both expressed regret that we did not accede to the Austrian Government's minimum request, viz. for a Consulate General.

Mr. Wrong wrote on May 28th:

"I find it difficult to know how to explain to the Austrian Minister that we are not prepared at present to receive an Austrian Consul General in Ottawa. I think that there would be some practical advantages to us in having an Austrian representative in Canada as there are a number of Austrian citizens in Canada who from time to time require consular services. Furthermore, in connection with the development of E.R.P. there might be some value in having an Austrian representative available through whom information about Canadian supplies could be conveyed to

¹⁰ Note marginale :/Marginal note: I prefer to wait until I can suggest something more obvious in the way of advantages to a grouping of the Western Powers. St. L[aurant] 17.5.48

the Austrian Government. At present, if we have any business to do with the Austrian Government, we either have to send someone specially to Vienna or communicate through the British Minister, neither of which is a satisfactory way of doing business.

I am rather loath to undertake to explain to my Austrian colleague here the reasons for our reluctance when we have in Ottawa, let us say, a Haitian Consul General, a Lebanese Consul and a Finnish Minister."

Mr. Robertson said in a telegram dated June 4th:

"I am sorry that the recommendation in paragraph 6 of Mr. Pearson's memorandum of May 14th was not approved, since the Austrian Government's principal interest in having a representative in Canada is to have someone look after their nationals and to see what can be done to promote trade. They would, I think, be content for a while with Consular representation, although their neighbours in Prague and Belgrade have diplomatic representation with Canada. Our general policy in the past has been to put no obstacle in the way of friendly countries establishing Consulates in Canada, particularly if there was no implication of reciprocity in such an arrangement. I think it would be difficult to make an exception in this rule against Austria."

3. Mr. Robertson has now received a note from the Austrian Legation in which he is asked to ascertain the views of the Canadian Government on the suitability of one Mr. Pacumann of Montreal for the position of Honorary Representative of the Austrian Tourist Office in Canada. Mr. Robertson comments: "Inasmuch as our diplomatic and/or consular relations with Austria still have to be normalized, I doubt the wisdom of accepting a representative of the Austrian Tourist Office, which seems to be a Government agency, even in an honorary capacity."

4. You may wish, at this stage, to reconsider the possibility of authorizing the establishment of an Austrian Consulate General in Canada, as suggested in the last paragraph of my memorandum of May 14th. If you were to submit this proposal to Cabinet, I presume you would emphasize that a Consul General has no diplomatic status and that there would be absolutely no obligation on our part to open any sort of mission in Austria.

5. The Austrian Chargé d'Affaires in London has asked for an appointment with Mr. Robertson with a view to discussing this matter as soon as possible.

L.B. PEARSON]

16.

CH/Vol. 2094

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

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

Ottawa, July 29, 1948

PERSONAL

Dear Norman [Robertson],

The Cabinet reconsidered the other day the question of Austrian representation in Canada. It was one of those very bad Cabinet days, and to my great disappointment, the reconsideration resulted in a negative decision. The Minister did his best; but the Prime Minister would have nothing to do with the matter at this time. The decision as formally reported was as follows:

"The Cabinet after discussion, agreed that it would be inadvisable to accept a representative of the Austrian government in Canada at this time and that the High Commissioner in London and the Ambassador in Washington be instructed to inform Austrian authorities that it would not be possible to permit the establishment of an Austrian consulate general in Ottawa."¹¹

I need hardly say how reluctant I am to pass on a decision of this kind. It is embarrassing, of course, to tell the Austrian government that we will not receive a consular representative. Perhaps you could put it that there are special circumstances which make reception of an Austrian Consul General difficult at the present time; but that we hope that it will not be long before the difficulties are removed. The "special circumstances" will probably be assumed by the Austrians to be related to the fact that there has been no peace treaty with Austria. This, I admit, is a rather flimsy excuse, considering the action which has been taken by other countries; but I suppose we should not discourage them from making this deduction.

What I am anxious to do is not to give the Austrians the impression that this decision is irrevocable and will not be reconsidered later in the year. Would it be possible to strike a friendly note by saying that, if their representative in Washington would care to come to Canada from time to time, he would be warmly welcomed and we would be glad to transact such official business with him as may be required?

I would think also that the Cabinet decision does not extend so far as to refuse to recognize a tourist representative. Possibly they could go ahead with such an appointment if they so desire.¹²

¹¹ Conclusions du Cabinet le 20 juillet.
Cabinet Conclusions, July 20.

¹² Le 26 août Saint-Laurent approuvait en principe la nomination d'un représentant honoraire au Canada du Bureau autrichien de tourisme (Friedrich von Pilis de Whitby, Ontario).
On August 26, St. Laurent approved in principle the appointment of an Honorary Representative in Canada of the Austrian Tourist Office (Friedrich von Pilis of Whitby, Ontario).

Will you convey this decision to the Austrians in your most diplomatic way and, when a suitable opportunity presents itself here, we will have this matter reconsidered. The Minister, I may add, is personally in favour of the proposal and will be in a position to support it later, I hope with more effect.

Yours sincerely,

MIKE [PEARSON]

SECTION B

CEYLAN

CEYLON

17.

DEA/5-C (S)

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

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

SECRET

[Ottawa], May 3, 1948

ACCREDITING OF MR. KEARNEY TO CEYLON

When Mr. Kearney was attending the celebration of independence of Ceylon in February last, the question arose in a discussion with the Ceylonese Prime Minister as to whether Mr. Kearney might not be accredited as well to Ceylon. The Prime Minister of Ceylon appeared to be anxious to have this arrangement made and to have in turn Ceylon's High Commissioner in London accredited to Canada.

2. Mr. Kearney is in favour of his being accredited to Ceylon since if evacuation of Europeans to Ceylon should become necessary it would be desirable to have some Canadian representation there. A further consideration is that living conditions in New Delhi in midsummer are very trying for Europeans and they normally leave the city for a cooler area, usually the northern hills. In view of the disturbed situation in the north this year it is understood that the diplomatic corps are generally moving to the coast for the summer months. The summer climate in Colombo, Ceylon, is quite satisfactory for Europeans and Mr. Kearney would be prepared to go there instead of to the coast.

3. Since the Ceylonese Prime Minister suggested accrediting the High Commissioner in the United Kingdom to Canada, it was thought desirable to ask the United Kingdom's views informally. Officials of the Commonwealth Relations Office have indicated that although the United Kingdom, like Canada, is opposed in principle to the practice of dual representation, it would waive objections in the case of Ceylon in view of the special circumstances.

4. It is recommended that the Ceylonese Government should be formally approached in the matter. It should, however, be made clear to the Ceylonese Government:

(a) that in principle the Canadian Government is opposed to the practice of dual representation but in view of the special circumstances in the case of Ceylon, it would be prepared to accredit Mr. Kearney and, if Ceylon wishes to accredit its High Commissioner for the United Kingdom in Canada, the Canadian Government would have no objection;

(b) that in accrediting Mr. Kearney to Ceylon it should be understood that the Canadian Government could not prepare to open up a permanent office in Ceylon or could not undertake in any foreseeable future to appoint a separate High Commissioner to Ceylon, or to continue the proposed arrangement indefinitely. The proposed arrangement should rather be regarded as an experiment;

(c) that Mr. Kearney would ordinarily reside in New Delhi but would pay an occasional visit to Ceylon for official purposes.¹³

L.B. P[EARSON]

SECTION C

TCHÉCOSLOVAQUIE ET POLOGNE
CZECHOSLOVAKIA AND POLAND

18.

DEA/9490-K-40

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

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

PERSONAL AND CONFIDENTIAL

[Ottawa], January 30, 1948

DIPLOMATIC MISSIONS IN PRAGUE AND WARSAW

On December 15th last, I sent you a memorandum on this subject, copy of which is, for convenience, attached.¹⁴ Since this memorandum was written, we have had approaches from both the Polish and Czechoslovak Governments, expressing their disappointment that we have not appointed Ministers to their countries. The matter has been brought to a head in both capitals by the announcement that we have sent a fully accredited Minister to Yugoslavia.

The Czechoslovak Minister has told me, informally, that his Government would, he thought, be disappointed if the appointment of our Minister to Yugoslavia were not followed up very shortly by the appointment of a Canadian Minister to Czechoslovakia. We have had the same report from Mr. Macdonnell in Prague.

¹³ Le Cabinet a rejeté cet avis le 6 mai. Saint-Laurent, qui avait soutenu la proposition, a expliqué cette décision comme suit dans une note à Pearson en date du 8 mai (DEA/S-C(S))† :

Cabinet rejected this advice on May 6. As St. Laurent, who had supported the proposal, explained in a minute to Pearson on May 8 (DEA/S-C(S))† :

Council felt no extension of our services in the East should be attempted at this time.

¹⁴ Voir volume 13, document 21/See Volume 13, Document 21.

There is no question that the Prague post should be one of the most important in our diplomatic service in present circumstances. Czechoslovakia is almost the last bridge between the east and the west, and I am satisfied, myself, that we should do everything we can to emphasize the importance of that bridge. I would, myself, like to see our Czech Legation raised to an Embassy, and an outstanding Canadian made Ambassador. General Crerar might, even now, be persuaded to accept this post, and a man of his calibre could, I think, exercise a very important influence in this very strategic sphere. However, if this is not possible, I would strongly urge that we promote Macdonnell to Minister. As I have pointed out previously, this does not mean that he would be promoted in our hierarchy, as he would remain classified as a Foreign Service Officer, but it would be a recognition of the importance we attach to the Czech post, and would remove any feeling of disappointment that the Czech Government has.

As for Poland, substantially the same considerations apply. Mr. Kirkwood, in a letter which we have recently received from him dated January 15, says that the Polish Government has continuously shown some disappointment that we have not yet appointed a Minister to Warsaw. He goes on to say that the recent appointment of a new Polish Minister to Canada is a fresh indication of the Polish expectation that Canada will reciprocate. He fears that Poland would consider it a continued affront if we withhold the appointment of a Minister very much longer, especially since we have now appointed a Minister to Yugoslavia and to Turkey and contemplate sending one to Sweden.

Here, again, I would suggest that Mr. Kirkwood be given the rank of Minister, though, also, this would not mean any reclassification. There are particular reasons why he should be left in Warsaw. Living conditions there are very difficult indeed, and there would certainly be few candidates in Canada anxious for this post. Kirkwood lives in the Hotel Bristol, which was almost completely destroyed, but some parts of which have been rebuilt. It certainly would be no place for a new Minister with a wife and family. Kirkwood has the advantage, dubious in all other respects, of being a bachelor, and is doing a good job in Warsaw, under very difficult conditions.

I would be most grateful if you could have a word with the Prime Minister about this at an early date.

L.B. PEARSON]

19.

DEA/9490-K-40

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

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

CONFIDENTIAL

[Ottawa], February 26, 1948

The attached documents† have to do with the appointment of Macdonnell as Minister to Czechoslovakia and Kirkwood as Minister to Poland. You will recall

that the Cabinet on February 12 approved of these two appointments and that the King has given his approval. The Governments of Czechoslovakia and Poland have been asked for their agrément. The agréments have not yet been received, but they may be received any day.¹⁵

Our plans had been to make a simultaneous public announcement of both appointments as soon as the agréments had been received from the two Governments concerned.

An announcement of Macdonnell's appointment as Minister in Prague immediately after the Communist coup d'État there might be misinterpreted. The danger of misinterpretation might be lessened if we could postpone the announcement for a couple of weeks. The decision, however, is not entirely in our hands and it may be that the Government in Czechoslovakia might make the announcement as soon as they have given their agrément for Macdonnell's appointment. In that event, I assume that there is nothing which we can do except to confirm the appointment as soon as we hear officially that the agrément has been given.

It seems to me that it would be difficult now that matters have gone so far to reconsider the decision to make Macdonnell a Minister. Besides, we have already sent a minister to the out and out Communist government in Yugoslavia and we are appointing Kirkwood as Minister to a Government in Poland which is just as communist as that which now exists in Czechoslovakia.

Of course, if the United Kingdom should refuse recognition to the new government in Czechoslovakia, we would have to reconsider our position.

I should be grateful if you would let me know whether you would agree that for the present our objective should be to postpone the announcement of the appointments of Macdonnell and Kirkwood for about two weeks and to make the announcements of both appointments simultaneously.¹⁶

There are four documents attached for your signature and for Submission to Council.

ESCOTT REID

¹⁵ L'agrément concernant la nomination de Kirkwood a été reçu le 8 mars, en dépit d'un délai de transmission à Ottawa.

The agrément for Kirkwood's appointment was received on March 8, although there was a delay in transmission to Ottawa.

¹⁶ Saint-Laurent a approuvé cette façon de procéder. Ni Kirkwood ni Macdonnell n'ont présenté de lettres de créance.

St. Laurent agreed to this course of action. Neither Kirkwood nor Macdonnell presented credentials.

SECTION D

ALLEMAGNE

GERMANY

20. DE A/50136-40

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

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

TOP SECRET

[Ottawa], May 20, 1948

During the last few months the Department has been considering the advisability of establishing a Canadian office in Frankfurt. A memorandum was prepared suggesting that it would be advisable to open a consulate in the "capital" of Bizonia because of its increasing economic and political importance.†

2. This memorandum was sent to our Heads of missions in London, Washington, Paris and Berlin and they were asked for their comments. These have now been received and all are agreed that the suggested consulate would be valuable.¹⁷ Mr. Robertson felt that we should have someone with sufficient authority in Frankfurt to supervise and control the operations of Canadian immigration teams in Bizonia. Mr. Wrong believed it to be most desirable to establish a Canadian office in Frankfurt as soon as possible on the grounds that, if the situation grew worse, the office might be needed in Frankfurt at shorter notice than we would be able to set it up. General Vanier emphasized the economic importance of Canadian interests in Western Germany which he felt could best be served by the opening of an office in Frankfurt.

3. Since our memorandum referred to was prepared the London Tripartite talks have made considerable progress. Steps will be taken for a Trizonal German constitutional assembly to meet by September 1st, 1948. Full Trizonal fusion is being aimed at and it is hoped that it will follow the establishment of a Western German government. Opportunities are being given to the Benelux States to comment on Bizonal developments through their consulates in Frankfurt.

4. On the basis of these responses and having in mind the recent and rapidly developing events resulting from the Tripartite talks in London, it seems to me that:

(a) It would be psychologically and politically unwise to withdraw our mission in Berlin at the present time.

(b) A consular office in Frankfurt would be useful in view of:

¹⁷ C'est trompeur car le chef de la mission militaire à Berlin a indiqué son désaccord dans deux lettres à Reid (les 19 et 22 mars). Dans la seconde lettre, plus personnelle, Pope fait ce commentaire : This is misleading as the Head of the Military Mission in Berlin expressed his opposition in two letters to Reid (March 19 and 22). In the second, more personal letter, Pope comments that: "like Calvin Coolidge's parson's view of sin, 'I'm agin it'."

(i) The unsatisfactory situation in Berlin which may conceivably result in the withdrawal of our mission from there.

(ii) The increasing political importance of Frankfurt as the capital of a large and important "state".

(iii) The import programme for Western Germany under the European Cooperation Act in which we may have some interest.

(iv) The removal of travel restrictions for businessmen and some restrictions on foreign banking activities which suggest that Western Germany will be open to world trade.

(v) The need for a representative to supervise and coordinate the operations of our immigration teams in Western Germany.

(vi) The difficulty of performing all these functions from Berlin which is, as you know, comparatively inaccessible.

(c) If a Frankfurt office were opened the volume of consular work in Berlin would not justify the retention at that post of the consular officer Grade III who is now stationed there. He could therefore be transferred to Frankfurt and only one additional officer would be required at Frankfurt.

(d) As is usual in countries where we have a diplomatic mission and a consular representative, the Frankfurt representative should be responsible to the Head of the mission in Berlin.

(e) All our enquiries indicate that there would be no objection on the part of the occupying powers to the opening of a Canadian consulate in Frankfurt with jurisdiction throughout the three zones of Western Germany.

4. I therefore recommend that preparations be made in the Department for the opening of a consular office in Frankfurt which would be subordinate to the Military mission in Berlin which, I feel, must be maintained.

5. The Frankfurt office would have the following functions:

(a) It should coordinate the operations of all Canadian Government agencies in the three Western Zones.

(b) It should perform consular functions in the three zones.

(c) It should provide political and economic representation in the three zones.

6. If you agree, I suggest that General Pope should be authorized to seek office space and quarters in Frankfurt¹⁸ and that the three Occupying Powers should be formally asked to agree to the opening of a Canadian consulate in Frankfurt.¹⁹

L.B. PEARSON]

¹⁸ A.J. Hicks, le chef de la section consulaire à Berlin, est déplacé à Francfort en juillet pour diriger le consulat dans cette ville.

A.J. Hicks, Chief of Consular Section, Berlin, relocated to Frankfurt in charge of the consulate there in July.

¹⁹ Note marginale /Marginal note:

I agree. St. L[aurant] May 25, 1948

SECTION E

ITALIE

ITALY

21.

DEA/9917-40

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

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

CONFIDENTIAL

[Ottawa], January 9, 1948

PROPOSED ELEVATION OF CANADIAN LEGATION IN ROME AND ITALIAN
LEGATION IN OTTAWA

You will remember that, when it was decided to exchange formal diplomatic representation with Italy, the Italian authorities requested that the missions should be Legations for the time being rather than Embassies. In view of the events of the immediate past, the Italians wished to move slowly in their return to normal diplomatic relations. Although we should have preferred an exchange of Embassies, we understood the Italian reasons and readily agreed to exchange Legations.

2. In a recent, personal letter, Mr. Désy has advised me that the Italian authorities (including the President, Prime Minister and Foreign Minister) feel that the time is now ripe to elevate the rank of the diplomatic missions and are somewhat anxious that a request to this effect should be received from Canada.

3. Mr. Désy was told that the Italians expect the initiative to come from us because we are the victors of the war. I assume this means that the Italians do not wish to appear either presumptuous or suppliant.

4. Mr. Désy suspects that the Italian Government would welcome this change before it engages in the electoral campaign, as it would enhance governmental prestige and be considered to express Canadian appreciation of efforts aimed at the restoration of Italy.

5. In view of our general aim of reducing the distinction between Ministers and Ambassadors, I should think we could support the suggested change in status. The change would, I suppose, be some small indication of support for Italy's struggle to remain democratic. Incidentally it would remove the anomaly of maintaining in Rome a Minister "with the personal rank of Ambassador."

6. I see no real objection to our taking the initiative in this matter, as the Italians seem to attach some importance to it, and, if you agree, I shall see that the necessary steps are taken.²⁰

²⁰ Note marginale :Marginal note:

Could you clear this with P[ri]me M[in]ister or send him a memo about it before I take it up with him. Louis S. St. Laurent, Jan[uary] 14, 1948

7. Even if the decision is taken to raise our mission in Rome to an Embassy, I think we should have to make it clear to Mr. Désy that he cannot, on that account, expect to receive any additional staff for some time to come.

L.B. PEARSON

22.

DEA/9917-40

*Le sous-secrétaire d'État aux Affaires extérieures
au ministre en Italie*

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

Ottawa, February 16, 1948

Dear Jean [Désy]:

I told you on December 31 last that the question of the elevation of the Legation in Rome to an Embassy would be considered by the Government. For that purpose I had previously sent a memorandum on this subject to the Prime Minister and the Minister recommending this course.

The matter came before Cabinet on February 12.²¹ The arguments of our memorandum were appreciated but it was felt that some misunderstanding might arise in Canada if we pressed for this change at the moment. The fact that Italy, an ex-enemy power, would be in a preferred position over two or three of the ex-allied powers, where we were represented, was stressed. It was agreed that while change at the moment was undesirable, it should be made as soon as possible. For that purpose I will be bringing the matter forward again with the Minister's approval in two or three months.

I am sorry that we could not have this change made immediately, but the delay will not, I think, be long. Meanwhile, no matter what they may call the mission in Rome, we here only think of you as being one of our senior Ambassadors. In this case the words "Personal Rank of Ambassador" really mean something.

Yours sincerely,

L.B. PEARSON

²¹ Le 12 février, le Cabinet a reporté sa décision par cette recommandation attribuée au premier ministre.

On February 12, Cabinet deferred a decision with this recommendation attributed to the Prime Minister.

23.

DEA/9917-40

*Le ministre en Italie
au sous-secrétaire d'État aux Affaires extérieures
Minister in Italy
to Under-Secretary of State for External Affairs*

PERSONAL

Rome, February 26, 1948

My dear Mike [Pearson];

I thank you for your letter of February 16th regarding the present non-elevation of the Legation in Rome to an Embassy.

Of course, I have no right to question the wisdom of the decision reached, but I should like to point out that Italy is an ex-enemy power which has become an ex-allied power.

I do sincerely hope that the change which, at the moment, is undesirable, will become before too long desirable, and I regret that, for the reasons given in the last paragraph of my letter of January 2nd, the suggested change has been adjourned. We could have helped effectively the Italian Government in the course of the coming elections at very little expense. And in view of the recent developments in Czechoslovakia, the elevation of our mission to Embassy would have been highly appreciated by the Italian Government as an opportune and well-timed manifestation of friendship.

If it is true that we want to check the progress of Communism in Europe, especially in Italy, it seems that we should use every possible means, as insignificant as they may look in the Canadian perspective, to increase the power of resistance of those parties combatting the threatening advance of the Soviet.

I suppose we have every good reason not to hurt the feelings of our ex-allies who are now behind the iron curtain, and I earnestly hope that Italy will remain on this side of the curtain. The proposal made would have helped somewhat in that direction.

I appreciate your kind remarks in the last paragraph of your letter. They are very soothing to my skittish vanity.

Yours sincerely,

JEAN [DÉSY]

24.

DEA/9917-40

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

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

CONFIDENTIAL

[Ottawa], May 5, 1948

ELEVATION OF CANADIAN LEGATION IN ROME AND ITALIAN LEGATION
IN OTTAWA

Now that the Italian elections have returned the democratic Government of Mr. de Gasperi securely to power, I believe we should reconsider the question of raising our mission in Rome from a Legation to an Embassy, and asking the Italians to do the same in Ottawa.

2. You will remember that I recommended that this be done in a memorandum of January 9th, 1948, but that Cabinet decided on February 12th that no action should be taken at that time.

3. It seems to me that the result of the Italian elections has now greatly strengthened the case for raising the status of our Rome mission:

(a) Prior to the elections the Italian Government more than once asked us unofficially to propose this step, apparently desiring to enhance its prestige during a critical period, by securing what would have appeared to be a mark of approbation from Canada. Cabinet may have been reluctant to act on this sort of consideration as long as the issue of the elections was still in doubt. It is now certain, however, that the de Gasperi victory has delighted the great majority of Canadians, who would regard the elevation of our mission as a fitting expression of their approval of the way things have gone in Italy, and of their desire to encourage the Italians to persevere in the course which they have chosen.

(b) Another reason for Cabinet's hesitation last February may have been the thought that by the time the formalities had been completed, we might have found that we had appointed an Ambassador to an antipathetic government. The resounding success of the democratic parties in Italy has removed all cause for anxiety on this score.

(c) The elevation of our mission would not only accord with our general aim of reducing the distinction between Ministers and Ambassadors, but it would remove the anomaly of maintaining in Rome a Minister "with the personal rank of Ambassador."

(d) Apparently the Italians expect the initiative to come from us because we are the victors of the war. I assume this means that the Italians do not wish to appear either presumptuous or suppliant.

4. For these reasons I therefore recommend that we propose to the Italian Government that our mission in Rome, and its mission in Ottawa, be raised from Legation to Embassy.²²

5. Even if this decision is taken, I think we should have to make it clear to Mr. Désy that he could not, on that account, expect to receive any additional staff for some time to come.

6. Mr. St. Laurent has agreed with this recommendation, and has asked me to bring it to your attention.²³

L.B. PEARSON

SECTION F
ÉTATS-UNIS
UNITED STATES

25.

DEA/10137-40

*Le sous-secrétaire d'État aux Affaires extérieures
au consul-général désigné à San Francisco*

*Under-Secretary of State for External Affairs
to Consul General Designate in San Francisco*

Ottawa, June 10, 1948

Dear Mr. Scott,

The Governor-in-Council, by P.C. 367 of January 30th, 1948, a copy of which is attached marked "A",† has appointed you Consul General of Canada at San Francisco, California.

In this capacity you will receive a salary of \$8,000 per annum, and allowances of \$10,000 per annum. The allowances will be paid to you with effect from the date of your arrival in San Francisco. Attached marked "B" is the Order-in-Council, P.C. [illegible]/666 of February 20th, 1948,† which authorizes these amounts. In consequence, your initial pay and allowances will be at the rate of \$18,000 per annum. No other allowance for housing accommodations, entertainment, etc., will

²² Note marginale /Marginal note:

I am quite agreeable. W.L.M. K[ing] 6 [May] 1948

²³ Cette recommandation a été reformulée sous forme d'une note du secrétaire d'État aux Affaires extérieures au Cabinet en date du 11 mars. Celle-ci a été approuvée par le Cabinet le 12 mars (C.P. 2498 du 3 juin). Désy a présenté ses lettres de créance le 26 juin. L'ambassadeur d'Italie, Mario di Stefano, a présenté ses lettres de créance le 8 novembre (Communiqué de presse N° 85)
This recommendation was recast as a Memorandum from the Secretary of State for External Affairs to Cabinet, dated May 11. It was approved by Cabinet on May 12 (confirmed by P.C. 2498 of June 3). Désy presented his credentials on June 26. The Ambassador of Italy, Mario di Stefano, presented his credentials on November 8. (Press Release No. 85)

be permitted. Travelling expenses, however, may be claimed in accordance with the regulations.

The Consulate General in San Francisco is the third to be opened in the United States, and effects the division of that country into three parts for the supervision of our consular activities. There are already Consulates General in New York, with jurisdiction over the Atlantic States, and at Chicago supervising the Central and Mid-western States. The post at San Francisco will administer the Mountain and Coast States. The attached sheet marked "C"† shows the division of territory in detail.

As you are aware, it is the intention that a Consulate will be established at Los Angeles at the beginning of 1949. It is possible that at some future date, so far undetermined, it will become necessary to open a Consulate at Seattle. The Consulate at Los Angeles, when established, will be responsible, under your general supervision, for the southern portion of the State of California, and the State of Arizona.

It will be your duty to act as a representative of Canada in the whole territory allotted to your Consulate-General. In the course of your tour of duty you will doubtless find it desirable to visit parts of your territory other than that immediately contiguous to San Francisco. Such occasions may be used to advantage for reporting to the Ambassador on any particular matters of interest which you may encounter.

It will be your responsibility to encourage Canadian trade, and travel to Canada, to maintain registers of Canadians living under your jurisdiction who may wish to so register, to distribute information matter, to deal with applications for immigration and temporary entry to Canada, to prepare political and commercial reports, to issue travel documents and grant visas, to assist destitute Canadians, to prepare and endorse documents, to conduct correspondence, to maintain records and accounts, and to perform such other related duties as may be prescribed or required.

You will at all times bear in mind that the principal function of the Consulate General of which you are in charge is the promotion and cementing of the traditionally close and friendly relations which have for so long prevailed between the people of Canada and those of the United States. You will, however, have observed that there is much misconception among the people of the United States, concerning Canada and its government, culture and people. It will, therefore, be your constant concern so to act that, so far as is possible, this misconception may be dispelled.

This briefly describes your duties in general. The Chief of the Consular Division will supply you with a separate memorandum for your guidance, in more detail, in carrying out your commission.

Your appointment is the earnest of the confidence reposed in you by the Government of Canada and by this Department. I wish you all possible success in your undertaking.

Yours sincerely,

L.B. PEARSON

CHAPITRE II/CHAPTER II
RÈGLEMENTS DE LA PAIX
PEACE SETTLEMENTS

PREMIÈRE PARTIE/PART I

EUROPE

SECTION A

APPLICATION DES TRAITÉS DE PAIX AVEC L'ITALIE, LA ROUMANIE,
LA HONGRIE, LA FINLANDE ET LA BULGARIE
IMPLEMENTATION OF PEACE TREATIES WITH ITALY, ROUMANIA,
HUNGARY, FINLAND AND BULGARIA

26.

DEA/4697-G-6-40

*Extrait d'une note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

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

[Ottawa], January 30, 1948

PEACE TREATY WITH BULGARIA — CANADIAN RIGHTS

An interesting question has arisen in connection with the Peace Treaty with Bulgaria.

2. Canada did not declare war against Bulgaria and, consequently, was not a signatory to the Treaty. However, Canada may be able to derive certain benefits under Article 32 of the Treaty, which reads as follows:

"Articles 22, 23, 29 and Annex VI of the present Treaty shall apply to the Allied and Associated Powers and France and to those of the United Nations whose diplomatic relations with Bulgaria have been broken off during the war."

3. If diplomatic relations have been broken off within the meaning of Article 32 of the Peace Treaty, the Bulgarian Government would be obliged to return all property belonging to Canadian citizens which might have been removed by force or duress from the territory of any of the United Nations and would also be required to restore all Canadian property as it now exists in that country to the Canadian owners. If restoration in complete good order is not possible, compensation in local currency is to be paid to the extent of two-thirds of the amount of the damage sustained. Bulgaria would, moreover, during a period of eighteen months commencing September 15, 1947, be obliged to grant to Canada most-favoured-nation treatment providing Canada reciprocates. Finally, Bulgaria, for a period of one year

commencing September 15, 1947, would be obliged to enable Canadian citizens to submit for review any judgments given in Bulgarian courts during the war, in cases where the Canadian had been unable, adequately, to present his case, either as plaintiff or defendant.

4. The principal interest which Canada appears to have in the benefits outlined in paragraph 3 above is in respect of claims by Canadian citizens. So far, we are aware of only four claims, one in the amount of \$4,000 representing damage to property and three in connection with Kingdom of Bulgaria bonds and the accumulated interest thereon, amounting to \$192,000. It should be possible to arrange for a settlement of these relatively small claims through ordinary diplomatic negotiation as readily as by reliance on the Treaty. Moreover, arrangements might be made with the Bulgarian Government with a view to protecting Canadian claimants before releasing Bulgarian assets now vested in the Custodian, amounting to approximately \$60,000.

5. In a despatch dated August 28, 1944, this Department advised the Dominions Office that "our formal position is that of a country which has broken diplomatic relations but not declared war." On the other hand, there does not seem to be any evidence on file to establish that Canada broke off diplomatic relations with Bulgaria. Bulgaria has never had diplomatic or even consular representation in Canada. Canada has at no time had diplomatic or consular representation in Bulgaria, the United Kingdom Minister representing our interests in that country from time to time as occasion required.

6. The question arises whether certain action taken on March 5, 1941, resulted in a breaking off of diplomatic relations between Canada and Bulgaria. On that day, acting on instructions from the Government of the United Kingdom, the United Kingdom Minister to Bulgaria broke off diplomatic relations with that country. On the same day, the Prime Minister of Canada stated in the House of Commons, in announcing the action of the United Kingdom Government:

"There is no Canadian diplomatic mission in Bulgaria and there are no Bulgarian diplomatic or consular representatives in this country. There was, therefore, no occasion for any action by the Canadian Government with regard to the severance of diplomatic relations."

7. The Legal Adviser of the Department has stated that, while the matter is not free from doubt, in his view the action taken on March 5, 1941, did not result in a breaking off of diplomatic relations between Canada and Bulgaria within the meaning of Article 32 of the Peace Treaty.

9. I am inclined to think that we should take the line suggested and rely for the protection of Canadian interests on the remedies, by way of diplomatic representation or otherwise, that are available apart from the Peace Treaty. We would probably not wish to create the impression abroad that Canada's diplomatic status was dependent on, or indeed necessarily related to, action taken by United Kingdom authorities.

10. Do you agree?¹

L.B. P[EARSON]

27.

PCO/Vol. 66

Note du secrétaire du Cabinet pour le Cabinet
Memorandum by Secretary to the Cabinet to Cabinet

Ottawa, April 26, 1948

TERMINATION OF THE WAR WITH ITALY, ROUMANIA, HUNGARY
AND FINLAND; PROCLAMATION

The legal advisers of the Departments of Justice and External Affairs have expressed the view that, in so far as Parliament, during the last session, approved Treaties of Peace with Italy, Roumania, Hungary and Finland, it would be appropriate that the coming into force of these Treaties and consequent termination of the state of war should be announced by proclamation.

These Treaties were signed at Paris on February 10th, 1947, each to come into force on the date of deposit of the Instruments of Ratification of the parties concerned. In the case of Canada, the Italian Peace Treaty came into force on September 15th and Treaties for the other countries on September 19th, 1947.

Submissions to Council have been prepared accordingly for the Secretary of State for External Affairs, one to proclaim the Treaty of Peace with Italy and the other for the Treaties with Roumania, Hungary and Finland. This division is in conformity with that made when war was proclaimed against the above countries.²

A.D.P. HEENEY

¹ Note marginale /Marginal note:

I agree. St. L[aurant]

² Approuvé par le Cabinet le 28 avril. La proclamation relative à l'Italie porte le numéro C.P. 2104 et celle concernant la Roumanie, la Hongrie et la Finlande, le numéro C.P. 2116, toutes deux en date du 11 mai.

Approved by Cabinet, April 28. The proclamation with respect to Italy was issued as P.C. 2104, May 11. The proclamation with respect to Romania, Hungary and Finland was issued as P.C. 2116, May 11.

SECTION B

CONSEIL DES MINISTRES DES AFFAIRES ÉTRANGÈRES
COUNCIL OF FOREIGN MINISTERS

SUBDIVISION I/SUB-SECTION I

POINTS DE VUE SUR LE RÉGLEMENT AVEC L'ALLEMAGNE
VIEWS ON SETTLEMENT WITH GERMANY

PCO/Vol. 118

28.

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

[Ottawa], April 3, 1948

TOP SECRET

You will recall that the Council of Foreign Ministers' meeting in London at the end of 1947 failed to reach any solution to a variety of problems which grew out of the unsettled condition of Germany. The United Kingdom, United States and France then felt obliged to meet some of these urgent problems through a series of individual and concerted actions.

2. One of these actions was the holding by the United Kingdom, the United States and France of the London meeting on Western Germany. This took place from February 23rd to March 6th. The Benelux states were invited to this meeting. The agenda of the meeting was divided into two parts:

(a) Interim administrative problems which were reserved for the consideration of the United Kingdom, the United States and France alone:

- (i) The relationship of Western Germany to the European Recovery Programme.
- (ii) Reparations.
- (iii) Political and economic organization of Germany as related to trizonal fusion.

(b) Topics of wider implication in the discussion of which the Benelux states participated:

(i) The role of German economy in the European economy and the control of the Ruhr.

(ii) Security against Germany.

(iii) Evolution of the political and economic organization of Germany, excluding the discussion on trizonal fusion.

(iv) Provisional territorial arrangements, e.g., the Saar.

3. Although a cursory examination of this agenda leads to the conclusion that something approaching a peace settlement was being aimed at, we did not consider that we should regard the association of the Benelux states or the exclusion of other belligerents, including ourselves, as a denial of Canadian interests in the discussion. We felt that the association of the Benelux states was a necessary step toward

the realization of the European Recovery Programme, which the Canadian Government had already welcomed.

4. The London meeting created a number of committees called Working Parties, some of which reported back before the conclusion of the London meeting on March 6th. One of these Working Parties was charged with examining the future political organization of Germany. Its work, however, was not complete and it was decided that the settlement of disagreed points should be referred to a new Working Party to meet in Berlin. The Canadian Government has been invited to express its views informally to this Working Party. It will be noted that this topic, while of great importance, is not of outstanding importance as compared with some of the other topics on which our views have not been solicited.

5. The London meeting is being resumed in the middle of April. At this meeting the representatives of the six Governments are expected to produce decisions over the whole field of subjects which were studied in the first meeting. These decisions will then be placed before the governments concerned for approval and implementation.

6. It seems evident that a peace settlement for Germany is being reached and that no satisfactory method has been found for associating the smaller powers with that settlement. This is not, of course, in line with the declared policy of the Government that Canada should take a part in any German settlement proportionate to the part this country took in the defeat of Germany.

7. However, the situation is extremely difficult for the United Kingdom, the United States and France who are anxious not to take any action which would leave them open to a Soviet charge that they were making a separate peace with Germany. This difficulty is further complicated by the fact that the problems involved are subject to extreme differences of opinion among the Western Powers themselves, and that the introduction of any more countries would mean the introduction of further differences and a slowing down of Western European consolidation which we are anxious to see achieved with all possible speed. Our information from London is that a conference of all belligerents would be inappropriate at present because:

(a) The Bogota Conference is at present in session and pressure would be brought to bear upon the United States to include non-active belligerents in any projected deliberations.

(b) The situation in Germany is extremely uncertain as regards the Soviet Union's next move and it would be well to see what develops before undertaking any fresh approach to the German settlement.

(c) The progress which is now being made, particularly toward the realization of the European Recovery Programme, might be adversely affected.

8. The United Kingdom has expressed the hope that we will take part in the Berlin Working Party and states that they would gladly receive any views the Canadian Government may wish to express directly to them.

9. In the circumstances I feel:

(a) That General Pope should be authorized to present comments to the Working Party on the future political organization of Germany; and

(b) That a note should be transmitted to the United Kingdom, the United States and French Governments pointing out that we believe something approaching a peace settlement is being reached; that there is no adequate part assigned to this country in that settlement; and that, with due consideration of the difficulties involved, Canada would welcome any suggestion those Governments may have to make on how this country could be associated in the settlement we believe is being reached.

10. I attach for your consideration draft telegrams to General Pope and to our missions in London, Washington and Paris as well as a copy of C.R.O. telegram Q.40 of March 9th† on which our telegram to General Pope is based.

L.B. PEARSON

29.

DEA/7-CA-18 (S)

*Le chef, la mission militaire auprès de la Commission alliée
de contrôle en Allemagne,
au président de la sous-commission gouvernementale de la division de contrôle
pour l'Allemagne du quartier général (élément britannique)*

*Head, Military Mission to the Allied Control Commission, Germany,
to President, Governmental Sub-Commission,
Headquarters Control Division for Germany (British Element)*

SECRET

[Berlin], April 9, 1948

Dear Mr. Steel,

With reference to our conversation of yesterday afternoon, I beg to advise you that I have now been instructed by my Government to present to the Berlin Working Party No. 5 the attached memorandum commenting on the Agreed Report of the (London) Working Party on the various problems in regard to the future German Government (Document TRI/4, dated at London, 4th March, 1948). As you have already informed me that Working Party No. 5 has completed its labours, I beg to communicate this attached memorandum to you in your capacity as Chairman, trusting that you will be good enough to take due note of its contents and to bring them to the attention of the Conference of Military Governors.

In this connection, may I invite your attention to the fact that in drawing up their memorandum, the Canadian Government had before them only a cabled summary of the Document TRI/4.

I attach further, for your information, a copy of a memorandum in regard to procedure in the matter of drafting the actual terms of the German peace settlement which the High Commissioner for Canada in London and the Canadian Ambassadors in Washington and Paris have been instructed to present to the Governments to which they are respectively accredited.

Yours sincerely,

[MAURICE POPE]

[PIÈCE JOINTE I/ENCLOSURE I]

Note

Memorandum

SECRET

Berlin, April 9, 1948

CANADIAN SUBMISSION ON THE AGREED REPORT OF THE (LONDON) WORKING PARTY ON THE VARIOUS PROBLEMS IN REGARD TO THE FUTURE GERMAN GOVERNMENT, HAVING REGARD TO POLITICAL AND ECONOMIC CONDITIONS (DOCUMENT TRU/4, DATED 4TH MARCH, 1948)

1. General

The presentation of these comments to the Berlin Working Party No. 5 should not be construed as denoting any change in the view which the Canadian Government has repeatedly expressed that the measure of Canada's participation in the war against Germany warrants Canada being accorded a correspondingly effective part in the framing of the German peace settlement. The comments are therefore presented without prejudice to our right to present views later and to insist on an effective part in drafting the actual terms of the peace settlement.

2. Assumptions

It is assumed:

(a) that the German territory for which a political structure is proposed in the (London) Working Party's report will consist, in the immediate future, of the United Kingdom, United States and French Zones, but that it is intended that the political structure should be capable of application to the whole of Germany;

(b) that Western Germany will remain under military occupation indefinitely;

(c) that Western Germany must be a community capable of playing its part in the life of Western Europe;

(d) that Western Germany will participate in the Western European system known as Western Union.

3. We understand that it is the intention of the Western European nations to establish as rapidly as possible effective central organs of the Western European community and to endow these organs with a constantly increasing amount of power. The more power the Western European nations transfer to these central organs, or to other international organs such as an International Rhine Valley authority the easier it will be to include in a German constitution provisions, vesting powers in these organs rather than in the German federal government. This would help to solve the problem of how to create a viable community in Western Germany without at the same time creating too strong a federal German government.

4. Method of Election to the Lower House

One disadvantage of indirect election is that it would lead to an increase in the powers of the federal political parties; a representative in the Federal Lower House would tend to become not so much a representative of the people of the Laender as a delegate of a federal political party. Moreover it would result in Laender elections

being fought on federal issues. The advantage of direct election to the Lower Houses of both federal and Laender legislatures is that it would increase the possibility of voters voting for one party in federal elections and for another party in Land elections. This provides a desirable check and balance.

5. *Election of Chief of State and of Federal Minister President*

There would seem to us to be an advantage in having both a Chief of State and a Federal Minister President since power could be divided between them and one might provide a check and balance over the other. Neither should be elected by direct popular vote since this would tend to magnify their power and influence. It would obviously be inappropriate for both to be elected in precisely the same way. We would suggest that the Chief of State might be elected by the Upper House and the Minister President by the Lower House. This would tend to make the Chief of State the protector of the rights of the Laender and as such he should have the power to refuse assent to legislation pending reference to the Courts on its constitutionality.

6. *Federal Ministers*

The view which we put forward in our submission of January 30, 1947, to the Deputies of the Council of Foreign Ministers, was that the executive should be subject to the control of the legislature. We are still inclined to this opinion and consequently think that the Federal Ministers should be collectively responsible to the Lower House.

7. *Division of Powers between Federal Houses*

We are inclined to support the United Kingdom view that the Upper House should have the power to suspend but not to veto legislation. There would obviously be difficulty in reconciling with the principle of collective responsibility of the cabinet any special power of the Upper House over foreign affairs and certain appointments.

8. *Division of Powers between Federal and Land Governments*

(a) Subject to the observations set forth in paragraph 3 above, control over economic matters such as currency and coinage, banking and insurance, customs tariff, export and import trade, allocation of supplies for industry, and probably prices and marketing, would seem to be essential powers of an effective central authority;

(b) it would seem to us useful that the Land governments should have power to enter into international agreements on matters which are not delegated to the federal government or are not transferred by the constitution to central organs of the Western European community or to other international organs which may be set up;

(c) some limitation would probably have to be put on the right of individual Laender to join international organs where every state has one vote to avoid the danger that Western Germany could control nine votes.

9. *Taxation*

From our own experience with a federal state in Canada, we foresee difficulties in the adoption of the restriction that the federal German government should dispose of monies only for the purposes for which it is set up. This would preclude a federal government from extending grants in aid or general subsidies to the Laender to assist in overcoming the disparities among the Laender in their ability to provide essential public health and public welfare services. We also foresee difficulties in restricting to the Laender the power to collect taxes. To give the Laender power to collect taxes on behalf of the federal government would involve the danger that the governments in more prosperous areas would not be likely to be careful in collecting taxes which are not for their own direct benefit. The fiscal resources of Germany are severely limited and it will therefore be necessary to put them to the best possible use if Germany is to make an adequate contribution to European recovery. It would seem to us that the available fiscal resources are most likely to be put to the best use if the federal government has wide taxing powers and a good deal of authority in allocating fiscal resources. Otherwise it may be found that the incidence and the collection of taxes as well as the quality of public services in the different Laender may be very unequal. Such conditions would inevitably give rise to discontent and might promote social unrest.

10. *Federal Judiciary*

In order to give adequate protection to the civil rights of individuals, the appellate jurisdiction of the Federal Supreme Court should extend to the protection of the rights of individuals against the Land governments as well as against the Federal government.

11. *Civil Rights*

Civil rights should be guaranteed through constitutional limitations of the powers of the Land governments and legislatures as well as the federal government and legislatures.

12. *Citizenship*

The sentence on this in the summary we have received is obscure. It would seem to us that there should be a common citizenship and that the citizens of one Land, if they move to another Land, should automatically become citizens of that Land. Inasmuch as some of the civil rights may hinge upon citizenship, special precautions should be taken to ensure against discrimination in citizenship laws on the ground of race, sex, language or religion.

13. *Reserved Subjects*

We assume that the complete constitution might contain certain chapters, on defence for example, and on certain aspects of foreign policy, which would not come into effect immediately since these matters would be temporarily reserved by reason of the continued military occupation. One of these reserve chapters might be the one containing the provisions for the amendment of the constitution.

[PIÈCE JOINTE 2/ENCLOSURE 2]

Note

Memorandum

SECRET

[Ottawa, n.d.]

COPY OF MEMORANDUM BEING PRESENTED BY THE HIGH COMMISSIONER FOR CANADA IN THE UNITED KINGDOM, THE CANADIAN AMBASSADOR IN WASHINGTON AND THE CANADIAN AMBASSADOR IN PARIS TO THE GOVERNMENTS OF THE UNITED KINGDOM, THE UNITED STATES AND FRANCE, RESPECTIVELY, IN REGARD TO PROCEDURE IN THE MATTER OF DRAFTING THE TERMS OF THE GERMAN PEACE SETTLEMENT³

The Canadian Government does not wish to hinder in any way the development of plans by the three Western Occupying powers for cooperation either in the administration of their Zones area of Occupation in Germany or in securing a measure of unity in Western Germany. On the contrary, the Canadian Government has full sympathy with these developments and welcomes the wide measure of agreement which has already been reached by the three Western Occupying powers.

The Canadian Government realizes, however, that what is, in effect, taking place is something close to a peace settlement for Western Germany which will govern the reintegration of Germany in Western Europe, which may eventually affect the position of Germany as a whole, and which cannot but prejudice some of the issues which would come before a peace conference.

The Government does not wish to allow Canada's claims to participate in the German peace settlement to go by default merely because of the special circumstances in which the London Meetings are taking place and of our desire not to complicate or hinder the negotiations at these meetings.

In the opinion of the Canadian Government, however, the measure of Canada's contribution to the war against Germany warrants Canada being afforded a correspondingly effective part in the framing of the German peace settlement. The Government does not consider that an opportunity to present views to Working Parties or to the Governments of the United Kingdom, the United States and France is sufficient. What we ask for are opportunities to play an effective part in drafting the actual terms of the peace settlement.

The Canadian Government trusts, therefore, that the Governments of the United Kingdom, the United States and France will bear in mind the necessity of making adequate provision in the near future, before the general lines of the peace settlement with Germany have become fixed, for the active participation in the process of peace making of those western countries, like Canada, which contributed effectively to the prosecution of the war.

³ Voir le document 32, paragraphe 5/See Document 32, paragraph 5.

30.

DEA/7-CA-18 (S)

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

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

TELEGRAM 524

London, April 14, 1948

TOP SECRET AND PERSONAL

Following for Pearson from Robertson, Begins: Reference our telephone conversation of April 12th.

In view of the way the general international situation has been developing in recent months, I think it would be at least inopportune, and probably unwise, for Canada to raise now the question of the formal participation of other belligerents in the German settlement.

2. Since failure of the four-Power meeting in December, the division of Europe and the world has deepened, and the fissure now cuts right across both geographical Germany and the political problem of the German settlement. In this new context the classical pattern under which a victorious war was followed by a general conference of the victors, at which a treaty of peace was drawn up and imposed upon the defeated States, seems remote and unrealistic. For better or worse, the phase in which these procedures were politically possible is over, and I think it would be a mistake to try to carry forward into the current phase our very reasonable preoccupation with securing a status in the peace settlement more or less commensurate with our country's contribution to the general victory.

3. The major risks of war will not arise from the shortcomings of the German settlement. Though the difficulties in reaching the German settlement are evidence of the strain under which the world is labouring, they do not seem to me to be in any real sense a cause of that strain. There is I think, a growing recognition of the correctness of this analysis, perhaps best illustrated by the quick conclusion of the parties to the Brussels Conference that the pattern of the Treaty of Dunkirk was already obsolete, and that the recognition of Western European security could not in any realistic sense be based on a scheme for meeting a hypothetical German aggression.

4. Considerations of this kind have, I think, a close bearing on the whole problem of the German settlement, which has to be looked at more as a question of what contribution Western Germany can make to the creation of a viable Europe than as a study in retributive justice qualified by guarantees against recidivism. If there is anything at all in this way of looking at the general problem, we would not be helping matters by attempting at this time to revive an old issue of appropriate participation in the German peace settlement, and certainly not by airing the possibility of a conference of "western belligerents" which would include six extra-European countries of the British Commonwealth of Nations and exclude six of the 16 countries co-operating in the European Recovery Program. Ends.

31.

W.L.M.K./J1/Vol. 441

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

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

TELEGRAM 530

London, April 15, 1948

TOP SECRET AND PERSONAL

Following for Pearson from Robertson, Begins: Reference my telegram No. 524, 14th April, German settlement.

Following specific considerations seem to me to support, with more or less force, the very general argument which I have tried to put forward against our raising the question of association of other belligerents with the German settlement at this time.

(1) The western occupying Powers need all the elbow room they can get to cope with the Russians who are still calling the tune in Germany and taking every opportunity to create mischief and difficulties. Pressures on London, Paris or Washington at the present time for closer association of other Powers in the general direction of German policy could only hamper them from acting together as quickly and flexibly as the changing situation demands.

(2) The United Kingdom and France, with the encouragement of the United States, are laying the foundation of a new organization of Europe through western union, which would completely cut across the old lines of 1939-45 belligerency and neutrality. Such plans for European recovery and reconstruction are directly and immensely dependent upon the future of Germany. To my mind it would be a major mistake to exclude Italy, for example, from participation in the German settlement so long as she is co-operating in the European Recovery Program and participating in plans for a western European customs union, etc., which imply the ultimate integration of German resources in the European economy. Europe has undergone profound changes since the defeat of Germany, and it is no longer possible to think of it in terms of "western belligerents" versus the rest. The division of Europe today — and there is no reason to believe that the Russians will permit its coming together in the foreseeable future — has created an entirely new alignment of forces, and any suggestion of a conference of "western belligerents" to determine the future of Germany, for example, would cut across this alignment.

(3) Were we to insist on the necessity of closer formal association in the German settlement, it would be difficult to distinguish effectively between our approach and Evatt's recent effort to revive plans for a general German Peace Conference which would settle all the issues on which the Council of Foreign Ministers were unable to agree. I do not think a general conference could accomplish anything of the sort, and I should not like to see our interest in helping to further a sound European settlement confused with his search for a new conference over which he could perhaps preside.

(4) An invitation either to "other western belligerents" or to "western European countries" to a conference to determine the future of Western Germany would formally and definitively mark the abandonment of any hope of ever getting a four-Power agreement in Europe. It is true that very little hope of such agreement remains, but it would still be a serious step formally to exclude its possibility. Relations with the Soviet Union during the next year or two seem certain to remain delicate and difficult, and I do not think we should urge the Western Great Powers to take a diplomatic initiative of this kind which might precipitate a possibly avoidable crisis in those relations.

(5) As events develop over the next months we must expect to see democratic German administrations gradually assuming increasing responsibility for the conduct of affairs in Western Germany. The Western Powers which need German resources to make the European Recovery Program work are bound, for economic and strategic reasons, to encourage such German administration to co-operate as closely as possible in plans for European reconstruction. This task would be made more difficult by premature pressure for a formal peace settlement which could only confirm the partition of Germany under Allied auspices. Ends.

32

DEA/7-CA-18 (S)

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

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

SECRET

[Ottawa], April 21, 1948

GERMAN SETTLEMENT

On April 3 I sent you a memorandum on the German settlement recommending (a) that General Pope should present to a secret Working Party in Berlin of the three Western powers our comments on the future political organization of Germany, and (b) that a memorandum should be transmitted to the United Kingdom, the United States and French Governments pointing out that we believe something approaching a peace settlement is being reached; that there is no adequate part assigned to this country in that settlement; and that, with due consideration of the difficulties involved, Canada would welcome any suggestion those Governments may have to make on how this country could be associated in the settlement we believe is being reached. I attach copies of our comments and of our memorandum.

2. You approved of these recommendations.

3. I therefore authorized General Pope to present the comments in Berlin. I put off giving an authorization for the presentation of the memorandum until it was received in Paris. Before it had been received in Paris, I received two personal telegrams from Mr. Robertson in which he expressed doubts about the wisdom of our presenting the memorandum. I enclose copies of these telegrams No. 524 of April 14 and No. 530 of April 15.

4. Mr. Robertson's telegrams demonstrate that he had somewhat misinterpreted our memorandum, since he believed that our intention was to air the possibility of a formal conference of the Western belligerents. You will recall that we had given some consideration to this possibility but had rejected it. However, Mr. Robertson's telegrams did make clear that our memorandum might be misinterpreted by some of the powers to which it was addressed. I was therefore going to suggest to you that we might make some revisions in the memorandum.

5. However, before I was able to get these revisions in final form, we received a despatch from General Pope in which he informed us that he had presented to the representatives of the three Western powers in Berlin not only our comments on the future German political structure but also our memorandum reserving our position on the peace settlement. This he had done by misinterpretation of the instructions we had sent him.

6. It seems to me that, in the circumstances, the best thing for us to do would be to ask General Pope to explain to the representatives of the three Western powers in Berlin that the memorandum on procedure had been sent to them in error, and he should go on to say that, while the memorandum does represent our views, we had decided not to present it at the present time since we fully appreciate the difficulties which are confronting the three Western powers in their present efforts to work out plans for Western Germany and we did not wish to add to those difficulties.

7. If you approve of this, we can then instruct our representatives in London, Washington and Paris to inform the local Foreign Office that, if their representative in Berlin has forwarded our memorandum to them, they should read it in the light of this message to General Pope. This will perhaps enable us to make the best of both worlds. We will have made our views clear to the United Kingdom, the United States and France, and, at the same time, we will make it clear that we have no desire to hamper them in any way from acting together as quickly and as flexibly as the changing circumstances demand.⁴

8. I enclose an extra copy of this memorandum and of the enclosures in case you should wish to discuss them with the Prime Minister.

L.B. PEARSON

⁴ Pope en a reçu l'instruction le 23 avril; il en informa la Commission alliée de contrôle pour l'Allemagne le 26 avril.

Pope was so instructed on April 23; he informed the Allied Control Commission for Germany on April 26.

33.

DEA/7-CA-18 (S)

*Note**Memorandum*

SECRET

Ottawa, April 28, 1948

THE ROLE OF WESTERN GERMANY IN THE EUROPEAN
AND WORLD ECONOMIES⁵

On January 30, 1947, the Canadian Government submitted to the Council of Foreign Ministers' Deputies in London a number of suggestions about the economic aspects of the German settlement. This submission referred to the three principal Canadian interests in the future German economy:

- (a) the economy should not be so strengthened as to permit aggressive war;
- (b) there should not be perpetuated in Germany conditions of depression and unrest;

(c) German industrial capacity should be used for the benefit of all countries, particularly the European countries which normally trade with Germany.

It is not thought that these views require substantial modification in the light of present circumstances, although some changes of emphasis are needed.

2. The Canadian Government recognizes that general European recovery requires a healthy German economy:

(a) to eliminate from Western Europe an area of depression and misery which could be exploited by Communist propaganda, and to give Germans confidence that in a free democratic society in a free democratic Western Europe they will eventually be able by their own efforts to reach a standard of living appropriate to a Western European country;

(b) to reduce the dependence of Western Europe on outside assistance and to hasten Western Europe's return to a self-supporting economy;

(c) to enable Germany and Western Europe as a whole to make the largest possible contribution to the building up of sound international trade on a multilateral basis.

3. As it is seen from Ottawa, there appears to be danger that the pendulum may now swing too far from the days of the Morgenthau plan. One of the reasons the Morgenthau plan was absurd was that it ignored the great measure of unity that existed in normal European economic life and that it failed to recognize the consequences for all of Europe of the virtual destruction of German industry. It would be equally unjustified and even dangerous to assume now that the uncontrolled expansion of the German economy would constitute no problem for European life. The dilemma might be avoided if the problem of Western Germany were to be treated

⁵ La note fut transmise aux gouvernements du Royaume-Uni, des États-Unis, de la France, de la Belgique, des Pays-Bas et du Luxembourg par le haut-commissariat à Londres.

The memorandum was forwarded to the governments of the United Kingdom, United States, France, Belgium, the Netherlands and Luxembourg through the High Commission in London.

consistently as a part of the problem of Western Europe. For example the question should not be approached as one of building up Western Germany as a bastion against the Soviet Union. The objective to be sought is that Western Europe as a whole, including Western Germany, should make the largest possible contribution to the creation and maintenance of an overwhelming preponderance of force over the Soviet Union. Force in this context, as the Prime Minister and Mr. St. Laurent have stated in recent public declarations, means not only military and economic force but non-material forces such as the ability to rally allies and to enlist the wholehearted support of the citizens of all free countries.

4. If the non-material component in the preponderance of force is to be as strong as possible, it seems essential that the countries of Western Europe should support wholeheartedly a programme for Western European co-operation, which must include, as a part of that programme, measures for the reconstruction of the German economy. It is recognized that this support is unlikely to be forthcoming from our former allies if they do not receive assistance in their reconstruction more favourable than that accorded Western Germany and if, when special United States help ceases, their economic strength has not increased relatively more than that of Western Germany. This general consideration should be given full weight in making decisions on the level of industry in Western Germany or on the expansion, curtailment or elimination of any particular industry, even if it involves some loss in immediate increases in productivity in Western Europe.

5. On balance it is felt that it would not be wise at the present time to make any upward revision of the level of industry plan announced in August, 1947, by the United States and the United Kingdom. It seems to the Department that this level of industry plan represents the maximum which the Western neighbours of Germany would freely approve. This plan appears to be a reasonable compromise between the point of view that German industrial recovery is of first importance and that which lays greater emphasis on the necessity of providing for security against German aggression.

6. The Canadian Government is glad that the Western zones of Germany will become members of the Organization for European Economic Cooperation. It is believed that the more power the Western European nations find it possible to transfer to this body or to the Consultative Council set up by the Brussels Treaty or to other international bodies which may be set up, such as an international Rhine valley authority, the easier it will be to solve the problem of how to create a viable community in Western Germany with the minimum danger that Germany will become a threat to the independence of the other states of Western Europe.

7. In the view of the Canadian Government, it would be in the interests of Western Europe and of the Western world as a whole that Germany should be a member of any scheme for closer European economic cooperation that may be worked out.

8. It is recognized that there are dangers in an unregulated development of trade between Western Germany and the Soviet zone of Germany and between Western Germany and Eastern Europe as a whole. The Department hopes, however, that a way will be found by which trade between Western Europe, including Western Germany, and Eastern Europe can be safely expanded. Perhaps the Organization

for European Economic Cooperation could be used as the agency for regulating this trade.

9. It is obvious from the above that the Canadian Government believe that decisions on the role of the economy of Western Germany in the European and world economics involve a careful balancing of political, strategic and non-material considerations as well as purely economic considerations.

34.

DEA/7-CA-18 (S)

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

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

CONFIDENTIAL

[Ottawa], June 18, 1948

SIX POWER TALKS ON WESTERN GERMANY

On June 9 I sent you a memorandum on this subject.† It seemed to me that it might be useful if this memorandum might be brought up to date, in view of the possibility that a question might be asked in the House of Commons on our Estimates.

I therefore attach a brief statement on the 6 Power talks which contains no confidential information.

You will recall that we have informally expressed to the governments which participated in the London talks our views on the future German political organization and on the role of Germany in the European and world economies. Mr. Pearson informed the House of Commons Committee on External Affairs that our political comments had been submitted to officials of the United States, the United Kingdom and French Governments. Shortly after he had made this statement to the Committee, we submitted our views on the role of Germany in the European and world economies, and this and the previous comments on German political organization have been sent to all six governments. They have not, however, been made public.

We have also prepared comments on the control of the Ruhr. These comments were on an early confidential draft of proposed recommendations on the control of the Ruhr. That draft has now been revised and has been published.

These comments on the control of the Ruhr were sent to you on June 9 for your approval, so that you might authorize us to send them to Mr. Robertson for such use as he might see fit to make of them.

In general, the views expressed in the three documents which we have prepared elaborate the views set forth in our statement on the German peace settlement, the text of which was given to the House on January 30, 1947.

In case you might find it necessary in the House to say anything about the views we have expressed, I attach copies of the three documents, scoring in the margin those passages which might be alluded to. You will recall that, in the House of

Commons this session on May 5, 1948, (House of Commons debates, page 3632-3), you made a statement that we have not insisted on participating in the London 6 Power discussions "because if we did, it would be a reason for bringing in a great many other countries which might hamper or retard the progress being made in trying to bring some semblance of order and re-organization" in Western Germany. You went on to say that the restoration of Western Germany "not to the extent of becoming again a menace to its neighbours but to the extent of taking its part in the integrated economics of western Europe, is important to the whole of western Europe; and because it is important to the whole of western Europe, it is of direct interest to us." We are, however, "still insisting" that when it comes to making the final peace with Germany, the powers who took a substantial part in the winning of the war shall be given a role proportionate to their importance in the conflict.

E[SCOTT] R[EID]

SIX POWER TALKS ON WESTERN GERMANY

1. Informal discussions on Germany were recently held in London between representatives of the United Kingdom, the United States, France and the three Benelux countries. These discussions resulted in a report containing agreed recommendations on all the items discussed. The report was submitted to the six governments for their approval and that approval has now been given.
2. A summary of the report was issued as a communiqué on June 7. Attached to the summary was the text of the recommendations on the control of the Ruhr.
3. The views of the Canadian Government on some of the economic and political aspects of the problems which were discussed in London were made known informally to the governments which participated in these talks.
4. Many difficulties must have intervened before agreement was reached amongst the participants in the London discussions, and we welcome the spirit of concession which has made it possible to produce agreed recommendations on all the items that were discussed. These recommendations were submitted to the participating countries as a whole since, according to the communiqué, "their main provisions are mutually dependent and form an indivisible programme."
5. We are confident that these agreed recommendations mark a great advance towards the solution of the German problem.
6. The concluding paragraph of the communiqué contains the assurance that the recommendations agreed to in London "in no way preclude, and on the contrary should facilitate, eventual four-power agreement on the German problem" and that they are "designed to solve the urgent political and economic problems arising out of the present situation in Germany because of the previous failure to reach comprehensive four-power decisions on Germany."
7. This observation is an added reason for regarding the recommendations as an important step in the political and economic reconstruction of Europe.

35. DEA/7-CA-18 (S)

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

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

TOP SECRET

[Ottawa], August 12, 1948

You may recall that some time ago it was decided that we should offer informal comments on the various aspects of the German settlement which were discussed by the six power meeting in London. As you know, our comments on a number of the topics have already been passed on to the representatives of the participating countries in London.

2. We were informed some time ago that a secret working party on territorial claims by Western States against Germany would meet in Paris and report to their governments by August 15th. We accordingly prepared comments. However, it seems to me that it would be inadvisable for us to send in comments at the present time. The whole German situation is now obscure and it might be better to wait till it clarifies.

3. I should be glad to know if you agree that we should not, at the present time, offer any comments on territorial claims against Germany by the Western Powers.⁶

4. I assume that the Western Powers themselves are not likely, in present circumstances, to commit themselves on the subject of their territorial claims against Germany. On such a touchy question I should think they would not want to restrict their freedom of manoeuvre in four-power discussions on Germany should they take place.

L.B. PEARSON]

36. DEA/7-CA-18 (S)

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

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

SECRET

[Ottawa], November 11, 1948

CONTROL OF THE RUHR

During the London talks on Germany last spring we prepared a commentary on a draft agreement laying down the principals for the establishment of an International Ruhr Authority. This paper dated May 26th, 1948, a copy of which is

⁶ Note marginale /Marginal note:
Yes. St. L[aurent]

attached,† was approved by Mr. St. Laurent and sent to London for communication to the representatives of the participating governments.

2. However, before it could be presented an agreement was reached in the form of Annex (C) of the attached Report, received under cover of Commonwealth Relations Office despatch D. No. 33 of June 9th, 1948.† It was decided that no useful purpose would be served by presenting our comments based on an earlier paper.

3. We are now informed that the governments of the United Kingdom, United States, France and the Benelux countries are meeting in London, beginning November 11th, to draft a statute bringing an International Ruhr Authority into being on the lines established by the London Report. We have also received a United Kingdom draft statute by Commonwealth Relations Office telegram No. H.443 of November 4th, 1948 (copy also attached).†

4. In view of our existing policy that matters relating to the settlement of Germany are of interest to Canada and in view of the fact that we had previously offered comments on other aspects of the London talks, it seemed advisable to prepare some comments on the United Kingdom draft statute for the establishment of the International Ruhr Authority. Two draft telegrams are attached for your consideration and signature if you agree.†

5. In preparing these comments we have adhered as closely as possible to the commentary as approved by Mr. St. Laurent. However, a number of points covered in the original commentary were definitively settled by the London report. It therefore did not seem to us useful to revive such matters most of which were of a drafting nature and the majority of which were settled in the London report along the lines which we were recommending in our commentary.

6. The attached commentary retains all the references made in the original to the Canadian attitude as given in our submission to the Council of Foreign Ministers' Deputies on January 30, 1947.

7. The most noteworthy features of the United Kingdom draft statute are that it contains no direct reference to the disarmament functions of the Authority and that it has omitted provision for wider powers for the Authority on the conclusion of the occupation.

8. In our revised commentary we recommend direct reference to the disarmament functions of Authority. It does not, however, attempt to introduce into the United Kingdom draft provisions for wider powers on the conclusion of the occupation as this would mean the re-writing of such considerable portions of the United Kingdom draft as would make it almost unrecognizable. The point is, however, covered in the telegram instructing Mr. Robertson on the presentation of the commentary.†

9. As the United Kingdom draft now stands it would not seem likely to gain the support of the French Government particularly in view of the considerable difficulty encountered in obtaining French approval for the terms of the London Report. The United Kingdom draft would seem to be even weaker than it need be under the terms of the London Report. It might, as it stands, be subject to attack in

France and elsewhere as having more to do with "Marshall Plan imperialism" than it has with security against future German aggression.

E[SCOTT] R[EID]

SUBDIVISION II/SUB-SECTION II

DISPOSITION DES ANCIENNES COLONIES ITALIENNES
DISPOSITION OF FORMER ITALIAN COLONIES

37.

DEA/7-BK (S)

Note

Memorandum

[Ottawa], June 9, 1948

FORMER ITALIAN COLONIES

On May 13, 1948 the Deputies of the Council of Foreign Ministers, who have been meeting in London to consider the disposition to be made of the former Italian colonies in Africa, invited the Canadian Government and certain other interested governments to present their views on the subject, orally or in writing as they might prefer, during the early part of June. Canada was asked to present by June 9th any statement it might care to make.

2. Under Article 23 of the Italian Peace Treaty the final disposal of the former Italian colonies, to which Italy renounced all right and title, is to be determined jointly by the Governments of the Soviet Union, the United Kingdom, the United States of America and France. Their decision is to be reached within one year from the coming into force of the Peace Treaty, which took place on September 15, 1947. The Four Powers stated, in a declaration published as Annex XI of the treaty, that if they failed to agree on the disposal of any of the former Italian colonies within the allotted twelve-month period, the matter would be referred to the General Assembly of the United Nations for a recommendation. They undertook to accept the Assembly's recommendation and to take appropriate measures for giving effect to it.

3. The Four Powers also agreed that in trying to reach a decision themselves on the disposal of the former Italian colonies they would take into consideration the views of other interested governments. Several of these have been heard from already. The Council of Deputies hopes to know the views of all interested governments before it begins to discuss the reports of the Four Power Commission of Investigation, appointed on October 20, 1947, which has been studying conditions in Eritrea, Italian Somaliland and Libya.

4. The Council of Deputies has undertaken to send copies of the reports of the Commission, immediately after their completion, to the Canadian Government and to other interested governments. These governments will be accorded the right to

present supplementary views to the Council of Deputies, either in writing or orally, after they have examined the reports of the Commission.

5. The text of the first Canadian statement, which has been transmitted to the Council of Deputies through the High Commissioner for Canada, in London is as follows:

[PIÈCE JOINTE/ENCLOSURE]

Note

Memorandum

CONFIDENTIAL

[Ottawa, June 7, 1948]

DISPOSAL OF FORMER ITALIAN COLONIES

The Canadian Government, having been invited by the Deputies of the Council of Foreign Ministers, in a communication from the Secretary-General dated May 13, 1948, to present its views on the disposal of the former Italinal [sic] colonies, desires to submit in writing the following observations.

2. It is the understanding of the Canadian Government that until the African territories formerly administered as Italian colonies are placed under trusteeship or until they achieve independence or are incorporated in the territory of an independent state or states, they fall within the scope of Chapter XI of the United Nations Charter. This means that, in considering the disposition to be made of Eritrea, Somalia and Libya, the interests of the inhabitants should be recognized as paramount, according to the principle enunciated in Article 73 of the Charter, and that arrangements to ensure the future political, economic, social and educational advancement of the peoples concerned should be based on the ascertained condition of each territory and the needs and the wishes of its inhabitants.

3. The Canadian Government has therefore been gratified to learn that it is the intention of the Deputies to send to interested Governments copies of the reports of the Four-Power Commission of Investigation as soon as these are available and that interested Governments will be accorded the right, after examining the reports, to present supplementary views to the Council of Deputies, either in writing or orally. Thus the contribution made by all interested Governments to the ultimate decision of the Council of Foreign Ministers may be based on a knowledge of the facts, without which it would be difficult to reach conclusions serving the best interests of the populations concerned.

4. Should the reports of the Commission of Investigation indicate that any of the territories formerly administered as Italian colonies are not ready for independence, or that the majority of the inhabitants do not desire incorporation in a neighbouring territory or a neighbouring independent state or states; the Canadian Government will support the application to these territories of the international trusteeship system under Chapter XII of the Charter. In the selection of administering authorities the Canadian Government will support the appointment of those best qualified to achieve the basic objectives of the trusteeship system as set forth in Article 76, i.e., (a) to further international peace and security; (b) to promote the political, eco-

nomie, social and educational advancement of the inhabitants and their progressive development towards self-government or independence; (c) to encourage respect for human rights and fundamental freedoms; and (d) to ensure equal treatment for all Members of the United Nations and their nationals, and equal treatment for the latter in the administration of justice.

38.

DEA/226 (S)

*Note du secrétaire du Comité des chefs d'État-major
au sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Secretary, Chiefs of Staff Committee,
to Under-Secretary of State for External Affairs*

SECRET

Ottawa, July 12, 1948

DISPOSAL OF FORMER ITALIAN COLONIES IN AFRICA

In accordance with the request contained in your memorandum of 16th June,† the Chiefs of Staff have reviewed the strategic aspects of the various alternative proposals for disposal of the former Italian Colonies in Africa and have agreed that, from a strategic point of view:

(a) it is essential that Tripolitania and Cyrenaica be placed under a trusteeship to be administered by the United Kingdom or the United States, either individually or jointly;

(b) it is essential that Eritrea and Fezzan be governed or controlled by powers friendly to the United Kingdom and the United States; and

(c) the disposition of Italian Somaliland is not of such major importance and this territory might, if considered desirable for political reasons, be placed under Italian trusteeship; it being noted, however, that it would be most undesirable to have this Colony under the trusteeship of an unfriendly power.⁷

2. As you know, Mr. Reid was present at the meeting for discussion of this item.

W.W. BEAN

⁷ Ces recommandations étaient basées sur une étude du Comité mixte de planification (JPC 19-8 du 23 juin)

These recommendations were based on a study by the Joint Planning Committee. (JPC 19-8, June 23)

39.

DEA/7-BK (S)

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

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

SECRET

[Ottawa], August 5, 1948

I attach for your consideration a draft statement† of Canada's supplementary views on the disposal of former Italian colonies. I regret that it has been impossible for us to prepare this sooner. The telegram from the Commonwealth Relations Office containing a statement of United Kingdom plans did not reach us until Tuesday afternoon. The attached draft is related directly to the preliminary statement of Canada's views submitted to the Council of Deputies on 7 June 1948 (copy attached).

2. Canada's supplementary statement is required to be in the hands of the Council of Deputies no later than August 7. It is our hope that the final text may be communicated to Canada House by Friday of this week at the latest.

3. There has been less difficulty in formulating Canada's proposals for Italian Somaliland and Cyrenaica than in deciding the position which should be taken in regard to Eritrea and Tripolitania. It seems likely that the Four Powers will agree to the establishment of an Italian trusteeship in Somaliland and that the United States and France will agree to a United Kingdom trusteeship in Cyrenaica. Italy itself has offered to disinterest itself in the eastern portion of Cyrenaica and recognizes the special interest of the United Kingdom in this area and particularly in the port of Tobruk as a result of the present plans for the evacuation of United Kingdom forces from Egypt. In the case of both Italian Somaliland and Cyrenaica, moreover, reports of the Four-Power Commission show that there is a considerable sentiment among the local inhabitants in favour of the settlement proposed in the attached draft.

4. Considerable difficulty arises in the case of Eritrea and Tripolitania.

5. Opinion in Eritrea seems to be fairly evenly divided between the plan for union with Ethiopia and the proposal for a trusteeship under the control of some power other than Ethiopia or Italy. No more than 10% of the population seems willing to accept Italy. The United Kingdom Government may propose the creation of an Ethiopian trusteeship for the whole of Eritrea, with two non-colonial Members of the United Nations and Italy serving as an Advisory Council to aid Ethiopia in the fulfilment of its task. If this proposal should be accepted by the Four Powers I presume Canada would not object, provided that the Powers appointed to the Advisory Council were friendly to the United States and United Kingdom. This is not, however, a proposal which the Canadian Government could make on its own initiative at this juncture. Until the proposal is put forward by a state more directly concerned, Canada seems bound to take cognizance of the strong local sentiment for and against union with Ethiopia which seems to take precedence over other considerations in the minds of the inhabitants.

6. Many interested governments are likely to propose that the secondary port of Assab and a corridor leading to it should be ceded to Ethiopia. Since the inhabitants of Assab and the corridor are opposed to union with Ethiopia, however, it is suggested in the Canadian draft statement that Ethiopia should be given two free ports in Eritrea with exemption from transit dues on goods moving across Eritrean territory. This arrangement would prevent the inhabitants of Assab and the Danakil coast from being subjected against their will to Ethiopian control, while Ethiopia would be assured the substance of its actual requirements.

7. The United Kingdom is not anxious to assume administrative control of Eritrea or Tripolitania, both because of the financial burden involved and because of the charges of territorial aggrandizement which would be levelled against it by Italy, the Soviet Union and other powers. In Eritrea, however, many of the Moslem inhabitants have expressed a wish for United Kingdom assistance which it would be difficult for Canada to disregard.

8. In Tripolitania, on the contrary, there seems to be no sentiment in favour of trusteeship. There has also been considerable criticism of the British Military Administration, which has been prevented under the terms of the Hague Convention from introducing long-term development measures and which has therefore adhered to a "care and maintenance" policy only. The Four-Power Commission is convinced that Tripolitania must accept outside aid for some time to come. It will be necessary, therefore, to force on the people a settlement they do not desire. It is a question of selecting for them the administering authority which will actually prepare them most rapidly for self-government.

9. The United Kingdom Government is more likely than any other to do this successfully. It would prefer to have the United States undertake the responsibility but the resentment which has been caused throughout the Arab world by United States policy in Palestine makes it unlikely that the inhabitants would accept the United States as administering authority. If they are forced to accept outside aid the inhabitants of Tripolitania are likely to regard the United Kingdom as the least objectionable choice.

10. The Deputies are not likely to reach agreement on the disposition of the former Italian colonies. If this should be the case, the question will then be referred to the General Assembly. If the supplementary statement of Canada's present views is put forward, as suggested in the last two sentences of paragraph 3, as an indication merely of tentative and provisional views, it will be possible for Canada in the Assembly to support other proposals which may by that time have secured a considerable following, provided these are in line with the Charter and provided they take cognizance of the needs of the inhabitants of the territories concerned.

11. I attach an extra copy of the draft statement in case you wish to discuss the matter with the Prime Minister.

L.B. P[EARSON]

DEA/7-BK (S)

40.

*Le haut-commissaire au Royaume-Uni
au secrétaire général de la conférence des députés des ministres des Affaires
étrangères du Conseil des ministres des Affaires étrangères*

*High Commissioner in United Kingdom
to Secretary-General, Conference of Deputies of the Foreign Ministers,
Council of Foreign Ministers*

[London], August 7, 1948

I have the honour to refer to your letter of the 17th July advising me on behalf of the Conference of Deputies of Foreign Ministers of the United Kingdom, the U.S.S.R., the United States and France, of the procedure to be followed in presenting supplementary views about the disposal of the former Italian colonies.

I have now been instructed by the Canadian Government to convey to the Deputies, through your good offices, the following statement concerning the disposal of the former Italian colonies:

1. The Canadian Government in its statement of 7th June, 1948, to the Deputies of the Council of Foreign Ministers, indicated its belief that in considering the disposition to be made of Italian Somaliland, Eritrea and Libya the Governments concerned are bound by the terms of the United Nations Charter to recognise that the interests of the inhabitants are of paramount importance. This is the clear meaning of Article 73 of the Charter, which deals with the subject of dependent territories.
2. One of the first needs of the three territories appears to be the continuation of outside assistance. The Four-Power Commission of investigation did not consider that any of the territories it visited was ready yet for self-government, although three of its members pointed out that Cyrenaica's homogeneous political and social composition "provides a good foundation for building up self-government." The Canadian Government, in accordance with the statement it has already submitted to the Council of Foreign Ministers, will therefore support the application to Italian Somaliland, Eritrea and Libya of the United Nations Trusteeship System, except where the inhabitants desire incorporation in a neighbouring state or territory.
3. Members of the Commission disagreed on the significance of much that they saw and heard in the three territories. They have reported, moreover, that the inhabitants themselves are divided in their estimate of their own needs. Members of the Commission also expressed some doubt as to whether the statements made to the Commission by spokesmen of certain communities represented the actual opinions of those communities. In the circumstances the Canadian Government is not at present in possession of sufficiently precise information to reach final conclusions. On the basis of the information now before it, however, the Canadian Government has arrived at the following provisional views:

4. *Italian Somaliland.* The Canadian Government is disposed to support the choice of Italy as administering authority for the trust territory of Somaliland. The development of the territory is described by the Commission as being a long-term problem requiring among other things "co-operation between natives and non-natives" and the Italian Government appears to be willing to provide the necessary non-native agricultural settlers as well as the capital required for the fulfilment of a general development programme. Moreover the report of the Four-Power Commission records the existence of a considerable sentiment in the territory in favour of Italy as administering authority.

5. In view of the importance attached by certain politically conscious elements of the population to the development among all Somali peoples of a sense of their common interests, the Canadian Government assumes that the terms of any trusteeship agreement adopted for Italian Somaliland would not preclude the establishment in due course of the closest possible economic, social and cultural relations among the territories of East Africa which are inhabited principally by peoples of Somali race.

6. *Eritrea.* The Canadian Government is inclined to support the union with Ethiopia of that portion of the highlands of Eritrea in which the Four-Power Commission reports that the great majority of the people desire to be included in the Ethiopian Empire. The remainder of the territory would be placed under trusteeship. In the trusteeship arrangements for this area the Canadian Government would welcome the inclusion of clauses providing Ethiopia with free ports at Massawa and Assab and exemption from transit dues on goods moving to and from the free ports across Eritrean territory.

7. In view of the preference expressed by the majority of the spokesmen heard by the Commission in the area concerned, the Canadian Government is not at present prepared to go beyond expressing support for the designation of the United Kingdom as administering authority for that part of Eritrea which is not included in the Ethiopian Empire.

8. *Libya.* The Canadian Government is not at present prepared to express a firm opinion as to whether the former Italian colony of Libya should be established as a single trust territory or whether it should be divided into two separate trust territories.

9. If separatist sentiment in Cyrenaica is considered to be too strong to admit of the inclusion of that territory in a single trust territory of Libya, the Canadian Government would favour the creation of two separate trust territories of Tripolitania and Cyrenaica. Otherwise the Canadian Government would prefer a single trusteeship for the whole of Libya, having in mind the general desirability of establishing as large political units as possible. A single trusteeship agreement for the whole of Libya might contain, however, provisions for the development of autonomous provincial administrations in Tripolitania and Cyrenaica and for the group settlement of Italians in Tripolitania, where Italian economic enterprise has not only benefited the territory but where it also appears to have been appreciated by the inhabitants.

10. If two separate trust territories are to be established, Canada would support the choice of the United Kingdom as administering authority for Cyrenaica, in

view of the preference for United Kingdom assistance expressed by spokesmen of Cyrenaican communities. Because of the close ties already existing between Cyrenaica and Tripolitania and the desirability of establishing even closer relations between the two territories, the Canadian Government would favour the appointment of the United Kingdom as administering authority in Tripolitania as well as in Cyrenaica.

11. For the same reasons, if a single trusteeship agreement for the whole of Libya is planned, the Canadian Government is disposed to support the choice of the United Kingdom as the administering authority for the territory.

12. *Trusteeship Agreements.* The Canadian Government assumes that in each case the administering authority chosen by the Four Powers would be invited to submit as soon as possible to the General Assembly of the United Nations a draft trusteeship agreement for the approval of that body. The Canadian Government also takes it for granted that no major change would occur in the administration of any of the territories pending approval by the General Assembly of the terms of the draft trusteeship agreement for the territory concerned.

13. In drafting the terms of the trusteeship agreements, administering authorities would be expected to bear in mind any references made by the Four-Power Commission to special conditions prevailing in the territory concerned. In particular they should bear in mind the need of various regions for agricultural development by non-indigenous agricultural settlers familiar with modern methods of intensive farming. There exists in Italy a considerable body of displaced agricultural and industrial workers already familiar with living conditions in North Africa and East Africa. The Canadian Government accordingly considers that in areas where foreign agricultural and industrial settlers are needed and where Italian settlers are welcomed by the native inhabitants, facilities should be provided at an early date for the settlement in the areas concerned of former residents of Africa now living in Italy.

I am, etc.

N.A. ROBERTSON

41.

DEA/7-BK (S)

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

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

SECRET

[Ottawa], December 7, 1948

FORMER ITALIAN COLONIES

Procédure

The Italian Government hopes that the Assembly will decide to place Italian Somaliland under Italian trusteeship and defer action on Eritrea and Libya. If this

proves to be impossible, it hopes that no action will be taken on the former colonies at all.

2. When the Political Committee first decided in favour of adjournment on December 11 or 12, the delegate of the U.S.S.R. moved that the former Italian colonies should be discussed immediately. The motion was overwhelmingly defeated. The United Kingdom tried in plenary session yesterday to prevent adjournment of the Assembly before important matters on the agenda had been attended to, hoping particularly to have the former Italian colonies considered. The Assembly, however, upheld the Committee's decision to adjourn the end of this week. There is still a possibility that if the discussion of the Korean question is concluded soon enough, the former Italian colonies may also be considered before adjournment.⁸

Italian Somaliland

3. There is general agreement that Italian Somaliland should be placed under Italian trusteeship. There is still some disagreement, however, as to its boundary with Ethiopia and the manner in which outstanding economic and financial questions should be settled.

Libya

4. Both France and the United States now support the proposal for a United Kingdom trusteeship for Cyrenaica. The U.S.S.R., when it last spoke on the subject, wished the United Nations itself to be the administering authority.

5. The United Kingdom and United States wish a decision on Tripolitania to be postponed for a year. France wishes Tripolitania to be placed under Italian trusteeship. The U.S.S.R. asks for a trusteeship under United Nations administration. The United Kingdom has repeatedly explained that it cannot allow its troops to be used to install Italy by force against the will of the inhabitants. It believes that next year it may be easier to settle the question without bloodshed.

6. France wishes to incorporate the Fezzan permanently in Southern Algeria, without benefit of trusteeship. Canada is committed to supporting trusteeships except where the inhabitants themselves ask for incorporation in neighbouring territory. The preference of the people of Fezzan is for a Moslem government, but if Tripolitania should be placed under Italian control a year hence, the people of Fezzan would presumably ask for incorporation in French territory. The United States and United Kingdom hope to defer the decision on the Fezzan for another year.

Eritrea

7. The United States and United Kingdom have reached a compromise agreement on Eritrea. The United States formerly suggested giving about 2/5 of the least valu-

⁸ Bien que cette question ait été référée à l'Assemblée générale le 15 octobre après que les Quatre puissances n'aient pu s'entendre à ce sujet, elle ne fut pas discutée avant la deuxième partie de la troisième session (avril/mai 1949).

Although this subject had been referred to the General Assembly on September 15 when the Four Powers were unable to agree, it was not discussed until the Second Part of the Third Session (April/May 1949).

able portion of Eritrea to Ethiopia, while the United Kingdom would have placed the whole territory under Ethiopian administration with United Nations assistance and supervision. The present agreement between the United States and United Kingdom is that a decision should be postponed on the disposal of the predominantly Moslem Western province, the remainder of the territory being incorporated in Ethiopia. This would provide for the free flow of Ethiopian trade through the towns of Asmara and Massawa which are dependent on the Ethiopian Empire for their prosperity. It would also meet the wishes of the great majority of the non-Moslem population for reunion with Ethiopia.

E[SCOTT] R[JEID]

SECTION C

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

42.

DEA/8591-40

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

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

[Ottawa], January 31, 1948

The Department of Finance have suggested that we, immediately, enter into negotiations with a view to obtaining premises for use as residences and Chanceries in partial settlement of the military relief credits owing to Canada by several European countries. In the case of Italy and Greece, these premises would be accepted in full settlement of the military relief obligations. While the credits are large in the case of these two countries, their financial position will make it impossible for them to make any substantial payment and the Canadian Government has already agreed to accept a nominal sum as full settlement. In the case of Denmark, the total debt is only \$565,000 and, therefore, even though their financial position is better than that of Italy and Greece, a premises could be accepted as settlement in full. In the case of the other countries where the obligation is large, the financial position is such that we would expect to obtain a fairly large sum in discharge of their obligations and the transfer of premises would only be accepted in partial settlement. There is no doubt, however, that in all cases it would be easier for the countries concerned to effect partial settlement by the purchase of local properties which would involve an expenditure of only local currencies rather than effect full settlement in convertible currency. For this reason it is believed that a more satis-

¹ Note marginale /Marginal note:
Seen by St. Laurent, 19 February 1948

factory settlement from the point of view of Canada can be achieved if part of the payment is used for the purchase of premises.

The Department of Finance believe that, if negotiations for the settlement of these credits is not undertaken immediately, there may be difficulty in obtaining any value whatsoever for these obligations. It is quite possible that, if the United States begins making payments to these countries under the Marshall plan, they would object to any repayment by those countries on account of relief credits.

While it appears that the acquisition of properties in this manner will not, in fact, cost the Canadian Government anything, it will probably be necessary to obtain Parliamentary approval. Under these circumstances, I would like your authority to send the necessary instructions to the Chiefs of our Missions in the countries concerned to commence negotiations and where any definite offer is obtained to refer these back to Ottawa for final approval.

The situation in the countries concerned is as follows:

France — Relief credits amount to approximately \$12,400,000 and in addition there is a credit of \$1,000,000 for relief distributed in the French zone in Germany.

We think it probable that the French Government would be ready to sell to the Canadian Government either the Hotel de Talleyrand or the Hotel de Castries. Either of these properties would be eminently satisfactory as a combined residence and Chancery. It would be necessary to obtain not only the property but to have the French Government agree to make the necessary expenditures to modernize the buildings since neither of them would be satisfactory unless completely new plumbing, wiring and heating were installed. There would also be fairly substantial alterations to adapt them to our purposes. Therefore, if we obtain the premises without an additional agreement that the French Government would pay for the modernization we might find ourselves faced with an expenditure of an amount that might reach one-half million dollars. It might also be possible to have the French Government agree to pay for the purchasing of furnishings in France.

The Netherlands — The relief credit amounts to approximately \$14,000,000. If a property more suitable to our requirements than the present residence could be found, I would suggest that the Ambassador negotiate for some different premises. If, however, nothing else is available, the present residence but not all of the grounds would be satisfactory. Our present Chancery is not satisfactory either in design or structurally. Our Ambassador should, therefore, be asked to look for alternative Chancery premises or for vacant property and the credit would be used for the purpose of building a Chancery. An endeavour should also be made to permit the purchase of furnishings for the property purchased.

Belgium — The relief credit amounts to approximately \$7,800,000. We would recommend the purchase of the present Chancery which is admirably suited to the needs of all Canadian Government offices in Brussels. The present residence is very satisfactory in its interior and its location but it would be preferable to obtain a different property if at all possible as it is semi-detached. I would, therefore, suggest that the Ambassador be instructed to look for an alternative residence which might be obtained, but if nothing is available, to negotiate for the purchase of the

present residence. If possible, arrangements similar to those suggested for France for repairs and furnishings should be made.

Denmark — The relief credits amount to approximately \$565,000. Our present building in Copenhagen is very satisfactory as a combined residence and Chancery. I would, therefore, suggest that our Minister negotiate to obtain this property and if possible also furnishings for the property to be purchased in full settlement of the relief credits.

Norway — The relief credits amount to approximately \$1,700,000. Our Chancery is at present in an office building and the residence, while it appears to be the best available at the moment, would be more suitable for a diplomatic secretary than a Minister. I suggest, therefore, that our Minister be asked to look for a property that might be purchased for a residence and to commence negotiations for the transfer of that property to Canada together with an agreement to finance any necessary repairs. If no alternative property is available, he might negotiate for the present residence which, at a later date, could be used for a member of his staff.

Yugoslavia — The relief credits amount to approximately \$226,242. As our Minister has not yet arrived in Belgrade, we have no specific properties that we can recommend. We do, however, know that the accommodation situation in Belgrade is desperate and, therefore, we would suggest that the Minister be instructed to look for a house and that we be ready to accept a property that, while not just what we desire, would serve our purpose until the housing situation improves.

Greece — The amount of the relief credits is \$612,352 but Canada has already agreed to accept a nominal settlement. The present residence is entirely satisfactory and the Chancery, although well located, might be a little on the small side. It would, however, serve if nothing better presents itself. I, therefore, suggest that our Ambassador be instructed to negotiate for the purchase of the present residence, and to look for other Chancery premises but, if none are available, to negotiate for the present Chancery premises.

Italy — The relief credits amount to approximately \$28,400,000, but Canada has already agreed to accept a nominal settlement. Neither our present residence or Chancery in Rome would be suitable for permanent use. I, therefore, suggest that we instruct our Minister to look for premises for both residence and Chancery purposes which could be purchased for the Canadian Government.

For your information, I am attaching a table showing the rentals at present being paid in the capitals referred to above.† In France, in addition to the rentals being paid by External Affairs, premises are also leased by the Department of Trade and Commerce and the Immigration Branch of the Department of Mines and Resources.

[L.B. PEARSON]

43.

DEA/8591-40

*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, February 4, 1948

Dear Mr. Pearson:

I have your letter of February 2 with the enclosures in regard to the acquisition of Embassy premises abroad and possible funds to improve them, in settlement of Military Relief obligations.

I agree that the general principle of policy involved here is a correct one, that is, that we should seek as soon as possible to acquire some real property abroad and improvements upon it, in partial settlement for these substantial claims, and that the acquisition of such partial settlement should not be delayed until full settlement can be arranged. I understand that Mr. Bryce has already cleared this general policy with the Treasury Board when the matter came up there some months ago at the time you were preparing your Estimates.

There will be a problem in deciding upon and obtaining the necessary Parliamentary authority to accept these properties or any other consideration in settlement for these claims. I understand Mr. Bryce is already discussing this matter with Mr. McIntyre and Mr. Mundell,¹⁰ and we will be writing you further upon it. The most definitive authority would, of course, be to have a short Bill passed by Parliament authorizing the Government to settle these claims and to accept as consideration in settlement, among other things, real property and funds earmarked for the improvement and furnishings of such property. Such a Bill might also contain the necessary authority for expenditure of funds received for this special purpose. We are exploring, however, the possibility of avoiding the need for a special Bill by some items in the Estimates which could form special provisions in the Appropriation Act.

In carrying out the policy which I have described above, we must, I think, avoid extravagance in the properties that we request and avoid acquiring properties that will involve us in unreasonable commitments for maintenance and furnishings in future years. Merely because we are getting a property out of these Military Relief claims should not lead us to acquire a property of a magnitude or character that we would not normally acquire, although it may, of course, lead us to acquire property a little earlier than would otherwise be the case. These considerations may be relevant in connection with the acquisition of the Hotel de Talleyrand in Paris. I would

¹⁰ B.G. McIntyre, contrôleur général du Trésor, ministère des Finances; D.W. Mundell, conseiller juridique, ministère de la Justice.

B.G. McIntyre, Comptroller of Treasury, Department of Finance; D.W. Mundell, Legal Officer, Department of Justice.

think the acquisition of this large building and its alteration at a cost that might reach half a million dollars would only be justified if it were going to save us substantial amounts in rents for Government offices other than External Affairs. I would suggest that we might have a separate report on this particular proposal for consideration by this Department and Treasury Board, as well as your own Department.

In regard to the Netherlands, I would think that it was not necessary to acquire all the grounds of the present Embassy residence, and that a Chancery should be acquired only of a size and nature that we would regard as suitable if we were paying for it ourselves.

I think it should be understood in all cases except those of Greece and Italy that the acquisition of this real property and any improvements made on it, or funds provided for such improvements, shall only be taken as partial settlement for the claims in question at the current equivalent of the local currency costs involved in acquiring the property and improving it. Settlements for the remainder of the claim will, of course, have to be negotiated in due course. In some cases, I think we can reasonably expect to get practically full payment, for example, in the cases of Belgium and Norway. In other cases, for example, those of France and Holland, we may have to wait a good many years before getting payment, but when we do get it we may still have some chance of getting payment in full, without interest, of course.

We have not had much to do with Denmark or Norway on this matter; but we have had some preliminary conversations with French representatives, who have indicated their Government's willingness to consider deferred payment, and with representatives of the Netherlands, who have expressed a fervent hope that we could waive payment in dollars and accept payment in some other form, including things like Embassy property. We have not agreed to waive dollar payment, and the matter has been deliberately left in abeyance while the Netherlands negotiate with the British. I understand, incidentally, that these negotiations have been taking place recently and may have been concluded. I note in the memorandum you sent me it is suggested that an Embassy in Copenhagen might be accepted in full settlement for the claim on Denmark. I do not believe this is desirable, as a matter of principle. I think in all cases, except Greece and, possibly, Italy, property should be accepted only as settlement on account, and it should be clearly understood that we will be negotiating for further substantial settlement for the balance of the claim, which in most cases, of course, will be many times the value of the Embassy properties acquired.

A special problem arises in connection with Greece and Italy, where we have agreed to accept only nominal settlements. In the case of Greece, our claim is small enough that a modest Embassy property would, I think, constitute satisfactory nominal settlement. In the case of Italy, our claim amounts to many millions of dollars, and I think the acceptance of Embassy property might not exhaust what we could reasonably request as a nominal settlement. I would suggest that we might ask in addition for some sort of scholarships for Canadians to study in Italy. Perhaps your Department could give some thought to this matter. I would think that we might

ask the Italian Government to provide funds for support of a specified number of students, either undergraduates or postgraduates, or even professors on exchange or sabbatical leave. It would be understood that the funds could only be used in Italy or on Italian vessels. They should be defined, I believe, in such terms that inflation in Italy would not destroy their value; for example, they might be defined in lire, but the amount of the lire would depend upon its exchange value in terms of the dollar. If we arrange something of this kind with Italy we might then use some portion of our claims on other countries to get similar arrangements there, provided our Government were prepared to agree to such proposals.

I note you speak of having funds for alterations, repairs and furnishings. I think in principle this is satisfactory, but we should consider carefully whether we wish to have the funds turned over to us for this purpose, or whether we wish to have the Government concerned carry out these works on our behalf and turn over to us the finished properties. It may be that we will not have the supervising staff to carry on these alterations, repairs, etc., on our own behalf. However, I think it would be well to have your men in the field consider this proposal as well as Mr. Monette¹¹ and your staff here. I think it is necessary to decide on this before reaching a decision in regard to our legislative authority, as it may be necessary to provide specific appropriations for the expenditure of funds which we receive as money and use for the improvement of these properties.

There may be some need for clarifying the nature of our claim on recipient countries under Military Relief. Mr. Bryce has spoken to Mr. Hopkins, of your Department, and I am writing you separately concerning this matter.

The Minister of Finance has seen this letter and is in agreement with it.

Yours very truly,
W.C. CLARK

44.

DEA/8591-40

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

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

Ottawa, February 17, 1948

I have recently had discussions with the Department of Finance concerning the procedure to be adopted to endeavour to obtain premises, in certain European countries, for use as Embassy residences and Chanceries, in partial settlement of our Military Relief credits. For your information, I am attaching a draft memorandum, addressed to yourself, which I submitted to Mr. Clark for comment, together with

¹¹ Antoine Monette, architecte ministériel.
Antoine Monette, Departmental Architect.

Mr. Clark's reply, which he points out has been shown to the Minister of Finance and has been agreed to by him.

Mr. Clark agrees that it would be desirable to obtain premises on these terms on the definite understanding that, except in the case of Greece and Italy, the premises would only be accepted as payment on account of the total debt. In the case of Greece, premises could be accepted as payment in full and in the case of Italy, the premises plus a provision of funds for scholarships to be granted to Canadians studying in Italy would be accepted as payment in full.

It is important that preliminary negotiations be started on this matter with the Governments concerned and that recommendations concerning specific properties be made to the Department by the Chiefs of our Missions.

If you agree with this proposal, will you please sign the attached despatches† to our Missions in those countries where we have Military Relief credits.¹² As soon as any specific recommendations are received, we will arrange to have Mr. [Antoine] Monette visit the capitals concerned so that we can have his recommendations before any definite decisions are taken.

L.B. PEARSON]

45.

DEA/8591-40

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

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

Ottawa, July 14, 1948

You will recall that you signed our previous despatches dealing with the acquisition of premises in partial settlement of military relief credits.

Now that the dollar items in the Estimates have been approved and we have received fairly definite figures of the amount of credits owing for military relief by the different countries, we have prepared these despatches dealing in more detail with the methods to be followed in approaching the various Governments in these property negotiations.†

The despatches are similar, with the exception that for Greece it has been decided that a nominal payment only should be accepted in full discharge of this obligation; and that for Italy it has been decided that, while it is not intended to ask for settlement in full of the amount owing by Italy to Canada on account of this

¹² La Belgique, le Danemark, la France, la Grèce, l'Italie, le Luxembourg, les Pays-Bas et la Norvège; la Yougoslavie a été ajouté à la liste par la suite, bien que sa préférence allait à une autre procédure de règlement.

Belgium, Denmark, France, Greece, Italy, Luxembourg, the Netherlands and Norway; Yugoslavia was subsequently added to the list although it had preferred an alternative procedure for settlement.

obligation, we do not consider that the cost of Embassy property including alterations, renovations and furnishings would be an adequate amount to accept in full discharge of the debt. We have, therefore, suggested that an additional amount might be set aside which could be used to finance the expenses of Canadian students in Italy, and we ask for more information on this prospect.

*The final credit figure for Yugoslavia has not yet been determined so that one further despatch on this question will be coming forward to you for signature later.

*Now cleared, Despatch herewith.

L.B. P[EARSON]

SECTION D

DEMANDES DE COMPENSATION POUR DOMMAGES OU PERTES DE GUERRE CLAIMS FOR COMPENSATION FOR WAR DAMAGE OR LOSS

46.

PCO/Vol. 66

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

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

[Ottawa], April 15, 1948

CANADIAN CLAIMS FOR COMPENSATION FOR WAR DAMAGE OR LOSS

The Inter-Departmental Committee on Reparations has studied the question of compensation for loss or damage suffered by Canadians as a direct result of operations of war and has decided to recommend that action be taken without undue delay to ascertain the claims of Canadian citizens therefor, particularly claims against the ex-enemy countries with which Canada has concluded Peace Treaties. Under the provisions of the Treaties with Italy, Roumania and Hungary, the Canadian Government has the right to retain the assets of those countries or their nationals vested in the Custodian, up to the amount of the claims of Canada and Canadian citizens against those countries and their nationals. Anything in excess of that amount requires to be returned. Under the Treaty with Finland, Canada is obliged to return property which was vested in the Custodian.

2. Under the Trading with the Enemy (Transitional Powers) Act, the Custodian is required only to keep a record of Canadian claims which are filed with him on a voluntary basis. At the present time, no department or agency of the Government has the authority to advertise for claims, investigate the validity of claims, make awards or otherwise dispose of claims. The Government has not yet publicly invited or required the filing of claims by Canadians. The claims presently registered with the Custodian amount to approximately \$250,000,000.

3. The claims of some Canadians will be satisfied in whole or part from one or more of the following sources:

(a) *Peace Treaties.* Under the terms of the Peace Treaties with Italy, Roumania, Hungary and Finland, the Governments of these countries have undertaken to restore Canadian property to the rightful owners. They are also obliged to make restitution of looted property. Moreover, in the event that property cannot be restored, these Governments undertake to compensate the Canadian claimant in local currency to the extent of two-thirds of the damage suffered.

(b) *Equal Treatment Agreements with Certain Countries.* Canada has concluded Equal Treatment Agreements with the Netherlands and with France. It is expected that such an agreement will be concluded with Belgium in the near future. Under these agreements, the Governments of the countries mentioned will extend the same treatment to Canadians who have suffered property losses in those countries as they give to their own nationals. It is not expected that agreements will be negotiated with any other governments.

(c) *United Kingdom War Damage Compensation Legislation.* This legislation embraces all property within the jurisdiction of the United Kingdom Government in respect of which compensation is claimed, regardless of the nationality or residence of the owner, and Canadians are therefore eligible for compensation without the necessity of any formal agreement with the United Kingdom.

4. Apart from the claims which will receive some compensation from the sources mentioned in (3) above, there remains the residue which will require the Government's attention. Unless Parliament is asked to appropriate money, it appears that the fund for meeting this residue of claims will be relatively small, in view of the fact that it will be derived from the following sources:

(a) The liquidation of any reparation in kind which Canada is to receive from Germany. Under the Paris Reparation Act, Canada's share is 1.5% of industrial plant and equipment and 3.5% of the total pool of German external assets.

(b) The liquidation of enemy assets presently vested in the Custodian, which amount to approximately \$19 million. However, vested property may not be available as a source of payment without specific legislation of the Parliament of Canada to that end.

(c) The liquidation of whatever reparation Canada may receive under the Peace Treaties yet to be signed with Germany, Austria and Japan.

5. When all Canadian claims have been assembled, it will probably be necessary for the Government to appoint an independent government agency, preferably a Royal Commission similar to that established after World War I, to investigate and assess the validity of these claims, and also to recommend awards with respect to their settlement. It may also be desirable to establish a fund from which interim payments could be made to deserving claimants who would not otherwise benefit from compensation should the final settlement be delayed for any length of time.

6. It is therefore recommended that the Secretary of State be authorized to take such steps as may be necessary to ascertain the claims of persons residing or carrying on business in Canada, or of Canadian citizens residing outside of Canada, for

loss or damage arising directly from operations of war, including claims, the partial or full settlement of which is provided for under the Peace Treaties, Equal Treatment Agreements or the national legislation of certain countries. After ascertaining such claims, the Secretary of State should have them arranged in categories according to country, or in any other manner which he deems would be useful for Government purposes. It should be clearly indicated in any notice, press release or other form of advertisement that at the present time, such claims are required for purposes of information only, and that the action of the Secretary of State should in no way commit him or the Government of Canada to responsibility for the correctness of the claim, to taking action for the recovery of the claim or property in question, or with respect to settlement thereof or otherwise.¹³

7. This memorandum has been concurred in by the Secretary of State.

[L.S. ST. LAURENT]

2^e PARTIE/PART 2

JAPON
JAPAN

SECTION A

POINTS DE VUE SUR LE TRAITÉ DE PAIX AVEC LE JAPON
VIEWS ON PEACE TREATY WITH JAPAN

47.

DEA/50051-40

*Direction de l'Amérique et de l'Extrême-Orient
au haut-commissaire en Nouvelle-Zélande*

*American and Far Eastern Division
to High Commissioner in New Zealand*

CONFIDENTIAL

Ottawa, March 31, 1948

Dear Alfred [Rive]:

Mr. Bryan S. Lendrum, Assistant Secretary of the Office of the High Commissioner for New Zealand here, came in to see me this morning to discuss a number of questions relating to the Far East that had been raised in a memorandum attached to a letter of February 27th which A.D. MacIntosh had sent to Andrew Sharp, Official Secretary here. I understand that Mr. MacKay has sent you a copy of MacIntosh's letter.† In this letter I shall confine myself to what I told Mr. Lendrum concerning our present views on the Japanese Peace Treaty.

I said that officially there had been no change in the Canadian views with regard to the substance and procedure for the Japanese Peace Conference from those

¹³ Approuvé par le Cabinet le 6 mai.
Approved by Cabinet, May 6.

expressed by Mr. Claxton at the Canberra Conference last August. Mr. St. Laurent had made a statement in the House of Commons on December 19th regarding the procedural question in which he had reiterated that it was our view that the original United States proposals of July 1947 should be adhered to, namely, that the eleven states members of the Far Eastern Commission should meet together in a preliminary conference to draft the Treaty, voting to be a two-thirds majority.

The question posed in the memorandum read, "Do the Canadians regard the conclusion of the Peace Treaty as urgent and have they any opinions on how to overcome the procedural impasse." I said that it seemed to me that it made very little difference whether we regarded the conclusion of the Peace Treaty as urgent or not. Actually, we were not seriously affected one way or another. The only obstacles we felt at the present time were those restrictions on trade with Japan which would be largely remedied by the fixing of a rational exchange rate. I thought it was more important to consider what the factual situation was and, more particularly, what the intentions of the United States are. I thought that the Americans now felt that it had been fortunate that a Peace Conference had not been convened last fall as it would probably have worked towards a settlement generally similar to that envisaged in the various papers now before the Far Eastern Commission. The United States was now more concerned about the Soviet Union as a menace to world peace than Japan and was probably going to revise its own proposals for the reconstruction of the Japanese economy. Mr. Kennan's recent visit to Japan and the present Mission there of Mr. Draper, Under-Secretary in the War Department, would seem to indicate that the United States was going to review its policy with respect to Japan. The expectation was that they would give sufficient financial support to enable the Japanese economy to be rehabilitated by 1953. Such an economic rehabilitation was a continuing one and the United States did not feel that it could slough off its responsibility by a Peace Treaty. Accordingly, they did not consider a Treaty an urgent matter now, I thought.

It seemed to me that if other interested countries wished to influence United States policy in respect to Japan they would have to do so in the Far Eastern Commission. This might involve a re-examination of all of the matters now before the Far Eastern Commission, particularly those relating to the levels of industry to be permitted Japan and reparations removals. I thought it would be useful if the various British Commonwealth Members on the Commission could get together and exchange views in order to anticipate United States tactics in the Far Eastern Commission. It seemed to me that the methods by which the United States proceeded to initiate and implement its new economic policies with respect to Japan would be important. I thought that the United States should be encouraged to bring its proposals to the Far Eastern Commission to have them examined and discussed there in the various committees. When these papers were considered at the Commission level and the Soviet Union decided to veto them, it might be understood that the United States could then go ahead and issue an interim directive to General MacArthur. If the United States was prepared to accept the views of two-thirds of the Members of the F.E.C. and did not issue interim directives contrary to the views of the majority, then I thought that we should be well satisfied with this procedure as it was the one we were pulling for in the Japanese Peace Conference itself. How-

ever, it was also important that the United States should not try to short-cut this procedure. Otherwise interested countries like Canada and New Zealand would not have an opportunity to shape and influence their policies.

As regards the substance of the settlement with Japan, our views had not changed substantially from those expressed at the Canberra Conference. Our primary concern was security. Canada, as a North Pacific power, was perhaps more apprehensive concerning Soviet aggressive intentions than it was concerning possibilities of the revival of Japanese militarism. Moreover, Canadian strategic views concerning the defence of the northern half of the Western Hemisphere are bound to be very strongly influenced by the United States. If the United States felt that it was desirable to build up the Japanese economy to a point where it would be better able to assist in resisting Soviet expansionism in Northeast Asia than we were hardly in a position to argue over this policy. In the final analysis it was the United States which held the preponderance of power in the North Pacific and on whom we would rely for protection whether the aggression came from the Soviet Union or a revived Japan.

As for our secondary interests in the substance of the Treaty I thought that they were probably connected with the revival of commerce in the Pacific. The Canadian businessmen who had gone to Japan encountered a great many difficulties and prospects of reviving Japanese trade to even its pre-war levels were not bright. Some improvement would result from the establishment of a rational exchange rate. However, even this would not act as an all-powerful catalytic agent. I thought that it would be some years before commerce flourished again in the Pacific basin. Revival of Japanese trade with all countries would benefit Canada indirectly and it was from a general increase in commerce in the Pacific that we would profit rather than from a specific exchange of goods with any one country.

I told Mr. Lendrum in conclusion that I thought it would be useful for us to continue to have an exchange of views in Ottawa, Wellington and Tokyo on matters relating to the Japanese settlement, but that I thought that probably the most fruitful contacts could be made between our Embassy in Washington and the New Zealand Legation there. I knew that Mr. Collins and Col. [B]owles were on intimate terms and I was sure that they would continue to exchange views on all matters arising in the Far Eastern Commission which, I thought, would continue to be the principal arena for discussion on the Japanese settlement for sometime yet.

I am sending copies of this letter to Ralph Collins¹⁴ and Herbert Norman.

Yours sincerely,

A.R. MENZIES

¹⁴ Deuxième secrétaire, ambassade aux États-Unis; délégué suppléant, Commission pour l'Extrême-Orient.

Second Secretary, Embassy in United States; Alternate Delegate, Far Eastern Commission.

48.

CH/Vol. 2089

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

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

TOP SECRET

[Ottawa], July 23, 1948

JAPAN

General Political Considerations

In his message to you,¹⁵ Mr. Attlee points out that present United States policy in Japan is directed towards denying Japan's industrial potential to the Soviet Union. This is an objective to which we may all subscribe. There are, however, grounds for differences of opinion as to the way in which this objective should be achieved. United States strategy is to postpone the Peace Treaty and to build up the Japanese economy as quickly as possible. Both of these matters require examination.

2. The United Kingdom suggests that one of the primary motives for the desire of the United States to postpone the Japanese Peace Treaty is pure expediency in that they wish to continue to station troops in Japan. From our conversations with Mr. George Kennan, Chief of the Division of Policy and Planning in the United States Department of State, we understand that there are a number of other considerations which have influenced the United States toward postponement of further efforts to convene a Japanese Peace Conference. The Soviet Union is not prepared to accept United States procedural proposals. If a Peace Treaty were concluded with Japan without the participation of the Soviet Union, the latter would be under no obligation to observe the provisions of the Treaty. Moreover, the Soviet Union would then be in a position to offer the Japanese better terms and thus create difficulties. Finally, Mr. Kennan indicated that the United States was very reluctant to urge the Chinese to attend a Peace Conference in which the Soviet Union was not participating if the Chinese did not so wish.

3. We have suggested to the United States at the official level that there are a number of other avenues which might be explored informally in attempts to convene a Peace Conference. However, we recognize that responsibility and initiative in respect to this matter rest with the United States. If the Japanese should become restive under a prolonged occupation, it will be a United States responsibility. Similarly, if the Chinese are to be persuaded to come into a conference on our terms, the United States will have to bargain with them. Furthermore, the United States will be primarily accountable for any misstep in Allied relations with the Soviet Union in the North Pacific. Therefore, it would appear from a Canadian point of

¹⁵ DEA/50061-40, le 21 juillet.†
DEA/50061-40, July 21.†

view unwise to press the United States towards a course of action which they themselves consider imprudent.

Level of Economic Life in Japan

4. However, if a prolongation of the occupation requires the building up of Japanese industry to a point menacing the long term security of other Pacific countries, I think we have a right to express an opinion. I am inclined to agree with the United Kingdom that Japan can be given a viable economy without rebuilding its industries to a point where they would be a menace.

5. There is a question of tactics as to how the United States should be persuaded of the reasonableness of this view. The United Kingdom consider that this should be done by quickly submitting a revision of figures for the level of economic life in Japan. I think this would serve a useful purpose. However, I am not at all sure that Canadian interests would be served or our influence exercised to the best effect by associating ourselves with such a submission by the United Kingdom.

6. The background to the problem of the level of economic life in Japan is this. When the Far Eastern Commission initiated its study of the economic controls to be placed on Japan during the occupation period, it was seen that the questions of Japan's industrial war potential and reparations were closely linked. Hence the attempt was made to fix for the year 1950 a peaceful level of economic life for Japan based on the 1930-34 level with suitable increases for population growth, technical advances, adjustment of foreign trade, etc. What was above and beyond this peaceful level in the war supporting industries was to be made available as reparations.

7. The Far Eastern Commission has not yet reached a decision on a policy towards the levels of Japanese industry. The closest approach to an agreement is contained in policy paper FEC-242/32 which is based on original United States proposals. At present all members except the United States, the Soviet Union and China are under official instructions to support this paper.

8. This spring the United States Department of the Army sent two committees to Japan to survey the industrial requirements for Japanese recovery, and they have recommended a considerably higher level of economic activity. It would, however, be very difficult for the United States to win support from the Far Eastern Commission countries for any drastic upward revisions in economic levels for Japan. Countries such as China would not only be deprived of the greater portion of the reparations expected from Japan but might well feel their security threatened if such a programme were adopted.

9. However, if the United States is to continue to regard the Far Eastern Commission as the policy-formulating body for Japan some agreement should be reached in the matter. Although Canadian security requirements are sufficiently similar to those of the United States to permit our acceptance of general and substantial increases in the levels of Japanese industry, Canada can, I think, best make her influence felt on policy towards Japan through the medium of the Far Eastern Commission. We have an interest in the avoidance by the United States of action which might prejudice the right of the Far Eastern Commission powers to participate in the formation of policy.

10. We think that any submission to the Far Eastern Commission by the United Kingdom of a policy paper revising upwards the levels of industry previously put forward in the Commission might have more chance of winning acceptance if it were presented before the United States became deeply committed to a paper of their own. The suggestion might be forthcoming from the United Kingdom that a Commonwealth working party should be organized to examine the figures relevant to this paper. We feel that a working committee of this nature, if suggested, would cause delay. It would probably make for antagonism on the part of the United States such as that which developed from the holding of the Canberra Conference last year. It might result in commitments which would limit our freedom of manoeuvre in the difficult negotiations consequent to the expected introduction of the United States proposals in the Far Eastern Commission.

11. In summary we feel that a proper evaluation of the position of primary responsibility held by the United States in regard to Japan makes it inadvisable to press the United States unduly to convene a Peace Conference which they regard as imprudent at this time. Although the United Kingdom submission to the F.E.C. of higher figures relative to the Japanese level of economic life than those previously proposed in the Far Eastern Commission would be welcomed by us, we doubt that it would be to Canada's advantage if we were to be associated too closely with such a submission.

12. I am attaching, for your consideration, a personal message to Mr. Attlee embodying these conclusions in case you wish to transmit a reply through Sir Alexander Clutterbuck.¹⁶ In view of the general nature of our opinion on the matter this personal message from you to Mr. Attlee should suffice to answer both Mr. Attlee and the Commonwealth Relations Office telegram No. 137. I am forwarding a copy of this memorandum and its attachments† to Mr. St. Laurent in case you might wish to discuss the subject with him.

13. Also attached, for your information are copies of Secret Commonwealth Relations telegram No. 137, dated July 20, 1948,† concerning level of economic life in Japan, Secret memorandum for the Secretary of State for External Affairs, dated June 15, 1948,† concerning United States policy in Japan, and Top Secret telegram, dated July 7, 1948, from the Canadian High Commissioner, London, † concerning probable United Kingdom-Australian discussions on the level of Japanese industry.

L.B. PEARSON

¹⁶ DEA/50061-40, le 23 juillet.†
DEA/50061-40, July 23.†

SECTION B
COMMISSION SUR L'EXTRÊME-ORIENT
FAR EASTERN COMMISSION

49.

DEA/4606-U-1-40

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

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

SECRET

[Ottawa], February 4, 1948

APPLICATION BY PAKISTAN FOR MEMBERSHIP IN
THE FAR EASTERN COMMISSION

On January 9th, 1948, Pakistan, in a letter from the Counsellor of the Embassy of Pakistan at Washington to the Secretary-General of the Far Eastern Commission, made formal application for membership in the Commission. This letter has been circulated as document FEC-286.†

2. At its 86th meeting on January 15th the Commission discussed the method by which this application should be dealt with. Since this is the first time that any other country has sought to join the Commission, there is no precedent to guide the members in the current discussions.

3. Article V of the Terms of Reference of the Far Eastern Commission, which provides for the admission of new members, reads as follows:

"The membership of the Commission may be increased by agreement among the participating powers as conditions warrant by the addition of representatives of other United Nations in the Far East or having territories therein."

4. It was generally agreed by all the members that this provision should be interpreted to mean that agreement should be reached among the Governments of the States members of the Far Eastern Commission, on the subject of Pakistan's admission, in a manner similar to that in which the Commission had been created. It thus followed that since the procedure was not clearly laid down, the necessary agreement could be reached either through normal diplomatic channels, whereby Pakistan would initiate diplomatic exchanges with each Member Government, or by having all Governments convey their instructions to their representatives in Washington or on the Far Eastern Commission. It was recognized that the Far Eastern Commission, as such, is not competent to admit new members. It was agreed that it would not be desirable for the Commission itself to discuss the admission of Pakistan in an open debate, as there would be no representative at the meeting to present Pakistan's case.

5. It was finally agreed that FEC-286 should be tabled and that each member would seek the views of his Government. When all such views are known, the Commission will again consider whether or not it should deal with the application.

6. On January 21, in Circular telegram D. 42,† the Commonwealth Relations Office expressed the following views on Pakistan's application of January 9. While the Far Eastern Commission is not competent to take action on the application, this could conveniently be taken in Washington by the exchange of views of the Governments concerned through their representatives there. The United Kingdom intends to support Pakistan's application, but has assumed that the "agreement" referred to in Article V of the Terms of Reference of the Commission must be unanimous. The British Embassy have addressed a letter to the Chairman of the Commission and a note to the State Department informing them of these views.

7. On January 27 the Australian Minister for External Affairs replied to the above Circular telegram D. 42, indicating that the Australian Government intends to support Pakistan's application for membership in the Far Eastern Commission, and that they concurred in the suggestion of the United Kingdom Government that the application be dealt with by an exchange of views through the diplomatic representatives in Washington of the eleven Governments concerned.

8. It will be recalled that the attitude of the Canadian Government to the participation of Pakistan in the Canberra Conference was expressed in telegram No. 148 dated August 11, 1947,† from the Secretary of State for External Affairs, Ottawa, to the Secretary of State for Commonwealth Relations, London. It was stated that the Canadian Government would have no objection to the participation of delegates from Burma and Pakistan, but it was emphasized that since the Canadian Government had already agreed to the United States proposal of July 11 that there should be a preliminary Peace Conference on Japan, to be attended by the eleven States members of the Far Eastern Commission, its concurrence in the participation of Pakistan and Burma in the Canberra Conference was not in any way to be interpreted to mean that we would support their application for participation in the initial Peace Conference.

9. However, on August 26 the new Dominion of Pakistan was admitted to the United Nations as a member and there therefore arose at the Canberra Conference, during the discussions on the procedure for the drafting of the Japanese Peace Treaty, the question of whether Pakistan should not be added to the list of eleven countries members of the Far Eastern Commission which would, under the United States proposal, draft the preliminary Peace Treaty.

10. It was the unanimous wish of the Conference that Pakistan should be allowed to participate in the future Peace Conference and, while it was recognized that the United States and the U.S.S.R. might object to its participation, the Commonwealth countries undertook to do whatever they could to support Pakistan's claim for admission. No serious developments in this field have taken place between the Canberra Conference and the recent application by Pakistan on January 9 for admission to the Far Eastern Commission.

11. This is quite obviously intended by the Government of Pakistan to be a major step towards ensuring that they will be represented at the preliminary Peace Conference. If they should be admitted to the Far Eastern Commission, it would not only make it very much easier for the United Kingdom and other Commonwealth countries to support their claim at the appropriate time, but it is difficult to see how

their claim could reasonably be rejected after they have qualified for membership on the Commission.

12. With regard to its present application, we can see no reason why Pakistan should not be admitted to the membership of the Far Eastern Commission. Its claim is based on the same considerations, about which there has never been any question, as govern India's membership. Pakistan is a sovereign state, (The United Nations Assembly accepted it unanimously); it made a great contribution in manpower to the ultimate Allied victory and, geographically, Pakistan is as much a Power with Pacific interests as India.

13. It is therefore recommended that the Canadian Ambassador in Washington be instructed to support Pakistan's application for membership.¹⁷ A teletype in this sense is attached for your approval.†

14. However, it must be noted that Pakistan's action has raised the question of other applications which might be submitted in future to the Far Eastern Commission. It is quite possible that the U.S.S.R. may wish to sponsor a claim from the Outer Mongolian People's Republic or even, at a later date, Korea. Burma may also wish to join and all such manoeuvres would probably be closely related to the Japanese Peace Conference. The Canadian Government would naturally have to consider any such future applications on their merits, but we have in the past and at Canberra held the view that any country, either applying for membership in the Far Eastern Commission or claiming a right to participate in the Japanese Peace Conference, would not only have to have a legitimate interest but would also have to have an independent foreign policy. That is, if Burma were to be admitted to the United Nations, we might be willing to support any application she may make for membership in the Far Eastern Commission, but we would probably wish to oppose any similar claim on behalf of the Outer Mongolian People's Republic on the grounds that the Security Council has rejected its application for membership in the United Nations.

L.B. PEARSON]

†¹⁷ Le Cabinet approuva la recommandation de Saint-Laurent à cet effet le 6 février.
Cabinet approved St. Laurent's recommendation to this effect on February 6.

50.

DEA/4606-U-1-40

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

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

CONFIDENTIAL

Ottawa, May 8, 1948

PROPOSED ADMISSION OF BURMA TO THE FAR EASTERN COMMISSION

On April 30, the Burmese Ambassador in Washington sent a note to our Ambassador there requesting the assistance and cooperation of the Canadian Government in obtaining the admission of Burma to the Far Eastern Commission.

2. Article V of the Terms of Reference of the Far Eastern Commission (Moscow agreement of December 27, 1945), which provides for the admission of new members reads as follows:

"The membership of the Commission may be increased by agreement among the participating powers as conditions warrant, by the addition of representatives of other United Nations in the Far East or having territories therein."

3. Pakistan has been the only country to apply for membership under the terms of this article. Since it was generally recognised that the Commission, as such, was not competent to admit new members, it was agreed that the application of Pakistan should be dealt with by an exchange of views through the diplomatic representatives in Washington of the eleven governments participating in the Commission. The matter is still pending. Burma has an equally supportable claim to membership on the Far Eastern Commission.

4. Burma's interests in the settlement with Japan are these: With a population of fifteen million and considerable natural wealth, Burma will become an increasingly important far eastern state. The fact that her territory was fought over from end to end in the war with Japan gives her reason to request a voice in the formulation of the policies and principles by which the Japanese Government is to fulfil the terms of surrender. Burma's war damage and losses constitute a good portion of the United Kingdom claim for reparations from Japan. Without special agreement, the United Kingdom could not now continue to represent Burma's interests in the Far Eastern Commission. It would appear more appropriate for Burma to have her own representative.

5. The genuineness of Burma's independence, and its capacity to play a part in international affairs are generally recognised. Anglo-Burmese agreements do not in any way limit the independence of the country. Burma has been judged competent to assume the responsibilities of United Nations membership. On April 19 the General Assembly approved Burma's application by unanimous vote.

6. It would be in Canada's interest, I think, to support Burma's application for membership in the Far Eastern Commission. To oppose it would be regarded in Asia as a slight to a country whose right to secede from the British Commonwealth we have all recognized. Canada supported Burma's application for membership in

the United Nations. We have already recognized her interest in the Japanese peace settlement by agreeing to her participation in the Canberra Conference last summer. We have advocated the view that all states which fought Japan and which have important interests in the Far East, have a right to take a direct part in the formulation of a peace settlement with Japan. Having agreed to support Pakistan's application for membership in the Far Eastern Commission, we should, I think, support Burma's.

7. I should like to have your approval for instructing the Canadian Ambassador in Washington to inform the Burmese Ambassador, in reply to his note of April 30, that Canada will support Burma's application for membership in the Far Eastern Commission.¹⁸

E[SCOTT] R[EID]

51.

DEA/8364-40

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

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

CONFIDENTIAL

Ottawa, May 10, 1948

RECENT DEVELOPMENTS IN UNITED STATES AND SOVIET POLICY
IN THE FAR EASTERN COMMISSION

Although the holding of a Japanese Peace Conference now appears to be somewhat remote, developments of the last few months indicate that the eleven member Far Eastern Commission may be entering upon a new phase in its work in which it is becoming increasingly difficult for it to function as it was originally intended to, namely, as the policy making body for Japan for the duration of the occupation. The two main developments along these lines have been (a) a stiffening of the Soviet Government's attitude together with the formal use of the veto by its representative, and (b) a shift in the United States Government's policy towards an increasing reliance upon the executive authority of the Supreme Commander for the Allied Powers as a substitute for policy decisions by the Commission, as well as towards a greater willingness to issue interim directives to the Supreme Commander in order to counteract the Soviet delegation's policy of obstructionism.

2. In the past, the work of the Commission was generally carried on by the majority of the members in a spirit of good faith. This was reflected in their desire to cooperate constructively and was based to a large extent on their identity of interests regarding Japan. Frank and free exchanges of views took place in the working committees. This, however, often led members to refrain from pressing policy decisions to a vote which would have brought on the United States or Soviet veto. As a result of such inaction by the Commission in many important fields, such as those

¹⁸ Note marginale /Marginal note:
I agree. St. L[aurant]

of reparations removals and levels of industry, the basic issues underlying them have largely been resolved by the course of events in Japan. No agreed Allied policy has yet been reached concerning these and other matters. Hopes that such agreements might be reached before the Peace Conference have been considerably diminished by the altered tactics of the United States and Soviet delegations in the last few months.

The Soviet Attitude

3. During the past six months, the Soviet delegation has become increasingly reluctant to accept compromises, and has made every effort to gain the acceptance of Soviet amendments without alterations at all levels of the Commission. Jurisdictional disputes have become frequent and the Soviet delegation has attempted to prevent the discussion by the Commission of many controversial issues on the grounds that they lie beyond its jurisdiction. Moreover, in recent months the Soviet representative has frequently resorted to the Commission as a medium for criticizing the Supreme Commander's activities. Article II-A-2 of the Terms of Reference enables any member to review any action taken by the Supreme Commander involving policy decisions.

The Veto

4. The Terms of Reference governing the activities of the Commission were agreed upon at the meeting of the Council of Foreign Ministers at Moscow in December 1945. Under Article V,2, which lays down the voting procedure of the Commission, China, the United Kingdom, the United States and the U.S.S.R., each possesses the veto power. Although the Commission has never been free from the constant threat on the part of the United States and the Soviet members to employ this power, it was not until March 4, 1948, after more than two years of the Commission's activity, that the veto was actually invoked for the first time in order to prevent the adoption of a policy which was unacceptable to the Soviet delegation in its final form.

5. One result of this action was that on March 17, the United States Government issued an interim directive to the Supreme Commander in accordance with its authority under Article III, 3 of the Terms of Reference. This directive, brought into force most of the provisions of the policy which the Soviet member had vetoed a fortnight previously, thus circumventing his veto.

The United States Attitude

6. At the same time as the developments noted in para.3 above were going on, concurrent developments were taking place in United States policy which may, in the long run, come to be of greater significance to the work of the Commission than the use of the Soviet veto. There have been indications lately that the United States Government may be coming to think in terms of revising its general policy towards Japan in the light of the probability that the occupation will now be prolonged for

many years longer than was initially anticipated.¹⁹ This is bound up with the deteriorating world situation in which the tension between the United States and the Soviet Union is increasing, and in which Japan is gradually coming to assume greater strategical importance to the United States as the forces of Communism consolidate their holds over Korea and Northern China. One of the implications of this re-orientation of the United States policy is the gradual growth of a conviction in certain high quarters in the United States that, since both the Allied Council in Tokyo and the Far Eastern Commission in Washington were set up to assist in the formulation of Allied policy during the first stage of the occupation of Japan, and since that initial stage of consolidation of control over, and demilitarization of, Japan is drawing to a close, both the Allied Council and the Commission have outlived their usefulness. The thinking of this group appears to be along the lines that the Commission should revert in practice, if not in theory, to its earlier advisory capacity.

7. In the event of serious disagreement arising between the members of the Commission and the United States Government over the latter's policy in Japan, the Commission might easily come to be regarded by the United States as an unwelcome embarrassment. The United States Government might then be tempted to bypass the Commission as a policy making body. Moreover, it is in a position to reduce the Commission to impotency because its representative can veto any new policy and, in the absence of a policy governing any subject, the Supreme Commander has virtually a free hand to implement whatever policy he desires. There have already been several instances of this development in United States policy of enlarging the Supreme Commander's powers at the expense of those of the Commission.

8. The Legal Adviser to the United Kingdom Foreign Office has indicated his agreement with the United States' view that a legal basis for the Supreme Commander's almost unlimited authority may be found in Article II-A-2 of the Terms of Reference. This article provides that one of the functions of the Commission shall be "to review . . . any action taken by the Supreme Commander involving policy decisions within the jurisdiction of the Commission." This is interpreted to mean that the Supreme Commander may not only make policy decisions but that he is, in fact, free at all times to take such decisions and to act independently in all those matters not covered by previous policy decisions of the Commission.

Attitude of Other Members

9. While the United States Government may not intend to pursue this line of thought to its logical conclusion, nevertheless other members of the Commission are concerned about the possibility thus opened up that there would be no legal limitation which might prevent the United States Government from relegating the Commission to a position of insignificance similar to that now occupied by the Allied Council for Japan. This situation, in which the United States appears to have

¹⁹ Une vue plus complète de la politique étrangère des États-Unis fut présentée par George Kennan lors d'une visite à Ottawa le premier juin. (Copie de la note de la conversation sur DEA/20061-40†). A more comprehensive picture of US foreign policy was provided by George Kennan when he visited Ottawa on June 1. (Copy of memorandum of conversation on DEA/20061-40†)

a relatively free hand, and in which the Soviet delegation seems bent on obstructing the work of the Commission in order to maintain conditions of disorder in Japan, has meant that many of the other members have been forced to resort to the tactics of corridor diplomacy. Like-minded members are being driven to working out agreements on issues of common interest to them in advance of Commission meetings. This is an undesirable departure from their previous practice of coming to the meetings with open minds. A two-year period of constructiveness and good faith might almost be said to have come to an end.

10. However, in actual fact the United States Government is susceptible to moral and diplomatic pressure, and I am inclined to think that the United States Government would be prepared to go a long way to gain general support for its policies in Japan, both because of the importance to it of domestic as well as international support, and because of the desirability of maintaining in Japan a public opinion friendly towards the occupation.

11. The general feeling among the Commonwealth and other more moderate members is that, in the light of the realities of the present situation, the most sensible course for them to follow in their own interests would be to encourage the United States Government to issue interim directives to the Supreme Commander with the support of a substantial majority of the members; in the event that desirable Commission policies are either unduly delayed or blocked by vetoes. A spirit of intelligent cooperation coupled with one of constructive criticism on the part of most of the other members might encourage the United States Government to continue to work through and with the Commission for some time to come. Otherwise there is a risk that the existing Commission machinery might be scrapped as a result of persistent opposition to the United States. The course suggested above would have the merit that, if the United States Government were to assume responsibility for issuing interim directives to the Supreme Commander instead of allowing the latter to formulate policy by independent actions, the United States Government would probably try to get at least majority support for any action taken through such interim directives. In this way discussions of prospective policies in the Commission would continue to serve a useful purpose. In the absence of opportunities for such discussions, it would become increasingly difficult for the other members of the Commission, including ourselves, to exert any appreciable influence in the formulation of policy in Japan, having in view the fact that the United States alone is bearing almost the entire burden of the occupation.

The Canadian Attitude

12. Our position is influenced by the fact that Canada and the United States are the only two North American members of the Far Eastern Commission and Canada is therefore more inclined to share United States views on security questions than other members are. Our common commercial and other interests also tend to draw us closer together. Moreover, the Canadian Government was prepared a year ago to participate in a general Japanese Peace Conference, to be based on a two thirds majority voting procedure. A simple majority voting procedure might have left the United States too much freedom of manoeuvre.

13. It seems to me that our general attitude should be somewhat as follows. We should continue to pursue the long-range objectives which we had in mind at the Canberra Conference. Since the Canadian Government might well have been at peace with Japan now, had the proposed Peace Conference taken place last year, we should be willing to support the restoration in Japan of conditions as nearly as possible approximating those which would obtain if Japan had by now made her peace with the Allied Powers. Actually we enjoy far more control over Japanese affairs under the present circumstances of the occupation than we would were we to be at peace with that country now. That this is due almost entirely to the fact that the United States and not the Soviet is the principal occupying power also influences our willingness to cooperate with the United States delegation on the Far Eastern Commission. We should favour on the one hand a shift in the practice of the Commission towards the two thirds majority voting procedure, and, on the other hand a restoration of more normal and liberal conditions in Japan which would anyway have come about with the peace settlement.

14. To sum up, the position is that from now on interim directives from the United States Government may be increasingly required if effect is to be given to the view of the majority on the Commission, and this is a development to which we might well lend our support in order to thwart the use of the veto by the Soviet member. However, the disposition on the part of the United States Government to claim a greater area of freedom of manoeuvre should be given the most careful attention, since we would not wish to find ourselves in a position in which, by supporting the United States Government against the pressure of the Soviet veto, we had allowed all effective influence over Japanese problems to slip out of our hands.

15. I should be grateful if you would indicate whether you concur with the views set forth in paragraphs 13 and 14 above.²⁰

E. REID

²⁰ Note marginale /Marginal note:
I agree. Louis S. St. Laurent. May 13 1948

SECTION C

PROCÈS POUR CRIMES DE GUERRE
TRIALS FOR WAR CRIMES

52.

DEA/4060-C-40

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

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

SECRET

Ottawa, November 10, 1948

RE FAR EASTERN WAR CRIMES — PROPOSED FURTHER
CANADIAN PARTICIPATION

On October 29, the Department received a message from the Canadian Liaison Mission in Tokyo reporting that General MacArthur's Headquarters had requested that Canada provide a judge for forthcoming war crimes trials of ex-Lieutenant-General Hiroshi Tamura, ex-Admiral Toyoda Soemu, former Commander-in-Chief of the Japanese Navy and possibly others. It was not suggested that any Canadians had been victimized by the accused.

2. We are informed by the Commonwealth Relations Office that Tamura and Toyoda had been held as "class A" suspected war criminals for trial by a second International Military Tribunal similar to the one which, at long last, is winding up. The present suggestion is that they be tried for class "B" or "C" (minor) war crimes by Military Commissions of the American type, but that MacArthur's Headquarters would like to give the Commissions an international flavour.

3. The United Kingdom Government has instructed its Liaison Mission in Tokyo that it does not seek representation on the panel of judges at the Tamura and Toyoda trials.

4. Canada has already fully participated both in the trials of the major Japanese war criminals and in minor trials in the Far East where there was a Canadian interest. In view of the United Kingdom action, and of the fact that no Canadians appear to have been victimized, it is recommended that the Canadian Liaison Mission in Tokyo be advised simply that "Canada does not seek representation on the panel of judges at the Tamura and Toyoda trials." You may wish to raise this matter with the Cabinet.

5. I would be grateful to know, in any event, whether the foregoing recommendation has your approval.²¹

E[SCOTT] R[EID]

²¹ Note marginale :/Marginal note:
Agree. B[rooke] C[laxton]

53.

DEA/4060-C-40

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

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

Ottawa, November 15, 1948

RE FAR-EASTERN WAR CRIMES — FURTHER REQUEST
FROM MACARTHUR'S HEADQUARTERS

Attached is a telegram No. 314, dated November 13, from the Canadian Liaison Mission in Tokyo.† Also attached is telegram No. 313, of the same date,† which contains an analysis of the verdict and sentences in the trial of the major Far Eastern war criminals conducted by the International Military Tribunal in Tokyo.

2. Mr. Norman, the chief of the Canadian Mission in Tokyo, has received a request to go to the office of the Supreme Commander on November 22, "to advise and consult with reference to sentences of defendants in the International Military Tribunal Trials." In an earlier memorandum, I recommended to you that Canada should not seek to be represented on the panel of judges for the forthcoming trials of Toyoda and Tamura. (Those trials of course would *not* be by International Military Tribunal.)

3. Mr. Norman has advised that it is expected that the ten representatives of the Allied Powers will be present on November 22 to advise the Supreme Commander on the exercise of his right to review the sentences.

4. I suggest that if the other Liaison Missions in Tokyo are to be represented in these conversations, and particularly if the United Kingdom Mission is to be so represented, it would be appropriate for the Canadian Mission to accede to General MacArthur's request.

5. In the past, we have experienced certain difficulties because of our participation in the commutation of sentences, (e.g. Kurt Meyer). Moreover, similar difficulties were experienced because United Kingdom Military Officers commuted the sentences of Japanese war criminals who were guilty of atrocities against Canadians. Nevertheless, it is difficult to see how we could properly refuse this request, when a Canadian Judge was represented on the panel of judges which tried the principal Japanese war criminals.

6. I would be grateful to know whether you agree that it would be in order for Mr. Norman to accede to General MacArthur's request and that he should be authorized to exercise his best judgment in any questions which may arise in the

review, which General MacArthur expects to undertake, of the sentences imposed on the accused.²²

E[SCOTT] R[EID]

54.

DEA/4060-C-40

Note

Memorandum

[Ottawa], December 14, 1948

APPEAL TO THE UNITED STATES SUPREME COURT FROM JUDGEMENTS BASED
BY THE INTERNATIONAL MILITARY TRIBUNAL FOR THE FAR EAST UPON
JAPANESE WAR CRIMINALS

On December, 6th the United States Supreme Court decided, by a vote of 5-4, to hear the appeal of two Japanese War Criminals sentenced to die by the International Military Tribunal for the Far East.

2. It appears that the Defence Lawyers base their case on the contention that the International Tribunal was in reality a creation of the United States.

3. The United States Department of Justice, on the other hand, intends to argue that the Tokyo War Crimes trials were handled by a genuinely international tribunal. It has, therefore, requested an opinion from the Far Eastern Commission as to the status of the International Tribunal. When the question was brought to the attention of Committee No. 5 of the Commission, on December 10th, the delegates acting in their personal capacities agreed to submit a draft reply for consideration of the Steering Committee of the Commission on Tuesday morning December 14th. Text of the draft may be found in teletype WA-3145 of December 11th from Washington (attached).†

4. Although information then available was inadequate, Mr. Menzies, of the American and Far Eastern Division, and Mr. Hopkins, the Legal Advisor, studied (1) the appropriateness of producing an opinion in this matter for the use of the United States Justice Department and (2) in the event such an opinion was to be presented, what form it should take.

5. Their conclusions were communicated by telephone to Mr. Collins, the Alternate Canadian Delegate on the FEC and repeated in a teletype to Washington, (attached).† The views expressed were that it might not be appropriate for the FEC to render the opinion requested by the United States Department of Justice. Such an opinion might be difficult to differentiate from a formal policy decision and failure to comply with it on the part of SCAP might endanger the whole position of the Commission.

²² Note marginale :/Marginal note:
Approved. B[rooke] C[laxton]

6. The United Kingdom's instructions to its representatives on the Commission were repeated to Ottawa in CRO telegram No. 170 of December 13th. The United Kingdom attitude was that it would be unwise for the Far Eastern Commission to adopt an ex-post facto policy decision stating that the International Military Tribunal was an international court properly established pursuant to the authority of the Far Eastern Commission, itself an international body. Such an act might only serve to throw doubts on the status of the International Tribunal which, the United Kingdom felt as we did, is a truly International Court. The position of the United Kingdom was that the only proper recipient of appeals against sentences of the International Tribunal would be SCAP.

7. Shortly after noon, on December 14th, Mr. Collins called Mr. Menzies from Washington and reported that at the meeting of the Steering Committee that morning there had been no discussion of this question. The subject is to be taken up Wednesday morning at a meeting of the full Commission.

8. Mr. Collins also reported on conversations with four delegations:

a) The New Zealand delegate acting without reference to Wellington for instructions said that he would support the draft reply to the United States Justice Department, with slight modifications;

b) The Australian member had received instructions to support the production of an opinion for the Justice Department;

c) The United Kingdom had received the instructions outlined in the United Kingdom telegram referred to above, but would probably not support the presentation of an opinion for the Justice Department without receiving further instructions;

d) The United States member had been told informally by Mr. Collins of our reservations.

9. At the Wednesday morning meeting a number of delegates will probably be without instructions and may be obliged to abstain. If so, the motion to produce an opinion for the Department of Justice may still be carried in view of the fact that, according to the voting procedure of the Commission, abstentions do not constitute vetoes.

10. If the Supreme Court is aware that there has been a qualified vote in the Far Eastern Commission on this question, it may reflect adversely on its opinion as to the attitude of the member countries of the Commission unless the reasons for the abstentions came clearly under two headings:

a) lack of instructions

b) attitude that the Far Eastern Commission should not give such an opinion for the use of the Justice Department

In view of the above situation, a teletype has been prepared for the Canadian Ambassador. In this teletype the Ambassador is told that, in our opinion, his representative on the Commission might make a statement to the effect that

(1) Doubts are entertained concerning the desirability of the Far Eastern Commission rendering an opinion to the United States Department of Justice to be used before a domestic court of the United States.

(2) Consequently, if the matter is pressed to a vote, he will have to abstain.²³
 The above instructions were approved by the Acting Under-Secretary and received the verbal approval of the Acting Minister.

SECTION D

RÉHABILITATION DE L'ÉCONOMIE JAPONAISE ET OCTROI AU JAPON DE LA CLAUSE
 DE LA NATION LA PLUS FAVORISÉE
 REHABILITATION OF JAPANESE ECONOMY AND MOST-FAVOURIED
 NATION TREATMENT FOR JAPAN

55.

DEA/8273-40

*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*

SECRET

Ottawa, April 3, 1948

Dear Dr. Clark:

I am enclosing two interesting telegrams, Nos. 109 of April 1† and 110 of April 2,† from Dr. E.H. Norman, Head of the Canadian Liaison Mission in Tokyo, reporting on his conversation with Major-General Draper, U.S. Under-Secretary of the Army who has recently been visiting Japan.

You will probably have seen reports in the press that the United States is considering a revision of its policy toward Japan, that it may be considering ways and means of giving economic assistance to Japan with a view to rehabilitating that country's economy by 1953. Such a change in policy would affect Far Eastern Commission papers fixing the peaceful levels of industries to be permitted Japan and the amount of industrial equipment that would be available for reparations removals from Japan. Our representative in the Far Eastern Commission has consistently supported high levels for Japan's industries and in accepting the views of the majority in committees on lower levels has often indicated that we would have preferred a higher level. Should the United States now propose a reconsideration of papers in the Far Eastern Commission, I think we would be in a position to give them support without showing any inconsistency of attitude.

Any Canadian Government loan to assist in the rehabilitation of the Japanese economy at this time would, of course, be out of the question. I do not know whether any private Canadian investors would be interested in such a venture.

²³ La «resolution» de la Commission pour l'Extrême-Orient fut approuvée à l'unanimité le 15 décembre, avec abstention du Canada et de l'Inde.
 The "resolution" of the Far Eastern Commission was approved unanimously on December 15, with Canada and India abstaining.

You will note in paragraph 4 that the suggestion has been advanced that the Canadian Textile Mission, at present in Great Britain, might be consulted with a view to ascertaining their critical opinion on the question of textiles and what products might be favourably received in Canada and what the dangers would be in the revival of the Japanese textile industry. I should be glad if you have any comments to offer on this matter that I could pass on to Dr. Norman.

You will notice also that in paragraph 6, inquiries were made concerning the availability of low-grade wheat and heavy timber. I assume that Mr. Kenderdine, the representative of the Department of Trade and Commerce in Japan, will be communicating direct with his Department about these inquiries.

I am sending copies of these telegrams to the Deputy Minister of Trade and Commerce and the Governor of the Bank of Canada.

Yours sincerely,
L.B. PEARSON

56.

DEA/8273-40

*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*

SECRET

Ottawa, April 16, 1948

Dear Mr. Pearson,

I refer to your letter of April 3rd enclosing two telegrams from Dr. Norman concerning the conversation which he had recently with General Draper who has been visiting Japan in connection with the revival of the Japanese economy.

The possibility of a Canadian Government loan to assist in the rehabilitation of the Japanese economy at this time is clearly out of the question. There is no likelihood that Canadian private investors would be willing to lend to Japan. Even if they were willing to extend credit assistance to Japanese industry, we would not permit them to do so for the simple reason that the Canadian economy is in no position to send unrequited exports to Japan.

With regard to the suggestions concerning textiles, I do not understand the reference to the Canadian Textile Mission in Britain. I have not heard that there is such a Canadian mission in Britain at the present time. However, I am informed by the Wartime Prices and Trade Board officials that Canada would be interested in obtaining from Japan reasonable amounts of grey cloth and cheaper cottons which are adapted to the Canadian market provided they could be had at reasonable prices. With respect to the longer run situation, I see no reason why the revival of the Japanese textile industry should be deliberately prevented.

With respect to the general question regarding the rehabilitation of Japanese industry, I agree with you that we should continue in the attitude which our repre-

sentatives have taken in the past in supporting a policy of high levels for Japanese peaceful industries.

Yours very truly,
W.C. CLARK

57.

DEA/6750-40

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

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

SECRET

[Ottawa], August 23, 1948

MOST FAVOURED NATION TREATMENT FOR JAPAN

At a meeting of the Interdepartmental Committee on External Trade Policy of August 19, the question of granting Most Favoured Nation treatment for Japan was considered, and I understand that the Cabinet Committee on External Trade Policy will discuss this subject at its next meeting.

The United States Government has expressed its intention of placing this question on the agenda for the second session of the Contracting Parties of the General Agreement on Tariffs and Trade, being held this month in Geneva. This follows an unsuccessful attempt by the United States Government at the Havana Conference to obtain reciprocal exchange of Most Favoured Nation treatment with the Occupied areas of Germany and Japan. A further unsuccessful effort was made to include in the E.C.A. bilateral agreements an undertaking that the E.R.P. countries would grant such privileges to Japan. As a result of the strong objections raised by European countries, particularly the United Kingdom, this provision was removed from the final agreements.

The United Kingdom resisted on the specific grounds that there was no necessary connection between Japan and European recovery, and that in addition, prior consultation with other members of the Commonwealth was necessary. It is understood that the British remain opposed to the granting of M.F.N. treatment and intend to state at Geneva that they have not had time to consider the matter adequately, in consultation with their domestic industries, of which the textile manufacturers would be the hardest hit, or with other Commonwealth governments. They propose to seek a postponement of the issue.

The Interdepartmental Committee is in agreement with its Sub-Committee that, from an economic point of view, the granting of M.F.N. treatment to Japan would be desirable. It is in the interest of Canada that the Japanese economy operate on a viable basis. The world needs the textiles which Japan would be in a position to produce, and it might be difficult for Canada to justify opposition to steps that would develop healthy commercial and trade arrangements in the Pacific area. Japanese markets, if revived, could become of considerable importance to Canada.

The Committee, however, recognized that in the light of past Japanese practices, such treatment for Japan should only be granted on the basis of adequate guarantees from the responsible authorities in Japan.

It will be recognized then that in this instance Canada has an interest in M.F.N. treatment for Japan different from that of the U.K. Government, and more similar to that of the United States Government, although the latter is carrying the major portion of the present burden of Japanese deficits. Apart, however, from purely economic considerations, the granting of such treatment to Japan may cause difficulties within Canada, particularly with the Canadian textile industry. Neither the Committee nor the Sub-Committee have attempted to assess the domestic political aspects of this problem, and perhaps you will be able to examine this side of the matter at the meeting of the Cabinet Committee.

L.B. PEARSON]

CHAPITRE III/CHAPTER III

NATIONS UNIES
UNITED NATIONS

PREMIÈRE PARTIE/PART I

REPRÉSENTATION AUX NATIONS UNIES À NEW YORK, GENÈVE ET
PARIS

REPRESENTATION AT UNITED NATIONS IN NEW YORK, GENEVA
AND PARIS

SECTION A

COMPOSITION DES DÉLÉGATIONS
COMPOSITION OF DELEGATIONS

58.

DEA/5475-AS-240

*Note du secrétaire privé du secrétaire d'État aux Affaires extérieures
au secrétaire d'État aux Affaires extérieures*

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

Ottawa, January 2, 1948

General McNaughton telephoned me at home to-day to let you know that he was at the disposal of the Government for the Security Council post. He told me that he would accept the appointment in principle but would like to discuss minor details with you at your convenience.

He said that he could keep the chairmanship of the International Joint Defence Committee and, of course, his post on the Atomic Energy Commission, but would have to resign from the chairmanship of the Atomic Energy Control Board in Ottawa.

The General telephoned me again in the afternoon and I told him that you were pleased to hear that he would accept the appointment and that you would also be pleased to see him as soon as possible.

I told the General that the Department is putting out to-day a press release to announce that Mike [L.B.] Pearson would be the Canadian representative at the next meeting of the Interim Committee of the General Assembly on the 5th and also at the next meeting of the Security Council on the 7th.

I told the General that Mike was in Washington and would stay in New York a few days on his way back to Ottawa and also that no permanent appointment to the Security Council could be made before the next meeting of Cabinet on Wednesday next, the 7th.

The General asked me to let him know when you could see him, Wednesday or Thursday next.

I informed Gerry [R.G.] Riddell of these telephone conversations.

GUY SYLVESTRE

59.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], January 13, 1948

...

UN SECURITY COUNCIL; CANADIAN REPRESENTATION

26. *The Secretary of State for External Affairs*, referring to the discussion at the meeting of December 22nd, reported that the Prime Minister having authorized the designation of General McNaughton as Canadian representative to the Security Council, an Order in Council to that effect had been passed.¹

In order to have General McNaughton's designation correspond to that of other representatives on the Council, it was proposed that he be named also as permanent delegate to the United Nations.

27. *The Cabinet*, after discussion, noted with approval the Minister's report and agreed that the designation of the Canadian representative be altered as indicated by Mr. St. Laurent.

...

60.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], August 11, 1948

...

UN ASSEMBLY; CANADIAN REPRESENTATION

6. *The Secretary of State for External Affairs* reported that it was considered appropriate that the Prime Minister head the Canadian delegation to the Assembly of the United Nations which would meet in Paris in September. It would probably be advisable that the delegation include, as well, another member of the Cabinet.

General McNaughton would be in Paris as Canadian representative on the Security Council and could be associated with the delegation. The Canadian Ambassador in Paris and the Canadian High Commissioner in London might also

¹ P.C. 71, 8 janvier.
P.C. 71, January 8.

be added, with appropriate diplomatic officers and officials from European posts as well as from Ottawa.

7. *Mr. St. Laurent* said that it was for consideration whether additional representation from Parliament should be included in the delegation and if so, whether such representation should include members of Opposition parties.

8. *The Cabinet*, after discussion, agreed that the delegation be headed by the Prime Minister and include another member of the Cabinet; the matter of additional representation from Parliament to be considered further at the next meeting.

...

61.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], August 25, 1948

...

UN ASSEMBLY; CANADIAN DELEGATION

6. *The Secretary of State for External Affairs*, referring to his report at the meeting of August 17th,² stated that it was now proposed to announce that the Canadian delegation to the Assembly meeting in Paris would consist of:

Representatives:

- The Prime Minister, Chairman of the delegation,
- The Minister of Transport (Mr. Chevrier),
- The Leader of the Government in the Senate (Senator Robertson),
- The Canadian Representative on the Security Council (General McNaughton),
- The Canadian Ambassador to France (General Vanier).

Alternates:

- The Parliamentary Assistant to the Minister of National Defence (Mr. Lapointe),
- The Parliamentary Assistant to the Minister of National Health and Welfare (Mr. Maybank),
- The Canadian High Commissioner in the United Kingdom (Mr. Robertson),
- The Canadian Minister to Switzerland (Mr. Wilgress),
- Mr. R.G. Riddell, Department of External Affairs.

The delegation would consist of 26 members, of whom most would come from European Missions; the staff all told would number some 61.

7. *The Cabinet*, after discussion, approved announcement of the Canadian delegation as indicated by the Minister.

...

² Voir aussi document 60;
See also Document 60;

62.

DEA/11547-A-40

Décret
Order in Council

Ottawa, December 18, 1948

Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on November 18, 1948.

The Committee of the Privy Council have had before them a report dated October 28, 1948, from the Secretary of State for External Affairs, representing that it is expedient that Canada be represented at the European Centre of the United Nations at Geneva (Swiss Confederation).

The Committee, therefore, on the recommendation of the Secretary of State for External Affairs, advise that Leolyn Dana Wilgress, Esquire, Envoy Extraordinary and Minister Plenipotentiary of Canada in the Swiss Confederation, be appointed as the Permanent Representative of Canada at the European Centre of the United Nations.³

A.D.P. HEENEY

SECTION B

ÉVALUATION DE LA CONTRIBUTION AU BUDGET DES NATIONS UNIES
ASSESSMENT OF CONTRIBUTION TO UNITED NATIONS BUDGET

63.

DEA/5475-M-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

CONFIDENTIAL

Ottawa, August 30, 1948

Dear Dr. Clark,

I am enclosing copies of confidential telegrams (No. 904 of August 20 and No. 910 of August 21†) from the Canadian Permanent Delegate to the United Nations regarding the Canadian contribution to the United Nations Budget.

You will note that according to one proposal Canada's assessment may be raised to 3.5%, an increase of .3% which would amount to approximately \$100,000. on

³ Désigné plus tard «Représentant permanent du Canada auprès de l'Office européen des Nations Unies» pour être en conformité avec la terminologie des Nations Unies.
Later designated as "Permanent Representative of Canada at the European office of the United Nations" to conform with United Nations terminology.

the proposed United Nations Budget of \$33,419,587. for 1949. This increased ratio of payment would result in a per capita Canadian contribution slightly less than that of the United States but would fall considerably short of a revised assessment based on Canada's ability to pay, an assessment based presumably on national income.

This proposed increase, which may be recommended by the Contributions Committee, should be considered together with an amendment which will be put forward by the United States (Agenda Item 47) to provide for the recognition of the principle of a percentage ceiling in the scale of United Nations assessments. As you are aware the United States accepted only with reservations its present ratio of 39.89% in recognition of temporary post-war dislocation. At the forthcoming session of the General Assembly the United States will attempt to secure:

- (a) Acceptance at this time of the ceiling principle.
- (b) A token reduction of the United States share.
- (c) Agreement to fix the ceiling for the United States contribution at 33.33% for normal times.

(Note: Reduction of the United States contribution to 33.33% would increase Canadian contribution to 3.55%.)

It seems apparent that proposals may be made to increase the Canadian contribution. In this Department, we consider that the Delegation should resist firmly any effort of this nature, particularly if the contributions of certain great powers which enjoy a privileged position in the organization remain low. We should be grateful for your observations on this subject for use in preparing instructions for the Delegation.

Yours sincerely,

L.B. PEARSON

64.

DEA/5475-M-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, September 25, 1948

Dear Sir:

In answer to your letter of August 30 concerning the Canadian contribution to the United Nations budget, I should say that this Department agrees with you that the Canadian delegation should resist firmly any effort at this time to reduce the contribution of the United States to the budget of the United Nations and to increase the Canadian contribution. Our understanding is that the assessment of costs strictly on the basis of ability to pay would lead to a higher contribution for the United States, and we believe that the present circumstances would not justify any further departure from this basic principle.

It may be exceedingly difficult to resist completely a strong effort by the United States to achieve at least a token reduction in their contribution. If such an effort is made by the United States, it would seem to us best to confine it at this time simply to a token reduction, and not to accept the principle of a ceiling and, in particular, not to accept the proposal that in normal times the United States' contribution should be no more than one-third the total budget.

If some token reduction must be made in the U.S. contribution, it would seem to us at this stage that this should be taken up by the necessary slight increase in those contributions which have been temporarily reduced because of post-war difficulties.

If the principle of a ceiling must be accepted, then provision should be made to ensure that no country such as Canada pays more per capita than any country subject to such ceiling, notwithstanding the ability to pay formula.

Mr. [S.D.] Pollock, who works on this subject for this Department, will be at the meeting of the Assembly, and we would suggest that he can assist there in working out the detailed arguments and proposals in connection with this matter.

Perhaps when the report of the Contributions Committee has been received and some study has been given to it by Mr. Pollock in Paris, you could arrange to have the important issues notified to us here by telegram, and we would then be in a better position to make more detailed comments to be used in the instructions to the delegation on this matter.

Yours very truly,
W.C. CLARK

2^e PARTIE/PART 2
 POLITIQUE GÉNÉRALE
 GENERAL POLICY

SECTION A

NOUVEAUX MEMBRES
 NEW MEMBERS

SUBDIVISION I/SUB-SECTION I

GÉNÉRALITÉS
 GENERAL

65.

W.L.M.K./J1/Vol. 440

*Le délégué permanent aux Nations Unies
 au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
 to Secretary of State for External Affairs*

TELEGRAM 395

New York, April 8, 1948

SECRET

Your teletype No. 331, 6th April†, and previous correspondence, admission of new members to the United Nations.

In a letter dated 6th April to the Secretary General (Document S/712)† the Ukrainian representative has asked that the provisional agenda of the next meeting of the Security Council include "the question of the admission to the United Nations of Bulgaria, Hungary, Roumania, Finland and Italy, States with which the Peace Treaties were concluded, and also of Albania and the Mongolian People's Republic."

2. At a meeting of the permanent members yesterday the question of the admission of new members was considered. Gromyko repeated his view that the admission of Italy should be considered together with the applications of Bulgaria, Finland, Hungary and Roumania. He also tried to have the admission of Transjordan taken up together with that of Albania and the Mongolian People's Republic. The United States, United Kingdom and France refused again to consider a "deal" of this character and insisted that each application be voted on separately and on its merits. These three States, on United States initiative, submitted yesterday a formal request that, in addition to Italy and Transjordan and the States named by the Ukrainian representative in his letter of 6th April, the Security Council should reconsider the applications of Austria, Eire and Portugal. Thus all outstanding applications will be up for reconsideration when the Council meets again on

this subject. The United States are pressing to have the President of the Council call a meeting on the admission of members for Friday, 9th April (tomorrow).

3. Despite the failure of the permanent members to agree on the other applications before them the application of Burma is unaffected and will come up for consideration by the Council, in accordance with the virtually unanimous report of the Council's Committee on the admission of new members (reference my teletype No. 361, 29th March).†

4. In regard to all these applications for membership, the United States will press to have the Council take them up in the order in which they were submitted for consideration. In this way Italy and Transjordan would be dealt with first, then the Soviet satellites and, finally, Austria, Eire and Portugal. The United Kingdom strongly support this procedure. Both the United Kingdom and the United States will strongly oppose reference of these applications to the Committee on membership again and will press for their consideration in the Council as expeditiously as possible. Neither the United Kingdom nor the United States plan to make any lengthy statements on any of these applications, although both delegations will probably make a short statement in support of Italy's application.

5. The United States position is now apparently to vote against (rather than to abstain on) the applications of Bulgaria, Hungary, Roumania, Albania and the Mongolian People's Republic. In regard to Finland, the United States have not apparently yet made any definite decision but will probably abstain or vote in favour. The United States draws a definite distinction between Finland and the other Soviet satellites. The United Kingdom have not yet received complete instructions but their delegation here hopes that they will also vote against rather than abstain on the Soviet satellites. (The United Kingdom previously abstained on Hungary and Roumania.) With regard to Finland, the United Kingdom also have not definitely decided but it is unlikely that they will vote against (the United Kingdom supported Finland's application previously). Concerning Austria, the United Kingdom have not received definite instructions but it is unlikely that they will vote against it. Previously they took the view (contrary to the United States) that Austria could not properly be considered an independent State, capable of carrying out its obligations under Article 4, in view of the presence of the Allied Control Commission. The United Kingdom may take the line that they will support Austria's application subject to the general Assembly approving a Resolution that Austria is, in effect, sufficiently independent to carry out its obligations under Article 4.

6. In view of the above, I would appreciate your instructions on how I should vote in regard to these applications. At present my instructions extend only to supporting the applications of Italy, Transjordan and Burma for membership. I would also appreciate knowing whether you wish me to make any statement in regard to these applications, particularly as regards Italy.

66.

PCO/Vol. 113

*Le secrétaire d'État aux Affaires extérieures
au délégué permanent aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegate to United Nations*

TELEGRAM 342

Ottawa, April 9, 1948

SECRET. IMMEDIATE.

Your teletype No. 395 of April 8th. Admission of new members.

You should vote in favour of admission of Burma, Italy, Transjordan, Eire, Portugal. You may think it advisable to support your vote in favour of one or more of these states with a short statement.

2. You should vote in favour of admission of Finland unless, in consultation with your colleagues from the United Kingdom and the United States, you decide that there are good reasons for doing otherwise.

3. You should oppose admission of Roumania, Hungary, Bulgaria, Albania and Mongolian People's Republic. If it is necessary for you to explain your vote, you should say that Canadian people have every sympathy with aspirations of peoples of these areas to play part in world affairs. Canadian Government is not yet satisfied, however, that Governments of these countries can in fact carry out obligations which Charter would place upon them.

4. Our view is that you should oppose application of Austria on grounds that country which is under occupation cannot possibly fulfil obligations under Charter. Canadian Government hopes that occupying powers will arrange for withdrawal of troops from Austria as soon as possible, at which time Canada will welcome Austria as member of United Nations. If, after consultation with your United Kingdom and United States colleagues you consider that there are compelling reasons for altering this position and voting in favour of admission of Austria, you may do so.

67.

DEA/5475-CR-40

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 837

New York, August 3, 1948

Following from Ignatieff, Begins: Admission of new members.

The United States delegation has informally raised with us the question of what action, if any, the Council should take preliminary to the meeting of the General Assembly regarding this matter.

2. To recapitulate the situation:

(a) Reconsideration of the applications of Transjordan and Italy. In its resolutions dealing with these two applications, the Assembly requested the Council to reconsider, before the end of the second regular session of the Assembly, the applications of these two States. However, when the Council considered these applications on 22nd November, 1947, it was found that the members of the Council had not changed their positions with regard to the applications and, therefore, action on these applications was postponed to allow consultations among permanent members.

(b) Further consideration of all previously rejected applications by the Council on 10th April, 1948. France, the United Kingdom and United States requested reconsideration of the applications of Italy, Transjordan, Eire, Portugal and Austria. The Ukrainian representative countered with the request for reconsideration of the applications of Albania, Bulgaria, Finland, Hungary, Italy, Mongolian Republic and Rumania. Consideration of Italy's application was the main issue at the meeting of 10th April and representatives of France, United Kingdom, Argentina, Canada, Belgium, China and Syria supported this application.

However, the Soviet delegation charged that bringing up Italy's application was only a tactical manoeuvre connected with the Italian elections, and said that the Soviet Government would only agree to supporting Italy's application if Bulgaria, Hungary, Finland and Rumania were considered on the same footing, basing this argument on the Potsdam Declaration and the relevant peace treaties and claiming that France, United States and United Kingdom had obligated themselves under these treaties and the Declaration to support the admission of all these five States together. No decision was reached as a result of the Soviet position and discussion was adjourned indefinitely. The United States representative, however, indicated that consideration might be given at the next Assembly of devising means

"Whereby certain States might be able to have a voice in the General Assembly of the United Nations. The General Assembly was the master of its own house. It could, therefore, choose the method which would partially do away with the present unjust disqualification of nations which possessed every moral right to become members of the United Nations."

In this connection, the United States delegation have indicated that, after further consideration of the various possibilities, they are not disposed to initiate any proposal along these lines, as private soundings in Italy, for instance, have indicated that the Italian Government would prefer to continue pressing for full membership, rather than accept some expedient which would give it less than full membership which might be continued for some time and might, thereby, weaken its strong claim to full membership. The United States delegation would like to have our views informally on what the Canadian attitude might be on this point, particularly as it refers to Italy.

(c) Application of Burma.

On 10th April, the Council made a favourable recommendation for this application and the Assembly admitted Burma as a member on 19th April, 1948.

(d) Application of Ceylon.

On 11th June the Council referred the application to its Committee on admission of new members for examination and report. The Committee met on 29th June and 1st July to examine the application. Although nine members indicated their intention to support the application, the Soviet and Ukraine, after first reserving their positions, on 1st July indicated that they would oppose the application on the grounds that there was insufficient information available in support of Ceylon's application. The report of the Membership Committee will probably be considered before the Council adjourns in New York. It will then be known whether the Soviet delegation will go through with its indicated intention of barring this application.

3. The United States delegation are wondering whether it would be advisable to have all the above applications reconsidered in the light of the advisory opinion of the International Court of Justice in order to have an opportunity of invoking the majority opinion of the Court against the Soviet position, in the hope of having some preliminary clarification of the issue before the matter is debated in the General Assembly. An opportunity would present itself when the application of Ceylon is considered in any case. On the other hand, the conditions for such a debate would not be very favourable with the Soviet delegate as President of the Council, with Manuilsky "running interference". Your comments would be appreciated, particularly for the purpose of further private discussion of this matter with the United States delegation. Ends.

68.

DEA/5475-CR-40

*Le secrétaire d'État aux Affaires extérieures
au délégué permanent aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegate to United Nations*

TELEGRAM 634

Ottawa, August 9, 1948

Reference your teletype No. 837 of August 3, 1948, concerning admission of new members.

It is our view that the outstanding membership applications should not be reconsidered by the Council at this time unless there has been a change in attitude on the part of the USSR concerning them. It is unlikely that the invoking of the majority opinion of the International Court of Justice would influence greatly the USSR in this matter in view of the dissenting opinion of the Soviet representative on the Court. We are also doubtful of the propaganda effect of additional vetoes by the USSR of membership applications.

2. As regards the question of limited or qualified membership, your comments concerning the present US attitude and that of Italy have been noted. You might suggest, in the course of further private discussion with the US delegation, that this question be considered on a somewhat broader basis to include any State which has applied for membership and which has received majority approval in the Security

Council but whose application has been vetoed. In this way, the objections of Italy might be overcome.

3. It does not appear that a decision needs to be taken in this matter at the present time. It might well be left in abeyance and held in mind for reconsideration during the General Assembly at which time delegations might be sounded out as to their views. If there is general support for it, it could then be brought forward.

4. The question of limited or qualified membership does raise the related problem of how far can the Assembly go within the terms of the Charter in giving privileges of association to non-member States. Although the Assembly is master of its own procedure, the question does arise whether it could invite such States to full participation in all its activities, excepting only the formal right to vote. This aspect of the problem has been referred to the Legal Adviser for his opinion and you will be advised in due course of his views.

SUBDIVISION II/SUB-SECTION II

BIRMANIE

BURMA

69.

DEA/50074-40

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

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

[Ottawa], February 25, 1948

BURMA'S APPLICATION FOR MEMBERSHIP IN THE UNITED NATIONS

The attached letter† of February 6 from Mr. Wrong states that the new Burmese Ambassador to the United States, U So Nyun, will be going to New York shortly to call on members of the Security Council with a view to enlisting their support for Burma's application for membership in the United Nations. Burma has, I think, a sufficient degree of independence to warrant our supporting its application for membership.

The special rights which the United Kingdom possesses in Burma under the Burma-United Kingdom Treaty of 1947, are not as extensive as those it possesses in Transjordan or in Iraq.

Therefore, if you agree, I shall inform General McNaughton that he can support Burma's application for membership.⁴

E[SCOTT] R[EID]

SUBDIVISION III/SUB-SECTION III

CEYLAN

CEYLON

70.

DEA/5475-CR-3-40

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 661

New York, June 9, 1948

SECRET

Reference your despatch No. 271 of 30th March, application of Ceylon for membership in the United Nations.

The Government of Ceylon has made formal application for membership in the United Nations in a letter dated 25th May from the Prime Minister to the Secretary-General. This letter has been circulated in Document S/820 of 3rd June.† The letter points out that Ceylon became an independent member of the British Commonwealth on 4th February, 1948, under the terms of the Ceylon Independence Act, 1947; that Ceylon accepts the obligations contained in the United Nations Charter and that she will "collaborate in effective measures for the prevention and removal of threats to the peace and for the suppression of acts of aggression."

2. We have discussed the question of Ceylon's application informally with the United Kingdom delegation. So far, the United Kingdom delegation here have not received specific instructions and they appear to have very little information in regard to the defence agreement between Ceylon and the United Kingdom. In any case, they do not believe that the question of Ceylon's application will come before the Security Council until the latter part of July, when it will probably be referred immediately to the Committee on the admission of new members.

3. I would appreciate your instructions on this matter and also any additional information on the attainment of Dominion status by Ceylon, received by you subsequent to your circular despatch No. A96 of 9th April.†

⁴L'autorisation fut envoyée par le télégramme 248 du 1^{er} mars; le Conseil de sécurité recommanda l'approbation de l'admission le 10 avril.

Authorization was sent in Telegram 248 of 1 March; Security Council recommended approval of admission on April 10.

71.

DEA/5475-CR-40

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 697

New York, June 21, 1948

CONFIDENTIAL

Reference previous correspondence, application of Ceylon for membership in the United Nations.

The United Kingdom delegation has advised us that a Ceylonese representative, Mr. Corea,³ has now arrived in New York in order to press Ceylon's application for membership in the United Nations. The United Kingdom delegation have added that negotiations for the revised Defence Agreement between the United Kingdom and Ceylon have now broken down because of the reluctance of the Ceylonese Government to sign the new Agreement. This is unfortunate from our standpoint as a member of the Commonwealth, since it was hoped that the new Agreement would be signed prior to consideration in the Council of Ceylon's application for membership. The previous Defence Agreement concluded between Ceylon and the United Kingdom contained, as you know, certain features that raised question as to Ceylon's status as a truly independent State.

2. At the meeting of the Security Council on 11th June, 1948 the application of Ceylon for membership in the United Nations (Document S/820)† was referred to the Committee on the admission of new members without objection and without any comment from members of the Security Council (S/PV.318, page 6).† While there is no indication that this application will be taken up in the immediate future by the Committee on Membership, it is possible that it may be considered at any time and, for this reason, I would appreciate your early comments as to the position I should take on this matter.

³ Voir le document suivant.
See following document.

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*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 705

New York, June 23, 1948

SECRET

Reference previous correspondence, application of Ceylon for membership in the United Nations.

The United Kingdom delegation have requested us to take up with you the question as to whether or not Canada would be willing to take the initiative in sponsoring Ceylon's application when it comes before the Committee on Membership and in the Security Council itself. While we have informed the United Kingdom delegation that we are still without instructions as to our attitude on Ceylon's application, we have agreed to transmit this request to you.

2. As I have previously informed you the United Kingdom delegation feels some hesitance in taking the leadership in sponsoring Ceylon's application in view of the fact that they feel it is possible that some criticisms may be made concerning the Defence Agreement concluded between the United Kingdom and Ceylon at the time of the Ceylon Independence Act. While they do not feel that the terms of this Agreement in any way inhibit them from whole-heartedly supporting Ceylon's candidature, they are not anxious to precipitate discussion of this Defence Agreement and therefore would be glad if we would take the initiative. It should be observed that, although there may be features in this Defence Agreement which critics might raise as being in some measure an infringement on Ceylon's status as a truly independent State, the United Kingdom have consistently shown their readiness to renegotiate the Defence Agreement in such a way that these features would be removed. Negotiations for the new Agreement have however, as I stated in paragraph 1 of my teletype No. 697, now been broken off due to the Ceylonese Government's reluctance to complete the new Agreement at the present time.

3. Meanwhile we have had one or two friendly discussions of an informal character with Dr. Corea, the new Ceylonese representative who is now High Commissioner in London and who has been designated as their future Minister to Washington. In these discussions we did not raise either the Defence Agreement or the United Kingdom suggestion to us that we take the initiative in sponsoring Ceylon's application. We did, however, suggest to Dr. Corea that it might be advisable to give members of the Committee on Membership ten days or a fortnight's time, before pressing for consideration of Ceylon's application, in order that the delegations concerned would have an opportunity of receiving instructions from their Governments. While Dr. Corea seemed sympathetic to this there is still a possibility that Ceylon's application may be taken up in the Committee on Membership in the latter part of next week.

4. I would accordingly appreciate your comments or instructions on the following two points:

(a) Should we support the application of Ceylon for membership?

(b) If so, should we assume sponsorship for Ceylon's application in accordance with the United Kingdom request?

On this general point it might be worth considering that it is perhaps not a desirable precedent to have the new independent members of the British Commonwealth from the Far East look automatically to their Asiatic neighbours for sponsorship in matters like this. On the other hand, you may wish to consider whether there might be any cause for embarrassment to us if a debate developed on the Defence Agreement between the United Kingdom and Ceylon. It is however possible, of course, that no reference will be made to this Agreement in the Council's discussion of Ceylon's application.

5. If you believe that we should undertake sponsorship of Ceylon's application I will take the matter up informally with Dr. Corea to find out whether this would fall in with Ceylon's wishes or whether they would desire to have their application sponsored by some other State. Ends.

73.

DEA/5475-CR-3-40

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 719

New York, June 29, 1948

The Committee on Membership of the Security Council met on 29th June to consider Ceylon's application for United Nations membership. In addition to the usual background information about Ceylon's application, a Declaration of Acceptance of obligations contained in the Charter signed by the Prime Minister of Ceylon and dated 16th June was circulated in accordance with Rule 58 of the Security Council's Rules of Procedure.

2. The first speaker in support of the application was the representative of China who referred to the traditionally good relations between his country and Ceylon dating back to the fifth century. Syria and the United Kingdom also spoke in support in that order. Ignatieff represented me at the meeting and as agreed in telephone conversation with Riddell, gave his support to the application, referring to Ceylon as a fellow member of the British Commonwealth of Nations and to Ceylon's qualifications for membership under Article 4 of the Charter. He expressed the hope that the Membership Committee would give Ceylon's application unanimous approval.

3. Belgium, the United States, France and Colombia also spoke in support; the United States recalling Ceylon's participation in the war (presumably having in mind the Soviet objection to neutrals in the last war). The Soviet Union and the Ukraine, however, abstained from participation in discussing the application in the

Committee and reserved the right of their delegations to state their views in the Security Council. It was understood that the Soviet delegations had not received instructions. The report of the Committee on the consideration of Ceylon's application will be presented to the Council by the Syrian representative and, therefore, no special question of sponsorship of Ceylon in the Council will arise.

4. The High Commissioner of Ceylon in London, Mr. Corea, attended the meeting as observer.

74.

DEA/50235-40

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 734

New York, July 2, 1948

Reference my message No. 719. Ceylon's application for membership in the United Nations.

The Ukraine Delegation, in its first day in the office of President of the Security Council, suddenly called a meeting of the Membership Committee of the Council on July 1st on a few hours' notice.

2. The Ukraine Chairman, Galagan, asked whether there would be any objection to the Soviet representative making a statement on Ceylon's application. Although a report had already been circulated by the Committee on the consideration of Ceylon's application (S/859 of June 29th), recording the fact that the majority of the members of the Committee expressed their support for the application of Ceylon while the USSR and the Ukraine reserved their position, the Committee did not object to the Soviet representative making a statement, in the hope that it might give an opportunity to the Soviet Union and the Ukraine to associate themselves with the majority in support of Ceylon.

3. However, the Soviet representative, in his statement, alleged that there was insufficient information available to substantiate the claim to sovereignty and independence of Ceylon and also the democratic nature of its Government. He said that the Committee should seek further information from Ceylon in support of its application on these points.

4. Ignatieff, who represented me at the meeting, pointed to the difficult situation arising from the statement of the Soviet delegate, namely that if the Committee adopted the correct procedure of declining to re-open consideration of a report already adopted, Ceylon might fail to obtain a favourable recommendation in the Council as a result of the allegation of the Soviet Government that insufficient information had been made available to the Membership Committee. He maintained that sufficient information was in fact available, referring to the information paper circulated by the Secretariat (Working Paper 13 of June 24th)† and to other public information on the question of Ceylon's sovereignty and independence. In particular he referred in this connection, to the terms of the Ceylon Independence

Act, 1947, containing provision for the fully responsible status of Ceylon defined in Article 1 thereof. He also pressed the Soviet Delegate to be more specific in regard to what information he required to satisfy himself (as the nine other members of the Committee had been satisfied) regarding Ceylon's qualifications under Article 4.

5. The representative of Belgium submitted that the Committee would have to take a preliminary decision as to whether the report contained in S/859 of June 29th should be reopened. This led to a long procedural debate in which the Chairman, Galagan, maintained that the Committee, in failing to object to the initial Soviet statement, had automatically reopened consideration of the report.

6. The representatives of China and Colombia, as well as Belgium, questioned this ruling, but the Chairman and the Soviet representative continued to make statements on the application of Ceylon until the Chairman was finally pressed to put the question to a vote by Ignatieff under Rule 30 of the Council's rules of procedure. On the vote on the question as to whether or not the President's ruling, that the report should be reopened in consequence of the Soviet representative's request for further information should be upheld, the Canadian, as well as the United Kingdom representative, abstained, both explaining their abstention on the grounds that they did not oppose the idea of having further information on Ceylon's application available to the Soviet representative if this might result in a favourable recommendation of Ceylon's application by the Security Council.

7. Seven members of the Committee, however, voted to overrule the Chairman and the Chairman and the Soviet representative voted to uphold the Chairman's ruling.

8. After this vote, the Soviet and Ukraine representatives then made a statement to the effect that according to available information Ceylon was not an independent and sovereign State, and as the Committee had refused to accede to the Soviet Union's request for further information, their delegations would be compelled to object to the admission of Ceylon into the United Nations.

9. This statement which revealed that the Soviet Delegation intended to veto the application anyway, however, did not terminate the confused procedural debate as the Chairman then proposed to write a new report on the matter for submission to the Council. This was opposed however by the other members on the grounds that the decision taken on the Chairman's ruling established that the previous report stood, and would be submitted to the Council by the previous Chairman, the representative of Syria. It was also agreed that circulation of the summary record of the present meeting would suffice to inform members on the Security Council what had taken place.

10. It is expected that the question of Ceylon's membership will come up before the Council next week when almost certainly the Soviet and Ukraine delegates will maintain their position that insufficient information has been made available to support the claim to independence and sovereignty of Ceylon and your comments and guidance would be appreciated.

75.

DEA/5475-CR-3-40

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 893

New York, August 19, 1948

Reference previous correspondence, Ceylon.

At the meeting of the Security Council, 10:30 a.m., 18th August, the application of Ceylon for membership was vetoed by the Soviet Union. After prolonged discussion, the Chinese representative moved that the Security Council make a favourable recommendation on Ceylon's application and the vote on this was 9 in favour and 2 against (the Soviet Union and the Ukraine).

2. I made two statements at this meeting. The first of these statements was on a point of order, suggesting that the agenda be changed so that Ceylon's application be considered before the Palestine question was taken up. This proposal was adopted with 9 in favour, 1 abstention (Soviet Union) and 1 against (the Ukraine). My second statement was in support of Ceylon's application. These two statements are contained in my immediately following teletype.†

3. The discussion on this subject in the Council meeting was marked by obstructive tactics by the Soviet and Ukrainian representatives who tried to justify their decision to vote against Ceylon by contending that there was insufficient information available to establish that Ceylon was a truly independent State within the meaning of Article 4. The Soviet representative introduced a Resolution to the effect that the Council should postpone consideration of Ceylon's application until "such time as full information on the status of the Government of Ceylon and on its Constitution as well as sufficient proof that Ceylon is a sovereign and independent State has been received from the Government of Ceylon." This Resolution is contained in Document S/974.† On a vote, it was defeated by two in favour (the Soviet Union and the Ukraine) and 9 abstentions.

4. In connection with their contentions that insufficient information had been received regarding Ceylon's independence, the Soviet and Ukrainian representatives both charged that the United Kingdom and Canadian representatives in the Committee on the administration of new members had tried to block the Committee's receiving further information on this subject. I answered this allegation by quoting from the summary record of this Committee's meeting on 1st July (Document S/C.2/SR.26).† In particular I quoted the last sentence on page 3 of this document, which summarized the position of the Canadian representative on this point and which is as follows: "If the representative of the USSR insisted on his position that there was insufficient information for a decision, the Committee should know specifically what he might desire." I also pointed out that Canada had not voted against the ruling of the Chairman (the Ukrainian representative) to the effect that the discussions should be reopened and new information should be sought, but that he had abstained from voting (Documents S/C.2/SR.26, page 8, and

S/C.2/SR.26/CORR.1).† I added that the additional information which had been sought had now been forwarded by the Government of Ceylon and was contained in Document S/951.†

5. After the Soviet veto had been employed against Ceylon's application, the representative of China made a statement in protest and said that this veto would be regarded as a severe setback to the former colonial peoples of Asia who were struggling for independence. Ends.

76.

DEA/50235-40

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

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

TELEGRAM 209

Ottawa, September 16, 1948

SECRET

Repeat to London, No. 1514.

Ceylon High Commissioner in London has indicated that there is some dissatisfaction in the Ceylon Government with the way in which their application for membership in the United Nations was handled. There was also a feeling in Colombo that they might have to look for another form of association with the Commonwealth. They were contemplating sending a special envoy to see Stalin to try to convince him of Ceylon's independence. They are worried about left-wing opposition in their Parliament.

2. You will have seen Canada House telegram No. 1355 of August 13, 1948,† on the effect which a decision by Ceylon to withdraw from the Commonwealth might have.

3. We would like to indicate officially to the Ceylon authorities our continued support of their application for admission and our desire to assist in any way possible. Our attitude of full support was indicated in General McNaughton's statement in the Security Council on August 18. This was given in Canadian Delegate's telegram No. 894 of August 19† which was referred to you.

4. If Kearney is still in Madras, or some other convenient place in South India, if the Hyderabad situation and other developments, make it possible for him to go, and if in his judgment he thinks it is in order to leave India for two or three days, we would like him to fly to Colombo and express to the Ceylon Prime Minister our views as indicated in paragraph 3. If this is not possible, would you please formally

approach the Ceylon High Commissioner in New Delhi and convey a message giving assurance of our support and sympathy.⁶

5. I fully realize that the Hyderabad situation may make it unwise for Kearney to leave India at the present time.

77.

DEA/50235-40

*La délégation à l'Assemblée générale des Nations Unies à Paris
au secrétaire d'État aux Affaires extérieures*

*Delegation to General Assembly of United Nations in Paris
to Secretary of State for External Affairs*

TELEGRAM 630

Paris, December 16, 1948

SECRET

Following from Riddell, Begins: Application of Ceylon for membership was discussed in the Security Council yesterday morning as result of letter dated 9th December from President of the Assembly (S/1113).†

2. Malik immediately argued for postponement on the grounds that the General Assembly had formally moved that all twelve applications should be considered and that there was no reason for discrimination in favour of Ceylon, which was the twelfth applicant. He pressed for "immediate and simultaneous consideration" of all twelve applications. He did not, however, say that the Soviet Union would favour a lump admission of all twelve. After several other speakers had protested against his interpretation of the Assembly resolution and argued that each application should be given individual consideration, Malik said that the Council might consider all twelve in order of their application but that no one wanted them to be considered en masse.

3. Most of the other members made brief statements expressing their belief in Ceylon's qualifications for membership. Neither the Soviet nor the Ukrainian representative spoke at all on the subject of Ceylon's qualifications. After I had referred to the fact that information on Ceylon's constitutional position had been available since last June, Malik said that the Soviet Government was studying this material.

4. Malik warned that if the matter were pressed to a vote he would oppose the application. Although several members expressed their willingness to agree to a postponement, they said they could not agree on Malik's grounds. It seemed to me that there was no harm in pressing the matter to a vote despite the expected Russian

⁶ Le télégramme 480 du 21 septembre (Haut-commissaire du Royaume-Uni à Ceylon au Bureau des Relations du Commonwealth), obtenu du haut-commissariat du Royaume-Uni (CH/Vol. 2105), fait rapport de la réunion de Kearney avec le premier ministre et le secrétaire permanent du ministère des Affaires extérieures de Ceylan.

For a report of Kearney's meeting with the Prime Minister and the Permanent Secretary of the Ministry of External Affairs of Ceylon, see Telegram 480, September 21 (UK High Commissioner in Ceylon to Commonwealth Relations Office), passed on to Ottawa via the United Kingdom High Commission (CH/Vol. 2105).

veto, as nothing was likely to alter the Soviet position except an agreement to a bargain. Consequently, I made a brief statement supporting the application. When the application was put to the vote, nine members voted in favour with two against, the USSR and the Ukraine. The application was therefore vetoed. Ends.

SUBDIVISION IV/SUB-SECTION IV

ISRAËL
ISRAËL

78.

PCO

*Extrait des conclusions du Cabinet**Extract from Cabinet Conclusions*

TOP SECRET

[Ottawa], August 25, 1948

UN; MEMBERSHIP OF ISRAEL; RECOGNITION OF PROVISIONAL GOVERNMENT

3. *The Secretary of State for External Affairs* reported that the application of Israel for membership in the United Nations would be brought before the Security Council, probably the following day. The United States would support the application; the United Kingdom would oppose it.

It was proposed that the Canadian Representative adopt the attitude that as yet the government had not felt that circumstances warranted Canadian recognition of the provisional government; for the present, therefore, Canada could not support the application.

It was probable that the matter would be referred to the General Assembly.

4. *Mr. St. Laurent* added that an important consideration was that of the timing of recognition. The U.K. government would attempt to defer such action until the prospects of serious Arab reaction were the least. Before the United Kingdom recognized Israel we would be informed and we would be kept in touch with U.K. intentions.

5. *The Cabinet*, after discussion, noted with approval the Minister's report and the instructions to be given to the Canadian Representative on the Security Council.

79.

PCO

*Extrait des conclusions du Cabinet**Extract from Cabinet Conclusions*

TOP SECRET

[Ottawa], December 1, 1948

...

UNITED NATIONS; APPLICATION OF ISRAEL

15. *The Minister of National Defence, as Acting Secretary of State for External Affairs*, reported that Israel had now applied for membership in the United Nations and had requested Canadian support. The vote would likely take place in the Security Council the following day. It would, therefore, be necessary to send some message to Mr. Pearson immediately.

It would be recalled that, while in the Political Committee Mr. Pearson had expressed the view that the General Assembly should recognize the existence of a Jewish State, he had emphasized that what would render Israel eligible for membership was evidence that she had fully committed herself to the principles of peaceful settlement. He felt that it would be easier to deal with an application for membership if, beforehand, Israeli authorities had expressed their readiness to accept the terms of the Assembly's resolution respecting settlement and to co-operate in putting it into effect. However, the application was being submitted at once and, unless the Security Council postponed consideration until the General Assembly had acted, it would be necessary for the Canadian representative to state the government's view.

16. *Mr. Claxton* submitted and read a draft telegram to the Secretary of State for External Affairs concurring in the view that acceptance by Israel of the terms and procedures of settlement recommended by the Assembly and a pledge to implement them were desirable evidence that the government of Israel was eligible for membership.

The draft message went on to suggest that Mr. Pearson suggest postponement of decision by the Security Council upon the Israeli application and that, if the matter were pressed to a vote, he might abstain.

(External Affairs memoranda to the Acting Minister, Nov. 30 and Dec. 1, 1948, and attached telegrams).†

17. *The Prime Minister* suggested that it might be advisable to add to the message a paragraph indicating that the Cabinet understood that the Secretary of State for External Affairs might feel, as the situation developed, that he should take a somewhat different position. It would be well to leave final action to Mr. Pearson's discretion in the light of the known views of his colleagues.

18. *The Cabinet*, after discussion, noted the report of the Acting Secretary of State for External Affairs and approved the despatch to Mr. Pearson of the draft message submitted with the addition of a paragraph along the lines suggested by Mr. St. Laurent.

...

80.

DEA/5475-CR-40

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

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

[Ottawa], December 15, 1948

ADMISSION OF ISRAEL TO THE UNITED NATIONS

The vote on Israel's application in the Security Council has now been postponed until Friday, at the request of France.

2. In the meantime, two messages have been received this morning on the subject. One is from Mr. Pearson, repeating a message which he sent to Riddell stating that in the absence of a message from Ottawa, Riddell should take the line agreed to in a telephone conversation between Mr. Pearson and Riddell last night, namely, to vote for the admission of Israel.

3. A message has also been received from Riddell explaining the reason why, in the view of Mr. Pearson, the application of Israel should be supported in the Security Council. He states that Mr. Pearson found the attitude of the Israeli authorities, during the latter part of the Assembly debate, helpful and cooperative, and that following the adoption of the Assembly resolution last Saturday, December 11, Israeli authorities indicated their willingness to co-operate generally in securing a settlement. This attitude was more satisfactory than that of the Arab states, who insisted on many changes in the resolution of the Assembly in order to make it satisfactory to them, and then did not abstain in the vote, as the Canadian Delegation had been led to expect that they might. Therefore, Mr. Pearson believes that the Canadian Representative should now support the application of Israel in the Security Council.

4. As to the attitude of the French Delegation, Mr. Riddell reports that their intention is still not clear, and that they will leave their decision as to how they will vote on the application until the last minute.

5. I have prepared a telegram, copy of which is attached,† in the light of the information received today, and also in the light of the views expressed by the Prime Minister and yourself last night.

E[SCOTT] R[EID]

81.

PCO

*Extrait des conclusions du Cabinet**Extract from Cabinet Conclusions*

TOP SECRET

[Ottawa], December 21, 1948

UNITED NATIONS; PALESTINE; RECOGNITION OF ISRAEL

12. *The Secretary of State for External Affairs* reported at some length on the proceedings in the Political Committee and in the Assembly, leading to the adoption of the Resolution for setting up the Conciliation Commission for Palestine.

In these discussions it would be recalled that he had expressed the view that the United Nations should recognize the fact of the existence of a State of Israel.

13. *Mr. Pearson* then referred to the proceedings in the Security Council on Israel's application of membership in the United Nations. In the event Canada had abstained on the final vote and the application had not succeeded.

After leaving Paris, he had learned from the U.K. Foreign Secretary that the United Kingdom were apprehensive lest acceptance of Israel into the United Nations should prejudice current negotiations with King Abdullah concerning the outcome of which they were otherwise hopeful.

With this consideration in mind and upon the Soviet contention that approval of the Israel application would fix the boundaries of the Jewish State on the basis of the Assembly's Resolution, the Canadian Representative at the Council had been instructed to abstain.

14. *Mr. Pearson* went on to say that, while Israel had not qualified as a member of the United Nations, there was a strong case for immediate *de facto* recognition of its existence as a State. Such recognition by Canada might, in fact, help in the negotiations to be conducted through the United Nations Commission.

If the government were disposed to approve such *de facto* recognition, other Commonwealth governments would be notified by telegram; a few days later a note would be addressed to the Provisional Government of Israel, a press release issued simultaneously and all Canadian missions and consulates abroad notified to that effect. A draft note for this purpose to the Provisional Government of Israel was submitted and read.

15. *Mr. Pearson* added that *de facto* recognition of Israel would not now embarrass the U.K. government nor prejudice the United Kingdom negotiations with Trans-Jordan. In fact the U.K. government would probably take similar action before long.

No question of *de jure* recognition was involved, merely an acceptance of the well established fact that Israel had now satisfied the essential conditions of Statehood.

(External Affairs memorandum to the Minister, Dec. 20, 1948, and attached draft note).†

16. *The Cabinet*, after discussion, noted with approval the Minister's report and agreed that Canada accord *de facto* recognition to the State of Israel and its Provisional Government after notification to other Commonwealth governments and that, for this purpose, the course of action proposed by Mr. Pearson be approved.

SUBDIVISION V/SUB-SECTION V

ITALIE

ITALY

82.

DEA/5475-CR-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*

SECRET

Ottawa, March 15, 1948

My dear Mr. Under Secretary:

On my visit to you this morning I explained to you that the United States representatives in New York had been instructed very confidentially to discuss with the principal United Nations representatives of Belgium, Canada, China, France and the United Kingdom the question of Italian application for United Nations membership. For many reasons the forthcoming Italian elections on April 18 are of paramount importance and in the opinion of the Department of State it is essential that every effort be made to prevent the Communists from winning or substantially increasing their strength in these elections. Indeed, to European countries this matter may even be of more immediate importance than it is in this hemisphere. In any foreseeable future it would seem that the present time appears the most opportune to obtain a favorable recommendation on the Italian application, and should the application be approved of course the Italian people would recognize their indebtedness to the western nations. It is clear that under the immediate circumstances it would be embarrassing to the Soviets to veto the Italian application for yet another time, and indeed if they should so veto it could not but help to injure seriously the Communist chances in the forthcoming Italian elections. It is even possible that such a third veto might be a determining election factor.

I may add, as of significance in this particular matter, that the Soviets have only recently advocated continued Italian control for former Italian colonies and thereby increased the prestige of the Soviets within Italy itself.

The question may be raised as to why this matter of membership should be brought up at this time, particularly when it may be necessary that it should be preceded by Five Power discussions and consultations. However that may be, the fact remains that this is probably the most likely time to achieve approval of the Italian application, and the Department of State feels it essential that the democra-

cies mentioned above should cooperate closely together. There is reason to believe these six countries cooperating could secure sufficient (or at least one) other favorable votes for favorable action.

Although in general its position remains unchanged, in view of the Czech developments the Department of State believes it more important than ever that such countries as Roumania and Hungary should not be admitted. The Department of State believes that with certain interim reservations as to Finland all pending applications should be re-examined.

In presenting the Italian applications before the United Nations, the Department of State feels that a reason could be advanced based on the special provision in the General Assembly's resolutions on Italian and Transjordan applications, which calls for immediate reconsideration by the Assembly in its next meeting. The argument could further be advanced that time did not permit detailed reconsideration and that pending consultation by the Big Five countries the matter had been delayed. Therefore, the Security Council had failed to give due weight to the urgent character of this special provision in the General Assembly's resolutions and this matter should be remedied without delay.

It would be most helpful in the Department of State's deliberations to know, with the least possible delay, whether the Government of Canada would be prepared to accept these arguments in favor of raising forthwith the Italian application to United Nations membership? Also, in determining future policy in a firm opposition to the satellite country applications other than Finland, what the position of the Canadian Government might be? In regards Finland in particular, what is the present thought of the Canadian Government?

The question of timing is essential since if any action by the democratic countries is to be effective in Italy it must be immediate and the Security Council itself should act not later than the last week in March.

I should be grateful for an opportunity to further discuss these views at an early moment.

Sincerely yours,
RAY ATHERTON

83.

DEA/5475-CR-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*

SECRET

[Ottawa], March 17, 1948

Dear Ray [Atherton],

I enclose a reply to your letter of March 15 about the admission of Italy to the United Nations.

2. An idea has occurred to me about a possible follow-up to a Soviet veto of Italy's application for membership. Might it not be possible for one of the members of the Security Council which has supported Italy's admission to state in the Council, after a Soviet veto, that it intends to propose at the next session of the General Assembly that the Assembly give to Italy all the rights and privileges of membership in the Assembly except the right to vote?

3. I have not discussed this matter with Russ [E.R.] Hopkins but I think that such a proposal would be constitutional. The Assembly is, under the Charter, master of its own procedure. It has already extended to an unofficial body, the Jewish Agency, the right to participate in its discussions. This it did with the support of the Soviet Union. If the Assembly can permit an unofficial body to participate in its discussions, it would seem to be reasonable to conclude that it could permit a non-member state to participate in its discussions. A non-member state could not, of course, be called a member of the Assembly. It might, however, be called an associate member.

4. A decision by the Assembly to admit Italy as an associate member of the Assembly would, of course, require a two-thirds vote since it is an important question, but I should think that it might well be possible to secure such a vote.

5. The admission of Italy as an associate member would, of course, establish a precedent and it would be difficult for the Assembly to refuse to seat as associate members other states whose applications for membership had been supported by two-thirds of the Assembly but whose applications had been vetoed by the Security Council. I do not see, however, much danger in the creation of this precedent. It would, for example, enable the Assembly to admit Ireland as an associate member.

6. Consequently, I am passing this purely personal suggestion on to you for what it is worth so that your people in the State Department might give it consideration.

Yours sincerely,

L.B. PEARSON

84.

DEA/5475-CR-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*

SECRET

[Ottawa], March 17, 1948

My dear Mr. Ambassador,

On March 15 you wrote me about the Italian application for membership in the United Nations and about the attitude of Canada to the admission of a number of other countries.

I am glad to inform you that the Canadian Government agrees with the United States Government that it would be desirable to raise with the least possible delay

in the Security Council the question of the admission of Italy to the United Nations. The Canadian representative will support the admission of Italy.⁷

So far as other outstanding applications are concerned, the Canadian Government would not support applications for membership at this time from any countries other than Italy or Transjordan, though we may be willing to give Finland's application favourable consideration in a few weeks' time, depending on how the current negotiation between Finland and the Soviet Union develops.

Yours sincerely,

L.B. PEARSON

SECTION B

POLITIQUE GÉNÉRALE
GENERAL POLICY

SUBDIVISION I/SUB-SECTION I

INSTRUCTIONS À LA DÉLÉGATION
GUIDANCE FOR DELEGATION

85.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], February 5, 1948

...

UNITED NATIONS SECURITY COUNCIL; INSTRUCTIONS TO CANADIAN
REPRESENTATIVE

14. *The Secretary of State for External Affairs* referred to the draft statement for the guidance of the Permanent Delegate to the United Nations and Representative on the Security Council, copies of which had been circulated to Ministers since the meeting of January 29th.

(External Affairs statement, Jan. 27 — Cabinet Document 597).^a

15. *The Prime Minister* expressed agreement with the general tenor of the draft statement. With reference, however, to paragraph 21, it was essential that, in issues of importance involving commitments on the part of the government, Canadian representatives at the United Nations should seek specific instructions from the Cabinet; if time would not permit obtaining such instructions before a vote were

⁷ La demande d'admission a été bloquée par un veto de l'Union Soviétique au Conseil de sécurité le 10 avril.

The application for membership was vetoed by the Soviet Union in the Security Council on April 10.

^a Un projet antérieur du document 87.
An earlier draft of Document 87.

taken, a Canadian representative should abstain. The draft instructions should be specific on this point.

16. *Mr. St. Laurent* pointed out that member countries of the United Nations were committed financially only with respect to matters contained in the budget adopted by the General Assembly.

With respect to military commitments, the obligation to provide forces could proceed only from agreement between the government and the Security Council. As yet no such agreements had been entered into, the Military Staff Committee having failed to submit recommendations on this subject.

17. *The Minister of Agriculture* felt that the draft instructions did not take sufficient account of the danger of having Canadian representatives at international meetings fall too much within the orbit of U.S. policy.

18. *The Minister of National Defence* observed that the issue raised by Mr. Gardiner was of particular importance in relation to defence. The policy on which we were proceeding in joint defence arrangements with the United States had been decided by the Cabinet. If there were to be any change in this policy it would result only from a further Cabinet decision.

19. *The Cabinet*, after considerable further discussion, agreed to defer until a later meeting decision upon the instructions to Canadian representatives pending amendment of the draft submitted along the lines indicated by the Prime Minister and with reference to any suggestions which might be made by Ministers in the interim.

86.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], February 12, 1948

UN SECURITY COUNCIL; INSTRUCTIONS TO CANADIAN REPRESENTATIVE

11. *The Secretary of State for External Affairs* submitted certain proposed additions and amendments to the draft instructions for the guidance of the Canadian permanent delegate to the United Nations and representative on the Security Council, following discussion at the meeting of February 5th, and specific suggestions advanced subsequently by the Minister of Agriculture.

The addition of new paragraphs 22 and 23 would make it quite clear that, when issues of importance arose which would involve commitment on the part of the government, the Canadian representative should secure specific instructions before participating in a decision; in the absence of such instructions he should abstain from voting on the grounds that time had not permitted the receipt of such instructions. Matters not specifically covered by the general instructions would be dealt with by additional instructions as the circumstances required.

The points made by Mr. Gardiner had been met by amendment of paragraphs 1, 9 and 15. His other observations had been noted and would be borne in mind.

(External Affairs memoranda, Feb. 12, 1948).†

12. *The Cabinet*, after discussion, approved the draft instructions as submitted at the meeting of February 5th and amended as indicated by the Minister.

...

87.

L.B.P./Vol. 63

Déclaration

Statement

SECRET

[Ottawa], February 13, 1948

FOR THE GUIDANCE OF THE CANADIAN PERMANENT DELEGATE TO THE UNITED NATIONS AND REPRESENTATIVE ON THE SECURITY COUNCIL, JANUARY 1948

Canada has now taken its place on the Security Council. Our election to this position of responsibility and importance has involved us in discussions and decisions in which we might not otherwise have had to take part. Our national and international responsibilities have in this sense been extended. At the same time, we have been given increased opportunities to influence the course of international developments without necessarily associating ourselves with the leadership or direction of these developments. In using such influence in support of policies which will contribute to the maintenance of peace and establishment of collective security, we shall certainly be acting in the positive interests of Canada. Two wars have demonstrated beyond doubt that we cannot escape the consequences of deteriorating relations and disputes between the Great Powers which lead to war. Isolation from such consequences is now even less possible than previously, since there is evidence of a developing cleavage between western democracy and Russian communist despotism. If this division were to deteriorate to the point of armed conflict between the U.S.S.R. on the one hand and the United Kingdom and the United States of America on the other, it is clear that it would be impossible for Canada to remain neutral and that positive participation by Canada on the side of the Great Democracies would be expected. It also seems clear that the political circumstances and the conflict of ideas provoking any such war would not lead any substantial part of the Canadian people to oppose active participation in it. Indeed participation would probably be taken for granted by the great majority of the population of Canada.

2. The Canadian representative on the Security Council, therefore, should do everything he can to halt the deterioration in relations between the Great Powers, or failing that, to ensure that any conflict will be waged collectively and with an overwhelming superiority of power on the side of the western democracies. In following this principle, he will be concerning himself directly with the interest which Canada has in peace and security.

3. Canada will be expected to play an effective, indeed an important, part in the proceedings of the Security Council and it will not be easy to avoid doing so even if there are occasions when it may seem desirable to remain silent. The Government may, at times, find itself in the position where the Canadian vote will be decisive in determining solutions to problems which may seem to be remote from Canada's interests. Although this remoteness is illusory and any situation which affects the peace of the world is of direct interest to Canada, this does not alter the fact that during the next two years Canada will have to declare its position openly and publicly on many matters which, previously, might not have come to the attention of the Government at all, or might have been dealt with confidentially through diplomatic channels.

4. Canada's membership on the Security Council is so important, therefore, that it seems essential to review our relationship to the United Nations, and more particularly our relationship to the United Kingdom and United States in respect of Security Council matters.

5. The position of a power of the middle rank on the Security Council is, under any circumstances, a difficult one. A small power is in a sense by its very smallness relieved from much of the responsibility which participation in decisions involves. Syria, for instance, is not likely to be asked to send forces or to spend its resources in implementing a Security Council decision. At the other extreme, the Great Powers can protect their positions with the veto. A country such as Canada, however, is in a difficult position. Its economic strength and political influence are of importance and the prestige of Canada in the United Nations is high. The material and moral contribution which Canada can make to collective action, as the late war has shown, is significant. The judgments which the Canadian representative makes on United Nations matters must therefore be made with care and a sense of responsibility, especially since Canada is a country the views of which are taken seriously because it has the reputation of conscientiously carrying out the commitments into which it has entered.

6. Canada's position on the Security Council, as a middle power, would be an important one in any circumstances. The special nature of our relationship to the United States and the United Kingdom complicates our responsibilities, though it also enlarges our opportunities for influencing developments. Canada will be expected, by some, to follow the lead of the United Kingdom; by others to follow the lead of the United States. The fact that these two states are now in general agreement on fundamental questions eases but does not remove our particular difficulties. Unfriendly observers will write us off as a satellite of both, hoping in this way to minimize the effect of our independent action. More objective observers will tend to assume that it will be hard for Canada to follow a policy of its own. The fact that Canadian interests will often naturally be identical with those of the United States and the United Kingdom without any suggestion or influence from these states, in a sense makes Canada's position more difficult. It will not be easy to secure credit for independence of argument and decision. The fact that if we do depart from the United States or United Kingdom policy on any Security Council matter, we may have to associate ourselves with the Soviet Union and the Ukrain-

ian Soviet Socialist Republic, will make a departure of this nature less easy and pressure from our friends more difficult to withstand:

7. Insistent demands that Canada associate itself completely with the policies of a major power will probably come more frequently from the United States than the United Kingdom. The United States delegation, may, unfortunately, take it for granted that Canada will range itself almost automatically on its side. The United States already tends to consider Canada its strong and invariable supporter. Canada is nearly always the first choice of the United States among foreign countries for election to United Nations posts to which importance is attached. This is, in part, a tribute to our record in the United Nations. It is due, however, also to the feeling which the United States delegations have that they can "count on Canada", that our reaction to events is usually the same as theirs, that they can talk frankly with us and thereby no doubt influence us, and that we are in effect one of themselves.

8. That the Canadian Delegation on the Security Council may count upon the confidence of the United States representatives, is in some respects a reason for satisfaction. However, while consultation and mutually cordial relations are desirable between the Canadian Representative on the Security Council and his U.S. colleague, the Canadian Representative should generally seek to establish and maintain a position of independence on the Council, and to avoid a situation where the Canadian Delegation would merely reflect the position of another state. It is all the more important to maintain a position of independence at the present time when a division between East and West will present itself in almost every issue which will come before the Council. The U.S. Government, through its Economic Recovery Programme and other measures, has embarked upon an effort to restrain Soviet expansionist tendencies. In many respects the political and security interests of the United States are shared by Canada, but it does not follow that the U.S. representative on the Council should expect support from Canada for every initiative which he may undertake. There have been occasions in the past when United States policy in the United Nations has shown a lack of certainty both in intent and application, and also an inclination to pursue rather narrow national interests. Unfortunately, the alternative to supporting United States proposals, the wisdom of which may not always be apparent, is to oppose them in a manner which may be interpreted as giving support to the Soviet Union. The only other course, however, is abstention, and that is scarcely a satisfactory solution to the dilemma.

9. The hard fact is that most of the difficult political questions which will come before the Security Council during our two years of membership will cause controversy between the United States and the Soviet Union. These questions will necessarily have to be judged not only on their merits but also with reference to the way in which the present distribution of power in the world will be affected by a decision one way or the other. It would seem clear that during the immediate future the maintenance of peace will depend on the ability of the Western world to create and preserve an overwhelming preponderance of force—military force, economic force, moral force, the force that comes from the willingness of states with common interests to take common action and the force that comes from a united and informed public opinion. It will then be necessary at all times for the power that

comes from the existence of this force under any leadership to be used with great restraint and moderation.

10. It is therefore essential to keep constantly in mind the necessity of creating and preserving this overwhelming preponderance of force directed to the peaceful progress of the world. It is almost equally essential to remember that its creation and preservation cannot safely be based on wrong policies or provocative tactics. It will not be strengthened or demonstrated by toughness or rudeness, nor by the use of abusive or threatening language. Our dislike of the principles upon which the government of the Soviet Union is organized and the policies it follows should not lead us into a desire to defeat the Soviet delegation on every issue merely for the sake of defeating them; nor into treating Soviet diplomatic representatives at the United Nations differently from the way in which we treat the representatives of any other country.

11. There is also some danger that the United States may forget that in diplomacy no doors should ever be locked, no negative should ever be taken as final, no negotiations should ever be completely broken off. United States representatives at the United Nations are sometimes too anxious to clear the air, to get representatives to stand up and be counted, when it may be that the very thing to avoid is a premature hardening of position.

12. United States representatives at the United Nations meetings also occasionally succumb to the temptation to lose their patience, and to adopt attitudes which are more aggressive than the policies which their government will eventually adopt. We should, therefore, not give support to intemperate action proposed by the United States against the Soviet Union. We should particularly guard against supporting the United States on procedural questions when the United States is in the wrong and the Soviet Union is in the Right.

13. The prestige of the Security Council and of the United Nations generally, will suffer greatly if the action of the members of the Security Council serve to justify Soviet charges that the United States can always rally a mechanical majority in favour of its proposals regardless of the merits of the issues. It is in the long-run interests of the United Nations, as well as of Canada, and indeed of the United States itself, that our country should make clear its independence of the United States and of any other power on the Security Council. Our support or our opposition will mean little if we accept the position of a complaisant satellite.

14. The difficulties of our position in relation to the United States give added significance to our association with the other nations of the British Commonwealth. The practice of informal consultation, arising from mutual confidence and a recognition of common interest, provides Commonwealth Delegations in international organizations with an advantage which should be fully utilized. The Delegation should maintain and strengthen its contacts with other Commonwealth Delegations. Consultation should, however, be maintained on an informal basis, and it should not be allowed to appear that Commonwealth states regularly concert their policies in advance.

15. These considerations are important. They do not, however, destroy the validity of the general principle which should govern our policy on the Security Council,

namely that on fundamental questions which may involve peace and war, we cannot afford to be on the opposite [side] from the United States and the United Kingdom when they are in agreement. All the more important is it, therefore, that these two Powers should not only be in the right on the big issues but should not put us in the position of having to oppose them on less important ones in which we believe them to be wrong. This means that the closest possible contact must be maintained with the United Kingdom and United States members of the Security Council with a view to reconciling divergent views before matters are debated openly at the Council table. It is often in these conversations that Canada may influence the trend of events for good.

16. The seriousness with which the Delegation must necessarily regard its duties on the Security Council should not, on the other hand, lead it to over-estimate the responsibilities which it is proper for the Security Council to accept. A tendency is already apparent for certain states to regard the United Nations as little more than an instrument for the attainment of narrow national objectives. These States raise in the Security Council problems in their relations with other States which they have not been able to solve to their own satisfaction, and hope that by doing so they will gain the sanction of international support for their particular objectives. The Delegation should avoid being used itself for such purposes and it should, as far as possible, prevent the Security Council from being so used.

17. It may be concluded from the Charter that before a subject is given consideration by the Security Council, the Council should satisfy itself that the question is one which does in fact endanger international peace, and that the parties concerned have themselves exhausted all peaceful means for the settlement of the dispute before placing it on the Agenda. The application of this principle will in many cases prevent the irresponsible use of the Security Council either for the purpose of making propaganda, or for the purpose of securing support for the national policies of one state or another. It will also prevent the Security Council from being led into the discussion of minor questions which properly should not appear on its Agenda at all.

18. The Delegation should also keep in mind the danger that the Security Council may be asked to accept commitments which it cannot fulfil. In the absence of military agreements under Article 43 of the Charter, or alternative arrangements for similar purposes, the Security Council is not in a position to enforce its decisions, or to give military support to commissions or other agencies which it may appoint. At the moment, its deliberations and judgments have only such weight as may be derived from their influence on world opinion or may result from the fact that its suggestions commend themselves on their merits to the parties to a dispute or situation. Responsibilities should not therefore, be accepted by the Council unless there is strong evidence that they can be met. Committees and Commissions should not be set up to arbitrate in disturbed areas or to accept this administrative responsibility, unless it is clear that agencies of this nature will be in a position to function effectively, and that their activities will be adequately supported by those States which at the moment exercise a preponderance of force in the world.

19. There is also a tendency for the Great Powers, especially the United States and the Union of Soviet Socialist Republics, to expect the smaller powers on the Security Council to accept responsibilities which they themselves are anxious to avoid. The reason given for this is often that the Great Powers are themselves too directly concerned in the dispute under consideration, or that it is impossible to give responsibility to one of them without sharing it amongst all. This is a tendency which should be consistently opposed. If the Great Powers, because of differences between them, are unable or unwilling to perform their duties as members of the Security Council, they should not expect their less powerful associates on that body to take up functions which they find irksome or embarrassing or dangerous. In theory, every member of the Security Council should act in the interest of the whole United Nations. If, in practice, it is impossible for the members of the Security Council to detach themselves from their national interest sufficiently, even to attempt to fulfil their responsibilities with this objective and impartial attitude, it is doubtful if the Council can go far towards the solution of major problems. In any event, the smaller powers should not regularly be placed in the position of having to play a role which the permanent members are unwilling themselves to play.

20. One method by which the general acceptance of responsibility by members of the Council might be increased is through greater use of procedures for the private and informal discussion of questions on the agenda. In the past, the Security Council has all too often engaged in an angry and unproductive public debate which decreased rather than strengthened the chances of peaceful settlement of the dispute in question. If possible, the Security Council should avoid bringing judgment to bear on any of the parties to a situation or dispute. It should concentrate on devising means to remove the immediate threat to the peace, or to stop the conflict if it has already arisen. It should throw back on the parties themselves, as much as possible, the responsibility for settling their differences. It should avoid, if possible, undertaking judicial functions of a court. For these purposes a private discussion of the question under consideration in small groups, which shall, if possible, include the parties themselves, may often prove a useful procedure.

21. The urgency and complexity of the questions which are before the Security Council will require the constant attention of the Government. The Delegate to the Security Council should not hesitate to appeal for advice and instructions, and he should seek to draw the attention of the Government to the positions he may have to take as far in advance as possible. In a matter which so affects the interests of Canada and the relations of this country with the world at large, close and constant relations should be maintained between the delegation and the government.

22. When issues of importance arise which involve commitments on the part of the Government, it is essential that the Canadian representative should secure specific instructions from the Government before participating in a decision. If time does not permit obtaining such instructions before a vote is taken, the Canadian representative should in such circumstances abstain. He should explain that his reason for such abstention is that time has not permitted him to receive instructions from his Government on the matter.

23. The instructions in this memorandum will not meet and are not intended to meet all the circumstances and issues which might arise. Matters not covered by them can be dealt with by additional instructions as they develop.

88. PCO/Vol. 113

Note pour le Cabinet

Memorandum to Cabinet

SECRET

[Ottawa], September 8, 1948

THIRD SESSION OF THE GENERAL ASSEMBLY OF THE UNITED NATIONS,
PARIS, SEPTEMBER 21, 1948

(A copy of the provisional agenda for the Third Session of the General Assembly is attached to this Memorandum.† Where reference is made to an item on this agenda, the number of the agenda item has been indicated in brackets in the Memorandum.)

In present circumstances, the United Nations is unable to fulfil the principal purposes for which it was established in 1945. Even while the Charter was being drafted, evidence accumulated that the U.S.S.R. intended to follow an independent and aggressive policy in post-war international affairs. This development has now reached the point where progress is impossible in any political undertaking which depends for its success upon the co-operation of the government of the Soviet Union or of any state under the influence of that government. None of these states has shown itself prepared to enter upon the process of adjustment and compromise without which a system of collective security cannot be built.

2. This situation will necessarily limit the accomplishments of the Third Session of the General Assembly which meets in Paris on September 21, and the policy of the Canadian Delegation should be defined accordingly. In general the Delegation should give expression to the following points:

(a) The Canadian Government intends to fulfil its obligations under the Charter and is willing, in company with other members of the United Nations, to enter into agreements and commitments for the progressive establishment of a system of collective security. Responsibility for the existing stalemate must rest with those states which refuse to adjust their position in any degree to meet the wishes of the majority, or even to consider compromises or accommodations by which negotiation might be continued.

(b) In the absence of provisions for collective security within the United Nations, member States may be expected to seek arrangements elsewhere for their mutual defense. Considerations of this kind account for the interest which the Canadian Government has shown in proposals for a North Atlantic security agreement, and the support which it is prepared to give such an agreement. Arrangements of this character are not contrary to the Charter, nor do they prevent the achievement of security within a wider framework. The Canadian Government is ready to consider proposals for a wider agreement at any time.

(c) The Canadian Government continues to regard the United Nations as the best available instrument [at present] for the development of a system of international co-operation and, eventually, of collective security on a basis of universal participation. In certain fields, outside the area of direct conflict between the Eastern European and the western democratic groups within the United Nations, the organization has already shown itself capable of effective action to postpone the outbreak or limit the scope of hostilities. The Canadian Government will do nothing to weaken the United Nations, nor will it force any issue, unless a vital question of principle is involved, to the point where the unity of the organization is destroyed [impaired]. In other words, the Canadian Government considers that the United Nations should be supported now in the performance of as many of its functions as present circumstances will permit, that it should not be given tasks which are beyond its present resources, and that nothing should be done which will prevent it, under better auspices, from fulfilling the wider purposes for which it was designed.

Selection of Officers and Elections to Councils

3. In the selection of officers for the Assembly and its committees, the Delegation should use its influence, in preliminary consultations with other Delegations and in casting its vote, to secure the choice of competent and experienced persons. The less competent the officers are the longer will the session of the Assembly last and the less fruitful it will be. In particular, the selection of a President of the Assembly and of the chairmen of Committee I (Political Committee) and Committee V (Administrative and Budgetary Committee) should be made with particular care.

4. In the choice of members for Councils of the United Nations the Delegation should seek to secure as full an observation as possible of the functional principle that states should be chosen for membership on Councils on the basis of their ability to accept the responsibilities which are given to them and to contribute to the work of the United Nations. In elections to the Security Council, a Latin-American State will presumably be elected to replace Colombia, and the Delegation, in consultation with other Delegations, should support the selection of a responsible member of the Latin-American group. Mexico or Brazil would probably best fulfil the requirements which the Canadian Government regards as essential. The Delegation should use its influence to make certain that a Western European State replaces Belgium on the Security Council. An effort may be made to give the Belgian seat to an Asiatic State, thus leaving the smaller states of Western Europe without a representative on the Council. This should be avoided if possible, and the Delegation should be prepared to support any Western European State upon which agreement can be reached. India has indicated its desire to be elected to the Security Council, and may seek the seat which is being vacated by Syria. The Delegation should be prepared to support India but, if India withdraws or her candidature is not successful, the Delegation should then be prepared to support a state from the Eastern Mediterranean, possibly Turkey.

5. In the elections to the Economic and Social Council, the Delegation should seek to maintain the same principles which it has applied in elections to the Security Council. Canada will itself be retiring from the Economic and Social Council

this year and the suggestion may be made that Canada stand for re-election. In view of its insistence that states which are capable of accepting responsibility be chosen as members of councils, the Canadian Government could not well refuse to accept re-election to the Economic and Social Council. The Delegation should not, however, seek re-election for Canada, nor encourage those who may propose Canada for a new term. If India fails to be elected to the Security Council, and seeks membership on the Economic and Social Council, the Delegation might then consider suggesting to any states which intended to vote for Canada for this Council, that they transfer their votes to India, indicating that the economic and social position of India warrants the election of that State, and that in the circumstances Canada would prefer to withdraw from the Council for the time being.

Atomic Energy, Disarmament and the Military Staff Committee

6. The most important and difficult discussions of the General Assembly will probably be those which relate to the international control of atomic energy, (item 20) disarmament, and the report of the Military Staff Committee. In the discussion of these questions, care should be taken to make clear that in overview the Reports of the Atomic Energy Commission embody a workable plan for the control and development of atomic energy. This plan, or some modification of it, might at once be put in practice except for the intransigence of a minority of members of the United Nations which insists on a basically different approach. In regard to disarmament, plans have not been developed in detail, but similar differences of approach have already become apparent, and little will be gained by continuing the discussions in present circumstances. The discussions of the Military Staff Committee, which have been concerned with arrangements for the provision of an international force, have also proved ineffective, and the Canadian Government is particularly concerned because this first step towards security through collective action has not been taken. In expressing its disappointment over the stalemate which has occurred in regard to these subjects, and in indicating where the responsibility lies, the Delegation should also make known the willingness of the Canadian Government to participate in renewed discussions wherever it seems possible that further progress may be made.

Constitutional Questions

7. It is not the policy of the Canadian Government to advocate at the present time the formal amendment of the Charter of the United Nations, in spite of the inadequacies which have become apparent in the constitution of that organization, unless all five Great Powers are prepared to ratify the amendment. The Delegation should not, therefore, support measures such as the Argentine proposal for a revisionary conference (item 17b), for an increase in the membership of the Security Council to 24 (item 48), or for the election by the Assembly of new members to the United Nations in spite of the failure of the Security Council to concur (item 14c). The Delegation should, however, make clear the opinion of the Canadian Government that the privileges given by the Charter to the permanent members of the Security Council are being used, notably by the U.S.S.R., in a manner which makes the proper functioning of the organization impossible. It should also support any proposals for the development of procedures or the acceptance of conventions by

which these difficulties may be removed. The report of the Interim Committee on voting procedure in the Security Council contains many useful proposals and provides a new interpretation of the veto to supplement that given by the Four Powers at the San Francisco Conference. (item 17a). These proposals cannot now be embodied in a constitutional amendment, but the Delegation should give its support to any proposals or any suggestions for the adoption, either by agreement amongst the permanent members of the Security Council, or through the gradual establishment of precedents based on the report of the Interim Committee, of the reforms which have been proposed. In regard to an Indian resolution concerning the distribution of seats on the Security Council on a basis of equitable geographical distribution, (item 46), the Delegation should make certain that in any resolution affecting this subject, the provision of the Charter should be included which states that consideration shall be given "in the first instance to 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 should be kept in mind, however, that the Indian resolution on this subject reflects the opinion of governments of states in the South-west Pacific and South Asia that they are not adequately represented on the Security Council. The Delegation should be prepared, therefore, to consider any proposal which, by agreement amongst the permanent members of the Security Council, would lead to the adoption of an amendment to the Charter adding a seventh non-permanent member to the Security Council, and increasing the total membership to 12.

Political Questions

8. Greece, Korea, Palestine and Spain will all be subject to discussion in the General Assembly. In regard to Greece, (item 15), the Delegation should support any responsible proposal to continue the functions of the Balkan Commission, which has already proven its value, and to enlist the support of the states which in the past year have refused to co-operate in its work. The report of the Korean Commission (item 16a) should be supported, and encouragement should be given to the government which has now taken office in southern Korea. Nothing should be done, however, which implies that sovereignty in Korea has been transferred to this government by the United Nations, or that the United Nations has any special responsibility for its welfare, or for its political or territorial integrity. If recognition is sought for the Communist government of north Korea it should be pointed out that, since no one representing the United Nations was permitted to observe the election by which this regime was chosen, the United Nations is not in a position to know whether or not it represents the wishes of any of the people of Korea. Support should be given to any proposals by which the activities of the Korean Commission may be terminated or turned over to some other agency at an early date.

9. It is hoped that the discussion of both Palestine and Spain during the General Assembly will be brief. The settlement in Palestine is now on the agenda of the Security Council, and a process of mediation, begun by the Assembly at its last special session, is taking place. There should be no occasion, therefore, for a general discussion of the political settlement in Palestine, which could only create difficulties for the Mediator. Efforts will no doubt be made to provoke a general

debate on Spain (Supplementary item 10). There would seem to be little advantage in present circumstances in trying to alter or re-affirm the Assembly resolution on Spain, and the subject should therefore be cleared from the agenda as quickly as possible.

Financial Questions

10. The Delegation should, as in previous years, encourage the efficient and economical administration of the United Nations (item 35). It should scrutinize the budget and seek to limit expenditure as much as possible. It should oppose the adoption of proposals which will needlessly increase the costs of operation.

11. In any general consideration of the scale of contributions to the budget of the United Nations, the Delegation should try to secure a reconsideration of the allocations of those states which, due to immediate post-war dislocation, were assessed relatively low contributions. It should insist that compensation for any reduction which takes place in the assessment of the United States should be made by increasing the allocation of those states to which special consideration was given when the scale of contributions was prepared. It should oppose any scale of assessments under which the per capita contribution of Canada would be higher than the per capita contribution of the United States, and it should oppose any increase in Canada's contribution.

Economic and Social Questions

12. The policy of the Canadian Delegation to the Economic and Social Council will, in most instances, indicate the policy which the delegation to the Assembly should follow. The Delegation should give general support to the draft declaration of Human Rights (supplementary item 13) and the draft conventions on Freedom of Information (item 26), but it should seek to avoid the adoption of proposals which have not been given adequate consideration, particularly from a legal point of view. On matters as difficult and important as these it might be wise for the Assembly to adopt the I.L.O. technique of a first reading at this session and a second reading at the 1949 session.

13. As the Assembly proceeds, questions will arise in regard both to subjects which have been mentioned in this Memorandum and to others which are on the agenda, concerning which the Delegation will require guidance. Frequent communication should be maintained with Ottawa, and, whenever possible, the Government should be acquainted with all important proposals which are placed before the Assembly and with the action which the Delegation proposes to take in regard to these proposals.

89. PCO

*Extrait des conclusions du Cabinet**Extract from Cabinet Conclusions*

TOP SECRET

[Ottawa], September 8, 1948

UN ASSEMBLY; INSTRUCTIONS FOR CANADIAN DELEGATION

27. *The Secretary of State for External Affairs* submitted and read a memorandum prepared for the guidance of the Canadian delegation at the Third Session of the General Assembly of the United Nations, to begin in Paris on September 21st.

After stating the general attitude of Canada in support of the United Nations as an instrument for the development of a system of international co-operation, the memorandum went on to suggest the lines which the delegation should follow concerning the selection of officers, atomic energy, disarmament and the military staff committee and the constitutional, political, financial and economic and social questions, with which the Assembly would have to deal.

As the meetings went on questions other than those mentioned in the memorandum would arise. Upon such the delegation would require further guidance and frequent communication should be maintained with Ottawa so that the government would be acquainted with all important proposals and with the action which the delegation proposed to take thereon.

Copies of the memorandum were circulated, together with copies of the Provisional Assembly agenda.

(External Affairs memorandum, Sept. 8, 1948 — Cabinet Document 736).

28. *The Prime Minister* raised the question of the line which should be taken concerning the Soviet Union in his opening statement at the Assembly.

There were two possibilities — the first an unqualified attack upon Soviet policies and tactics, the second, a statement which would not exclude eventual change in the Soviet attitude.

29. *The Cabinet*, after discussion:

(1) approved the memorandum submitted as indicating the attitude to be adopted by the delegation subject to:

(a) amendment of paragraph 5 by the deletion of the third sentence therein, it being considered that Canada should not stand for re-election to the Economic and Social Council;

(b) amendment of paragraph 10 by the deletion of the last sentence therein; and,

(c) other minor amendments;

(2) agreed that the Prime Minister's opening statement to the Assembly should be so drafted as not to exclude the possibility of an improvement in the relations between the Soviet Union and the Western Powers.

SUBDIVISION II/SUB-SECTION II
 PROCÉDURE DE VOTE ET USAGE DU VÉTO
 VOTING PROCEDURE AND USE OF VETO

90.

DEA/5475-BA-40

*Note du chef de la Direction des Nations Unies
 pour le sous-secrétaire d'État aux Affaires extérieures*

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

Ottawa, March 13, 1948

The attached memorandum on the problem of voting in the Security Council is the one referred to in the draft Canadian statement to the Interim Committee which you approved on Friday, March 12. It contains a more detailed development of the proposals given in summary form in that statement. The memorandum is, with the exception of several deletions, the same as the one submitted to the First Committee of the General Assembly in November 1946.⁹

Such proposals in final form are supposed to be submitted on March 15 to the Interim Committee. They will then presumably be considered by a Sub-Committee set up for that purpose.

I am taking a copy with me to New York and, if you approve, I shall submit it as the Canadian proposal.¹⁰ If we are members of the Sub-Committee then we shall be able, of course, to develop our ideas about other proposals at greater length.

R.G. RIDDELL

[PIÈCE JOINTE/ENCLOSURE]

*Note**Memorandum*

THE PROBLEM OF VOTING IN THE SECURITY COUNCIL
 (SUBMITTED TO THE INTERIM COMMITTEE MARCH 15, 1948)

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

⁹ Voir le volume 12, le document 512.
 See Volume 12, Document 512.

¹⁰ Notes marginales :/Marginal notes:

O.K. L.B. P[earson]

Riddell informed by phone at Lake Success Monday AM March 15 K.B. Williamson

Council, permanent and non-permanent, the obligation to exercise its rights and responsibilities as a member of the Council not in defence of its own special national interests but in defence of the interests 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.

The Canadian delegation therefore submits for the consideration of the Interim Committee the following proposals for procedure in the Security Council:

(1) 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, the rules of procedure of the Security Council should provide that, 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 carry out their obligation under the Charter to seek a solution by peaceful means of their own choice before coming to the Security Council.

(2) 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, the rules of the Security Council should provide that 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.

(3) Apart from the special jurisdiction which may be conferred on it under Article 38 by all the parties to any dispute, the Security Council's jurisdiction is restricted to international disputes and situations which are 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. Therefore, the Security Council should work out agreed procedures to ensure that the early stages of the consideration of a dispute or situation by the Security Council are 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 recommendation on the settlement or adjustment of the dispute or situation, but to decide the preliminary question of jurisdiction.

(4) 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. The rules and practices of the Security Council should therefore be based on a recognition of the fact that the Security Council is under an obligation to deal with disputes and situations when it has decided that they come within its jurisdiction. Every member of the Security Council is under an obligation to see that prompt and effective action is taken by the Council. These obligations of the Council as a whole and of its members individually 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 (paragraph 2 of Article 24, paragraph 2 of Article 33, paragraph 1 of Article 36 and paragraph 2 of Article 37). 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.

(5) Under the proviso to paragraph 3 of Article 27 of the Charter, a party to a dispute is required to abstain from voting in decisions taken 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, itself, a party to a dispute. Therefore the Security Council should work out agreed procedures to ensure that no state is judge in its own cause.

91. DEAJ/5475-CP-40

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

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

Ottawa, July 2, 1948

The Interim Committee of the General Assembly will meet on Wednesday, July 7, to consider the reports of its sub-committees in the general field of international conciliation and to hear a final report on the consultations of the Temporary Korean Commission with the Interim Committee which took place earlier this year. Although the final reports of the sub-committees are not all completed, it is now fairly clear what recommendations will be brought forward. It is necessary, therefore, to consider the general attitude to be adopted by the Canadian representative at the meetings of the Interim Committee.

The following reports and recommendations will be brought forward:

(a) Report of Sub-Committee 2: this sub-committee has been studying general methods of peaceful settlement of disputes by negotiation, arbitration or judicial decision and specific means by which the General Assembly could facilitate peaceful settlement; the report will recommend that a revised form of the General Act for the Pacific Settlement of Disputes, which act had originally been administered through the League of Nations, be made available for signature and ratification to Members of the United Nations; it will also advocate the use by the President of the Security Council of an ad hoc committee of conciliation operating informally in an attempt to achieve a settlement before any dispute is fully debated in Council sessions; other proposals along the same lines are being considered and will be dealt with in the final report; it would appear that the work of the sub-committee merits Canadian support, since Canadian delegates have urged on previous occasions the necessity of exhausting every possible means of peaceful settlement before any matter is debated in the Security Council or in the General Assembly;

(b) Report of Sub-Committee 3: Canada has participated in the work of this sub-committee and, on the basis of general Canadian policy in this respect and of specific instructions previously issued, has supported the conclusions reached; the report recommends that almost all decisions of the Security Council, apart from those under Chapter VII, be exempt from the veto; it also suggests that the Permanent Members of the Council should consult among themselves and that they should use the veto only in vitally important matters; other means of implementation by interpretation of the Charter are suggested; these proposals are ones which Canada, along with most other Members of the United Nations, has consistently supported;

(c) Report of Sub-Committee 4: this report will recommend the continuance of the Interim Committee for another year; the report makes some suggestions for changes in procedure and defines more carefully the supplementary role of the Interim Committee in relation to the General Assembly; since the Interim Committee this year has provided the opportunity for careful and frank discussion of long-range problems in international conciliation without heated arguments over particular political issues, it would seem that Canada should support the continuance of a subsidiary organ which should be able to relieve the General Assembly of an increasing amount of preparatory and research work;

(d) Report on Consultations with the Temporary Commission on Korea: this will be merely a factual report on the consultations which took place earlier and the Canadian representative will have only to ensure that the position we took then on the constitutional aspects of these consultations is accurately represented.

Although the details of some of the final reports will have to be considered later, I would be glad to know whether or not you agree with the general policy¹¹ of support for the work of the Interim Committee suggested above.

L.B. P[EARSON]

¹¹ Notes marginales /Marginal notes:

Yes St. L[aurant]

I informed Mr. Riddell by telephone 12th noon, July 7/48 E. R[eid]

SUBDIVISION III/SUB-SECTION III

COMMISSION TEMPORAIRE DES NATIONS UNIES SUR LA CORÉE
UNITED NATIONS TEMPORARY COMMISSION ON KOREA (UNTCOK)

92.

L.B.P./Vol. 35

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

TOP SECRET AND PERSONAL

[Ottawa], January 10, 1948

MISSION TO WASHINGTON ON THE KOREAN COMMISSION
JANUARY 1-6, 1948

I left Ottawa on New Year's Day—thankful to escape the round of calls—with the Prime Minister's parting advice ringing in my ears, that I was to convince both the President and the Acting Secretary of State in Washington that this was an issue on which he would not yield and that, so far as he was concerned, no Canadian would serve on any Korean Commission. Mr. King felt that if this could be made clear, Mr. Truman and Mr. Lovett would, in some way, be able to help him out of his difficulties, though I never did see how this could be done, in view of the fact that the Commission was a United Nations and not a United States agency, and was already on the point of leaving for Korea. However, the main objective at the moment seemed to be to stall for time and to prolong the issue in the hope that feelings would calm down and the crisis could be averted. If Mr. King, as a result of this delay which could now be secured, did not change his mind, there was no doubt that there would be a major Cabinet shake-up, as Mr. St. Laurent and Mr. Ilsley were as determined as the Prime Minister not to give way.¹²

My journey got off to a very inauspicious start, as I was 8½ hours reaching New York, owing to a freight wreck north of Peckskill. So I sat in a cold, foodless and drinkless train all day, instead of keeping my appointments at the State Department and the White House. I was to have seen Mr. Lovett at 3, at which hour I was still outside New York; Mr. Truman at 6, at which hour I was on the "Congressional Limited", which I had just managed to catch by dashing across New York.

I spent the evening at the Embassy, and went over the whole business with Hume Wrong, who was completely bewildered by all the excitement, and inclined to be somewhat amused at the idea of a Cabinet crisis over Korea. However, he was not amused at the seriousness of the picture as I unfolded it to him. He told me that I would be getting a pretty cold reception from Lovett, who was fed up with our attitude as stated to him by Ray Atherton, and somewhat alarmed at its isolationist implications.

The next morning, at 10, Hume and I went to the State Department. Fortunately, it was a Saturday morning, and there were no press men around. In any event, I had

¹² Voir aussi le volume 13, les documents 558-570, 572.

See also Volume 13, Documents 558-70, 572.

decided to throw them off the track as to the purpose of my trip to Washington, by telling them that I had come down to see the President of the United States about Korea. That would have been so fantastic that they would have assumed that I was joking, and that I was really talking about dollars or fuel oil. We found Lovett flanked by an impressive array of senior officials. He was inclined to be rather stiff and formal at first, but, when I asked him for a few minutes' delay while I sent for a Third Secretary from the Embassy so that the balance in strength on the two sides could be evened, he thawed out. Fortunately, also, I knew the other State Department officials there well, so that we could conduct our conversation on a very informal basis. I had a very difficult task to perform, because the point of view which they put forward and which is stated in the attached telegram,¹³ was an entirely understandable and reasonable one, and because they knew that I felt that way. Having put the Prime Minister's case as strongly as I could, I then went off duty and talked over with them possible ways and means of getting out of the difficulty. Lovett was particularly alarmed because our withdrawal from the Commission would be exploited, not only by the Russians, but by the isolationists in Congress. Therefore, all he really wanted was no public withdrawal to take place. He said he didn't care whether we sent a messenger boy to Korea, or whether he slipped away after a few meetings of the Commission, but that it was of vital importance that we make a formal nomination to the body. He also expressed some anxiety about the position we would be adopting on the Security Council if we were as worried about commitments as we seemed to be about the Korean one. In this connection, he wasn't any more anxious than I was. He also thought it was unnecessary for me to see the President, as the press would ask me embarrassing questions and produce embarrassing speculations. However, I said I must see Mr. Truman, as I had been instructed to do so by the Prime Minister, and that, as for publicity, if they would merely issue a statement that I had been in Washington, having come from New York, where I was attending the Interim Committee of the Assembly and wished to take advantage of the occasion to pay my 1948 respects to Mr. Truman as a former Ambassador, that might satisfy everybody. He then telephoned the White House, and they agreed to do this. They went further — they smuggled me in by the back door, so that I avoided the press correspondents. Lovett came with me to see the President, and we had an amiable and somewhat aimless conversation. Mr. Truman was, of course, not familiar with all the details of the case, and he could hardly understand the Prime Minister's attitude, though I tried my best to explain it to him. He kept saying: "Surely Canada won't let us down"; "Surely we can count on Canada". When I pointed out to him that we did not like very much being pushed into a position at the head of the procession in a country so far away as Korea, where the U.S.S.R. and the U.S.A. could not themselves get along, he replied: "Don't worry, you won't get into any trouble over there, and if you do, we are behind you." If I had reported that conversation to Mr. King, which was, of course, merely a casual observation, our Prime Minister would have considered that his worst fears had been realized. Mr. Truman also didn't help

¹³ Voir les documents 80, 81.

See Documents 80, 81.

his cause any by emphasizing that Canada was really the most respectable member of the Commission. That was exactly what worried Mr. King, who had kept repeating for days why should Canada be pushed on to a Commission with countries like El Salvador, the Philippines, etc.

I hinted to Mr. Truman that he might telephone to Mr. King and talk the whole matter over, but he seemed disinclined to do this. He did, however, agree to Mr. Lovett's suggestion, that Mr. Truman would send Mr. King a personal letter, explaining his views and urging that Canada should remain on the Commission.

I was only with the President 15 or 20 minutes, and we ended on a friendly note, far removed from Korea and more concerned with Margaret's [Truman] voice.

We then went back to the State Department, and Lovett's officials began to draft a letter to the Prime Minister from the President. I must confess that Hume and I gave them some hints as to how this could most effectively be done.

Lovett is a first-class person and handled our discussions with great ability.

Later in the afternoon, at the Embassy, Jack Hickerson arrived with the completed draft of the President's letter, which he went over with us. I took advantage of the opportunity to urge him, once again, to try through Lovett to persuade the President to telephone Mr. King, but he seemed to think that this would not be done. He practically admitted that, as Mr. Truman didn't know very much about this business, they were afraid that Mr. King might overwhelm him on the telephone.

I left that evening for New York and spent the next morning, Sunday, drafting and sending the attached telegrams to Ottawa. Mr. King got his message at 3 o'clock in the afternoon and, as soon as he had finished his afternoon siesta, he phoned me at the Biltmore. We talked for more than half an hour — or rather he talked and I listened. He didn't think much of the State Department arguments, and said that he was more determined than ever to follow the course he had laid down. He seemed disappointed that the President had not been able to help him more, and asked me if I had told Mr. Truman that the Cabinet might split up on this issue? I said that I had not; that I did not think it was proper for a Canadian official to emphasize our political difficulties to the President of the United States. I added that I might have been able to say more if I had been having an informal chat with the President, but that, with Mr. Lovett present at a formal appointment, I could not really go further than I had. Mr. King agreed. This was a depressing telephone conversation, and made me more worried than ever about the outcome of this whole business.

Sunday afternoon I also had a talk with Trygve Lie's Executive Assistant, Andrew Cordier, to enquire what the plans were for the Korean Commission. I found that they had already left for Korea. That simplified matters in one sense, because it made impossible a meeting of the Commission at Lake Success, at which they could discuss whether, in the face of Russian opposition, they should go to Korea at all. I indicated to Cordier, and also to Trygve Lie himself, the next day, that we were having certain difficulties regarding the Canadian appointment, but that we hoped in their press statements from Lake Success they would make no reference to these difficulties or indeed to the fact that a Canadian appointment to

the Commission had not been made. They promised to co-operate in this matter. I told Mr. King that I had not given any indication to Trygve Lie that the difficulties in question were political ones and, after some discussion, he agreed that this was the best course.

On Monday I attended the Interim Committee of the Assembly, a dull business, and let Korea lie. I also was busy with preparation for our first meeting of the Security Council the following day, when Canada would take her seat. The fact that the subject on the agenda was the dispute between India and Pakistan, made it likely that it would be a hot seat. I had a word with the Prime Minister about this dispute, and he emphasized that we should take no part at all, if it could be avoided. Certainly we were not to act on any Security Council Commission investigating the matter. Sir Alexander Cadogan,¹⁴ on the other hand, thought that Canada should play a leading part in this business, and he hoped that we would do so. I told him that that would be impossible, because, in the first place, we were just joining the Security Council and wished to keep modestly in the background for a time, and that, secondly, in a dispute between two Dominions, it would be inappropriate for a third Dominion to intervene.

On Tuesday, while I was attending our initiation into the Security Council, I was called away to talk to the Prime Minister again on the telephone. He had received the President's letter, which in fact had been delivered to me at the Biltmore Hotel on Monday evening and which I had put on the teletype at once. The only impression it made on him was a bad one. He thought that Mr. Truman's arguments were very unimpressive, and his position remained unchanged. The crisis, therefore, remained unresolved. Mr. King said that I was to hurry back to Ottawa, as he wished to talk to me about the whole business. This sounded ominous. I left New York on Tuesday evening, and I spent a good deal of the time that night trying to analyze this queer business. There are several possible explanations for the Prime Minister's attitude:

(1) He has been so thoroughly frightened in London about the approach of war¹⁵ that his mind has fallen back into its accustomed pre-1939 pattern of isolation and suspicion of commitments. In this case, it is the United States, rather than the United Kingdom, which is the villain, and trying to lure Canada into foreign adventures;

(2) He has manufactured this crisis in order to establish his supremacy over the two strong members of his Cabinet, Mr. St. Laurent and Mr. Hsley, even at the risk of their resignation, which, in fact, he may be manoeuvring. This explanation becomes only intelligible if Mr. King has picked his own successor, and it is not to be Mr. St. Laurent; or has decided to continue in office himself;

¹⁴ Le représentant du Royaume-Uni au Conseil de sécurité.
Representative of United Kingdom to Security Council.

¹⁵ Lors d'une visite à Londres en novembre 1947, King eut un briefing de Bevin sur la détérioration des relations Est-Ouest. Voir volume 13, document 569.
During a visit to London in November, 1947, King had been briefed by Bevin about the deterioration in East-West relations. See Volume 13, Document 569.

(3) He may be merely attempting to re-establish a position in the Cabinet which has been slipping as the day comes for his retirement, though he does not intend to carry this attitude to a point where it really will break up the Government.

I arrived back in Ottawa on Wednesday, and had barely reached my office when Mr. King telephoned. He read me his proposed reply to President Truman. It was stiff and uncompromising. It was quite clear that, if it were sent, either he or Mr. St. Laurent and Mr. Ilsley would resign. I suggested to him that he might wish to have this reply considered by the Cabinet before it went, but he felt that it was a personal reply to a personal letter, and did not require Cabinet consideration. I then mentioned to him that, if this reply laid down Government policy, it would require a telegram to the United Nations, stating that we would not take up our place on the Korean Commission; that this telegram would have to be made public, and the controversy within the Cabinet would be exposed. Mr. King said he was quite willing to take the responsibility for this, and that it was up to the Department of External Affairs to send the message. I then said that, if the Secretary of State for External Affairs were to send the message, presumably he should have a look at the draft reply to Mr. Truman. Mr. King agreed to this, and said that the reply in question should be held up until Mr. St. Laurent had seen it. The letter was sent to me by hand, and I immediately took it over to Mr. St. Laurent. Mr. St. Laurent was quite calm about it, but quite firm. He said he had no objection to the telegram in question going to Trygve Lie, but it would not go over his signature because he would not be Secretary of State for External Affairs. If Mr. King persisted in this course, there was nothing for him to do but resign. He had been head of the Delegation which accepted Canada's membership on the Korean Commission, and a refusal to confirm that was a repudiation of his action and that of Mr. Ilsley. They both, therefore, would of course resign, though he, Mr. St. Laurent, would do it as quietly and non-controversially as possible, so that it would not cause any trouble to anybody.

I asked Mr. St. Laurent, before he took any action, whether he wouldn't talk to the Prime Minister, as I was certain that the Prime Minister had not really realized the position that he had reached. He was a little loath at first to take the initiative in this matter, but soon agreed to telephone Mr. King. He did so, and arranged to have dinner with Mr. King. This, I knew, would be the critical occasion which would resolve or precipitate the crisis.

We had some talk about the duty of a civil servant in a break-up of this kind. Mr. St. Laurent thought that it did not really concern me as an official. I said that I felt I should either resign or ask for an appointment abroad; that I really could not carry on in the Department when policies with which I did not agree were being laid down by the Prime Minister, against the wishes of the Secretary of State for External Affairs. Mr. St. Laurent said that he would come round to the house to see me after his dinner with the Prime Minister.

At ten o'clock the door bell rang, and I let him in. He was looking very happy, and I knew everything must have been worked out all right. What had happened was this. The Prime Minister and the Minister, in the mellow mood that a good dinner and a bright fire sometimes induces, had talked over the whole question and had agreed on a compromise, by which a Canadian member could be appointed to

the Commission, though he would withdraw from its work if it became apparent that Russian co-operation was not forthcoming. In other words, our member was to have nothing to do with elections for South Korea only. This is not an unreasonable stipulation and one that can be defended. There is no doubt that the compromise represents a very definite withdrawal by the Prime Minister from his earlier position, and in that respect is a victory for Mr. St. Laurent. He has certainly established his position vis-à-vis the Prime Minister and, having established it, is now anxious to meet Mr. King as far as possible on the general question of caution and conservatism in regard to our United Nations commitments.

Mr. King phoned me the next morning to say that he was very satisfied with the way things had worked out, and that he was revising his letter to the President accordingly. The letter, as sent, is attached.† As it happens, this letter may do some good, as it will show the Americans that we are not going to be pushed around by them on Security Council matters. The more depressing implication of the business is that the Prime Minister is going to watch with suspicious attention every detail of our activity on that council, with the result that we may find ourselves filling too often the role of inglorious abstainers. However, it is only for a few months, as Mr. King seems to have made it clear in his talk with Mr. St. Laurent that he will persist in his determination to retire this summer.

With the Prime Minister's permission, I sent a telegram at once to the Secretary-General of the United Nations, appointing [G.S.] Patterson to the Commission, and drafted a telegram of instructions for him which the Prime Minister approved, and which brought this whole strange business to an end.

The aftermath will become apparent in our work on the Security Council. I am glad that it is McNaughton and not I who is to be responsible for representing Canada on that body for the next six months.

93.

W.L.M.K./J1/Vol. 442

*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 9

New York, January 4, 1948

TOP SECRET

Following for the Prime Minister from Pearson, Begins: At 10:00 o'clock yesterday morning, accompanied by Mr. Wrong, I saw Mr. Lovett, the Under-Secretary of State, (General Marshall was away on leave) and explained to him as frankly and fully as I could your position not merely in regard to the Korean Commission itself but on certain other problems concerning Canada, the United States and the United Nations which I mentioned to you on Wednesday afternoon last, and of which the Korean difficulty is one reflection. I emphasized not only your strong feelings about the Korean Commission but also your preoccupations about these other questions. I referred, for instance, to the tendency of the United States to recommend to the United Nations proposals which to certain other Governments did not always seem wise or timely; and to the difficulties that this made for smaller countries like

Canada especially when they were asked to serve on United Nations Commissions dealing with these questions and on which the Great Powers were not represented. I said that we were particularly anxious about these matters at the moment because of our approaching membership on the Security Council, a membership which might well create certain special problems for Canada because of our very close relationship both to the United States and the United Kingdom, which made it all the more necessary in our view that we maintain on the Council a position of independence. As for the Korean Commission itself, I emphasized that you did not see how its work could have any effective result and might indeed cause trouble because of the suspicious and non-cooperative attitude of Russia. I stated that we hoped that the Commission could meet at once in New York and, if it confirmed that Russian cooperation was not in fact forthcoming, might decide that its further activities in Korea itself were unnecessary and unwise.

2. Mr. Lovett then gave me the views of the State Department on the points that I had raised. He and his colleagues felt that, whereas our participation in the work of the Commission could be merely formal in character if we so desired and, as such, need command little attention, our non-participation in that work after election by the Assembly would certainly be the cause of much press comment. It would, he thought, be impossible to conceal the fact of such non-participation or to prevent misleading and possibly mischievous press speculations in both countries about its implications. Furthermore, it was their intention that the work of the Commission — in so far as they had anything to do with it because of their special position in Korea — should not be permitted to inflame the situation there. Their hope was that, on the contrary, it might ease that situation and give the Koreans at least some hope for an independent democratic and national existence.

3. On the more general question of United Nations activities, they appreciated our anxieties and hoped that collaboration between both countries, especially on the Security Council might be not only close and friendly but useful in preventing rash and precipitate action. To them United Nations Commissions were a means, not of fomenting but of preventing trouble. The reason that there was a tendency to appoint Smaller Powers only to such Commissions was the impossibility of the USA and USSR working effectively together in present circumstances. They deplored this but did not think it was their fault. There was certainly no purpose in their mind, as I had hinted there might be, to ask Canada to do more than her share in these matters or to take on responsibilities which did not belong to her.

4. As I had spoken very frankly to Mr. Lovett about your views, he spoke equally frankly to me in emphasizing how distressed they would be if Canada were not to be able to take its place on the Commission. He did not think that a meeting of the Commission at Lake Success for the purpose of ascertaining the attitude of the USSR, and, if that attitude was negative, returning the Commission's mandate to the United Nations, was practicable or desirable. For one thing, some members of the Commission had already left for Korea. For another reason, they would greatly regret it if a United Nations Committee, once appointed, abdicated its responsibilities before beginning its work merely because the USSR refused to cooperate. Furthermore, though I had stated that the appointment of this Commission was injudicious and its results almost certain to be negative, Mr. Lovett thought that we

were too pessimistic in this. At this point Mr. Jacobs, political adviser to the United States General commanding in Korea and a foreign service officer of long experience in the Far East, intervened to emphasize his view that the Commission might in fact serve a useful purpose in helping to establish a democratic Government in the United States zone of Korea, at least, which area comprised more than two-thirds of the total population of the country. Finally, Mr. Lovett expressed anxiety lest a decision by Canada not to take its place in the Commission would be misinterpreted and exploited by the Soviet, whose propaganda would claim that our attitude completely justified their earlier non-cooperative position at the United Nations Assembly. The USSR would use this episode to suggest a serious division between Canada and the USA, which in its turn would be misused by isolationist and anti-Marshall Plan elements in this country. This, I think, is the aspect of the problem of our abstentions from the Korean Commission which worried the United States authorities most.

5. At 11:15 Mr. Lovett took me to see the President, who began by sending to you, through me, his warm greetings and good wishes.

6. I went over the position with Mr. Truman emphasizing that you had returned from Europe deeply anxious about the international situation which had, at least in respect of relations between the USSR and the western democracies, seriously deteriorated since the appointment of the Korean Commission. It was in the light of this deterioration that you felt that Canada could not participate in the work of a Commission which might provoke trouble between the USA and the USSR in the Far East.

7. Mr. Truman, while friendly and sympathetic, expressed his very great regret at this especially as he felt that the Commission would not provoke any of the serious consequences which we feared, but might on the contrary do a useful piece of work. He was, naturally, not as familiar with the details of the subject as the State Department people were, but he was worried as they were about the effect on the public mind here and in the USSR of our decision not to take part in the work of the Commission. Like Mr. Lovett, he felt that that decision would be exploited and misinterpreted by elements unfriendly to the U.S. Administration at home and abroad. Mr. Truman told me that he would like to send you his frank views on the matter in a personal letter and asked me if I would be good enough to deliver such a letter to you.

8. I concluded our conversation by emphasizing the very great importance you attached to this matter, and that you had only reached conclusions concerning it after the most searching consideration of all aspects of the situation.

9. I feel certain that both the President and the Under-Secretary of State now regret that we were elected to this Commission, but that they are both extremely worried about the public consequences of our inability to take part in its work. Whatever Mr. Truman may have thought last summer about Korea as a danger spot, there is no doubt that he now does not attach so much importance to it, but is preoccupied with the greater and more immediate problems of European recovery and the struggle against Communism in that part of the world.

10. The President undoubtedly hopes that in view of the possible effect on these larger problems of the misinterpretation of our abstention from the Korean Commission, we may still be willing to participate though I gave him no reason to believe that you would change your views on this matter. Both he and Mr. Lovett wondered whether it would help our position if a Canadian delegate attended only a few meetings of the Committee in Korea and played an inconspicuous part. The question arose also whether he might not even act in his personal capacity only, as Justice Rand did on the Palestine Committee, and without receiving any instructions from the Government.

11. There were one or two other matters which I raised with Mr. Lovett, particularly about Arctic developments and U.S. economic pressures against Canada, on which Mr. Wrong is telegraphing separately. Ends.

94.

DEA/204-A-3 (S)

*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 10

New York, January 4, 1948

TOP SECRET. IMMEDIATE.

Following for Mr. St. Laurent from Pearson, Begins: I have sent the Prime Minister a telegram, copy of which I assume has been sent to you, about my meetings in Washington yesterday.

2. In addition to Mr. Lovett the following officials were present at the State Department: J.D. Hickerson, Director, Office of European Affairs; S. Reber, Assistant Director of the above office; Jacobs, political adviser to the United States Officer Commanding in Korea; W.W. Butterworth, Director, Office of Far Eastern Affairs; Dean Rusk, Director, Office of Special Political Affairs.

3. Mr. Lovett and I saw the President alone.

4. I'm afraid I did not get much help for the solution of our Korean difficulties from either the President or Mr. Lovett. They both expressed a perplexed surprise at our stand and a very real anxiety lest the disclosure of that stand would promote an unexpected but none the less welcome propaganda gift for the Soviet and the isolationists on this continent. I think that my explanation of the Prime Minister's worries about general United Nations developments made some impression on them, but my efforts to explain Mr. King's views on the work of the Korean Commission had, I am afraid, little effect.

5. In the circumstances, I couldn't very well press my suggestion that the President should telephone the Prime Minister. As a matter of fact, Lovett thought that it was rather a waste of time for me to see the President at all, though he was quite agreeable when I said that nevertheless I wished to keep the appointment which he had been good enough to make. He was worried, in the result unnecessarily, that

the White House correspondents might get hold of me and extract embarrassing information about the purpose of my visit.

6. However, after I telephoned you yesterday, and before leaving Washington for New York I decided to pursue further the matter of a telephone call from the White House. For that purpose I saw Hickerson again, with Mr. Wrong. He is an old and close friend of both of us and I told him very frankly that I felt that it might be of real help if Mr. Truman would give Mr. King a call, if only to tell him that he had seen me and was sending, as a result, a personal letter to the Prime Minister on the matter we had discussed.

7. Hickerson said he would see Lovett and take up again the question of a telephone call.

8. I doubt however whether this will in fact take place. Both the White House and the State Department are frankly bewildered by the information I gave them and not a little irritated over our Korean situation which they don't seem to appreciate. Lovett is indeed even more worried about the more far-reaching implications of that situation.

9. I will be seeing the United Nations people today in New York but I'm afraid I will get little assistance there, as some of the Commission have already left for Korea. However, I will emphasize the importance of playing down Canada's absence as much as possible, until the situation clears up, one way or the other.
Ends.

95.

W.L.M.K./J1/Vol. 443

*Le président des États-Unis
au premier ministre*

*President of United States
to Prime Minister*

Washington, January 5, 1948

My dear Mr. King:

I appreciate very much your courtesy in sending Mr. Pearson to Washington to discuss the Korean matter with me and Mr. Lovett and Mr. Pearson's full and frank presentation of your views.

It seems to me that the Korean matter itself is of considerably less importance than some of the fundamental considerations about which you have expressed anxiety. We do not minimize the seriousness of the questions which you have raised with respect to the general world situation and the efforts of the United Nations to resolve some of the present difficulties. We also are concerned and preoccupied about these same subjects. It is precisely because of these broader questions that we are so concerned over the question of Canada's association with the Korean Commission. Naturally, our two governments must give these larger questions careful study and will have many occasions during Canada's membership on the

Security Council to consult about them and to give expression to the great objectives which we share and which we have seen written into the Charter. While our two governments will probably be in agreement on most of these issues, it will be a result of full and free exercise of independent judgment by each of them.

It occurs to me that we shall be better able to deal dispassionately and constructively with these problems if we can in some way avoid the public speculation and irritation which must inevitably follow from Canada's absence from the Korean Commission, to which she was elected at the recent General Assembly session. Although your participation in this Commission might have occasioned the expression of your concern to us, I believe you would agree that the real issues you have raised go much deeper.

We do not expect the work of the Korean Commission to lead to or to contribute to a clash with or even an intensification of the present tension with the U.S.S.R. I can assure you that we, on our part, are going to do everything we can to prevent this. It seems likely that the Commission will be denied entry to Northern Korea and that its work will be confined to Southern Korea where 20,000,000 of the 29,000,000 Koreans live. It is our hope that the work of this Commission will contribute to the ultimate establishment of a democratic government in Korea.

Canada's part in the work of UN has been wholehearted, able and constructive. I am deeply concerned over the possibility that Canada's failure to appoint a representative on the Korean Commission would be misunderstood and distorted out of all proportion to the modest importance of this temporary agency. I am fearful that it might be seized upon by persons in this country and elsewhere who are anxious to find grounds for opposing cooperative efforts to resolve urgent political and economic problems which confront the world and which must be solved if western civilization is to endure. I need hardly add that the U.S.S.R. would exploit Canada's absence to the fullest in its propaganda.

While I understand and appreciate the difficulties which the Korean Commission presents for you, it is my earnest hope that you may find it possible to appoint a Canadian representative, even if his role may be a relatively nominal one, in order to remove this comparatively unimportant element from the larger picture.

With warm personal regards and every good wish, I am

Sincerely yours,

HARRY S TRUMAN

96.

DEA/204-A-3 (S)

*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 34

New York, January 7, 1948

TOP SECRET. IMMEDIATE.

Following for the Prime Minister from Pearson, Begins: I have seen Trygve Lie and other officials of the United Nations about the Korean Commission. That Commission is now on its way to Korea, some members having left last Thursday, so a meeting prior to departure at Lake Success was not possible. In any event certain of the members are to meet the Commission in Korea as they are stationed in the Far East so an earlier meeting would, in any event, have been difficult to arrange. The feeling here is that the Commission may not be very effective but should not itself cause any further deterioration in the situation in that part of the world. If the Commission finds that it cannot carry out its mandate Lie expects that, as provided for in the Assembly Resolution setting it up, it will report to the Interim Committee of the Assembly, which body is now in session.

United Nations officials are naturally cautious about commenting on the wisdom or unwisdom of setting up this Commission in view of the fact this was done by an Assembly Resolution which they are bound, as officials, to implement to the best of their ability.

I have emphasized here the desirability of playing down the fact that the Commission left without a Canadian member. United Nations have co-operated effectively on this, their task being made easier by the fact that the Indian, Phillipine and, I think, one other member are to join the Commission in Japan. Ends.

97.

W.L.M.K/J1/Vol. 443

*Le premier ministre
au président des États-Unis*

*Prime Minister
to President of United States*

Ottawa, January 7, 1948

My dear Mr. President:¹⁶

I have just received your communication of the 6th instant which has been brought to me from New York by Mr. Pearson to whom it was personally delivered by your messenger.

You know, I am sure, that, alike on personal and official grounds, there is no one — certainly no one in Canada — who could be more anxious than I, myself, am to join with you in furthering between the United States and Canada, the greatest measure of co-operation in international relations, and in seeking to avoid situations arising which might occasion possible embarrassment to either of our countries.

I wish I could regard the appointment of a representative of Canada on the United Nations Korean Commission as something that would serve either of these ends. Unfortunately, I do not. I believe that, in the long run, the result of such action, at this time, would be quite the reverse. I think the appointment of the Commission, in the first instance, was a mistake. I believe, if many more Commissions of the kind are appointed, the United Nations will not only speedily lose what measure of influence it possesses, but that it will be impossible for some of its member nations to avoid being drawn into positions of great future embarrassment to themselves.

Until a recommendation for the appointment of a Canadian representative on the United Nations Korean Commission came before our Cabinet, the Cabinet, as a whole, had had no opportunity to consider either the wisdom of the appointment of such a Commission, or the advisability of Canadian representation on the Commission when appointed.

Whatever may have been the circumstances which, at the time, may have seemed to justify the appointment of this particular Commission, those circumstances, it seems to me, have since so materially changed as to make it most inad-

¹⁶ Ne fut pas envoyé. Il y a un projet antérieur au dossier portant des amendements faits par King. Le projet imprimé est identique à celui qui paraît dans L.B.P./Vol. 35 et est certainement celui qui fut montré à Pearson et à Saint-Laurent et auquel ils se sont tous les deux objectés.

Not sent. There is an earlier draft on this file with amendments by King. The draft printed is identical to one in L.B.P./Vol. 35 and it is undoubtedly the one shown to Pearson and St. Laurent, both of whom objected to it.

Note marginale :/Marginal note:

Held pending [discussion] with Mr. St. Laurent tonight — result of which a different communication to be sent in morning. Jan[uary] 7th W.L.M. K[ing]

visible to have the Commission even attempt to carry out the functions it was appointed to perform.

With the failure of the Foreign Ministers Conference in London to make any progress in effecting agreement between the U.S.S.R. and the other great powers with respect to the Treaty of Peace and the future of Germany, and the relations between these powers being, as a consequence, what they have since become, it seems to me, it is but inviting further rebuffs, for the United Nations to seek, at this moment, to have a Commission bring about in Korea, a more friendly relationship between the Powers concerned than was possible in London over a matter of much greater importance to the peace of the world. Unless there were a prospect of some really effective action by any Commission, which I do not think there are grounds for anticipating in the case of the present Commission, I greatly fear that an attempted intervention on its part, to which the parties mainly concerned have not agreed, would only, all circumstances considered, aggravate the existing situation.

As no appointment of a representative of Canada on the Commission has yet been made, and holding so strongly the views I have expressed, I have not felt that I would be justified, at this time, in supporting any recommendation for appointment of a representative of Canada on the Commission. Were I to support such a recommendation, I am quite certain that I would be acting contrary to the wishes of our Parliament, and of what its members and the people of Canada expect of me as the Leader of the Government. I am sure that you, Mr. President, will fully understand my position, and will not expect me to say more by way of reply to your communication.

You know how warmly I reciprocate your personal regards and good wishes. With all kind remembrances,

Believe me,
Yours very sincerely,
W.L. MACKENZIE KING

98.

W.L.M.K./J1/Vol. 443

*Le premier ministre
au président des États-Unis
Prime Minister
to President of United States*

Ottawa, January 8, 1948

Dear Mr. President:

I received yesterday your communication of the 6th instant which had been brought to me from New York by Mr. Pearson to whom it was personally delivered by your messenger.

You know, I am sure, that, alike on personal and official grounds, there is no one — certainly no one in Canada — who could be more anxious than I myself am to

join with you in furthering between the United States and Canada, the greatest measure of co-operation in international relations, and in seeking to avoid situations arising which might occasion possible embarrassment to either of our countries.

I wish I could regard Canada's association with the Korean Commission as something that would serve either of these ends. I am convinced, however, that unless the greatest caution and restraint is exercised by the Commission in the attempted discharge of its responsibilities, the result will be quite the reverse. I think the appointment of the Commission, in the first instance, was a mistake. I believe, if many more Commissions of the kind are appointed, the United Nations will not only speedily lose what measure of influence it possesses, but that it will be impossible for some of its member nations to avoid being drawn into positions of great future embarrassment to themselves.

Whatever may have been the circumstances which, at the time, seemed to justify the appointment of this Commission, those circumstances, I believe, have since so materially changed as to make it impossible for the Commission to carry out the functions it was appointed to perform.

With the failure of the Foreign Ministers Conference in London to make any progress in effecting agreement between the U.S.S.R. and the other great powers with respect to the Treaty of Peace and the future of Germany, and the relations between these powers being, as a consequence, what they have since become, it seems to me it is but inviting further rebuffs for the United Nations to seek, at this moment, to have a Commission bring about in Korea a more friendly relationship between the Powers concerned that was possible in London over a matter of much greater importance to the peace of the world.

Unless from the very outset, there were a prospect of some really effective action by the Commission to carry out its mandate in the whole of Korea, I fear that any intervention on its part, however slight, to which the parties mainly concerned have not fully agreed, would only, all circumstances considered, seriously aggravate the existing situation.

Being impressed so strongly with this dangerous possibility, I had not felt, until your letter was received, that I would be justified in supporting any recommendation for the appointment of a representative of Canada on the Commission. In your letter, however, you raise the question of what might well become a larger issue through the possible misinterpretation and distortion of Canada's attitude and motives in not appointing a representative to the Commission, and the use that might be made of this for purposes of adverse propaganda.

Having discussed the matter fully with the Secretary of State for External Affairs, we have come to the conclusion that the possible difficulties and dangers which you foresee, as well as those which I foresee, might be met and overcome by our making very clear to our representative the understanding on which he is being named a member of the Commission and which is that we interpret the General Assembly resolution as meaning that the elections are to be held for the whole of Korea and the government to be established for the whole of Korea; that this would of course necessitate that the Commission should operate in North Korea as well as

in South Korea and will require the co-operation of the U.S.S.R. authorities in the northern zone; and that the Commission will at once get into touch with the Soviet authorities with a view to securing, if possible, such co-operation. Should such co-operation not be forthcoming, and the Commission not return its mandate to the United Nations in view of the impossibility of carrying out that mandate in the whole of Korea, our representative will be told to withdraw from the Commission.

On this understanding, I have agreed to support the recommendation of the Secretary of State for the appointment of Mr. G.S. Patterson, at present Counsellor, Canadian Embassy in China, as Canada's representative on the Commission.

You know, Mr. President, how warmly I reciprocate your personal regards and good wishes. With all kind remembrances.

[Yours very sincerely
W.L. MACKENZIE KING]

99.

DEA/204-A (S)

*Le secrétaire d'État aux Affaires extérieures
à la mission de liaison au Japon*

*Secretary of State for External Affairs
to Liaison Mission in Japan :*

TELEGRAM 3

Ottawa, January 8, 1948

TOP SECRET. MOST IMMEDIATE.

Following for Patterson, Begins: Your telegram No. 2 of January 5th.† You have been named the Canadian member of the United Nations Temporary Commission on Korea on the following understanding:

The General Assembly resolution setting up this committee gives the Commission the task to facilitate and expedite the holding of democratic elections in Korea and the establishment of a national government. We interpret this to mean that the elections are to be held for the whole of Korea and the government to be established for the whole of Korea. This necessitates, of course, that the Commission should operate in North Korea as well as South Korea and will require the co-operation of the U.S.S.R. authorities in the northern zone. It is assumed, therefore, that the Commission will at once get into touch with the Soviet authorities with a view to securing, if possible, such co-operation. Unless some other member does so, you should bring this question up at the first meeting of the Commission which you attend. If the Soviet authorities co-operate, then the Commission can proceed with its work. If the Soviet authorities refuse to co-operate, then you are instructed to support any move on the part of the Commission to return its mandate to the United Nations in view of the impossibility of carrying out that mandate in the whole of Korea. If the Commission refuses to accept this policy, please report to us at once by cable, as you will be instructed, in such circumstances, to withdraw from the Commission and resume your duties in Tokyo.

You will recall that the resolution expressly provides that the Commission should consult with the Interim Committee of the Assembly "with respect to the application of this resolution in the light of developments." The Canadian Government is very strongly of the opinion, by which you should be guided, that developments which make clear that the Soviet Union will not co-operate are among those which would require immediate consultation with the Interim Committee as visualized above and a termination of the activities of the Commission in Korea. You will have gathered from the above that the Canadian Government is determined to do what it can to ensure that the work of this Commission should not be the occasion of any clash in Korea between U.S.S.R. and U.S.A. interests. If every possible step is not taken by the Commission to avoid such a clash, you should withdraw from its activities. It is also our understanding that the only obligation imposed on the Commission is to facilitate the establishment of a national and independent Korean government, in which task it acts as the agent for the General Assembly which established it. No special obligation devolves upon the governments of particular countries represented on the Commission, except to nominate a member to that Commission. The Commission acts as a subordinate body responsible to the General Assembly and, in the event of difficulties arising, the responsibility rests on all members of the United Nations alike. In any event, as indicated above, we would expect you to take no further part in the work of the Commission if any special difficulty resulting from U.S.S.R. non-cooperation arises.¹⁷

100.

DEA/204-A (S)

*Le secrétaire d'État aux Affaires extérieures
à la mission de liaison au Japon*

*Secretary of State for External Affairs
to Liaison Mission in Japan*

TELEGRAM 4

Ottawa, January 9, 1948

TOP SECRET

Following for Patterson from Pearson: Further instructions will be coming to you very shortly by telegram regarding the Korean Commission. Meanwhile it is important that you avoid being elected Chairman, Vice-Chairman or Rapporteur of the Commission. We are very anxious here to play a modest and inconspicuous role on this Commission for reasons which are explained in part in my earlier telegram, No. 3 of January 8.

¹⁷ Une note de Pearson dans ce dossier indique que King approuva ce texte.

A memorandum by Pearson on this file indicates that King approved this text.

101.

DEA/204-A (S)

*Le secrétaire d'État aux Affaires extérieures
à la mission de liaison au Japon*

*Secretary of State for External Affairs
to Liaison Mission in Japan*

TELEGRAM 9

Ottawa, January 10, 1948

TOP SECRET. IMMEDIATE.

Copy to New York by despatch, January 12, 1948

Following for Patterson. We take the view that the responsibilities of the United Nations Temporary Commission on Korea are limited to (a) advising the occupation authorities and Koreans on ways of fulfilling the programme set out in the General Assembly resolutions of November 14, as interpreted in our telegram No. 3 of January 8, (b) of observing the way in which the programme is implemented and (c) reporting to the General Assembly.

2. You should therefore resist any suggestion that the Commission has or should assume any executive powers. The Commission obviously has no power to enforce adoption of its advice. It can only record in its report (a) the advice given, (b) the circumstances under which the advice was given and (c) the action taken by the occupation authorities and Koreans. It should do nothing to suggest that it is or may become the agent of the occupying military authorities.

3. We think that the Commission should determine at the outset whether the Soviet authorities in North Korea are prepared to cooperate generally in the fulfilment of the programme set out in the General Assembly resolution. If they are not, we take the view that this is a development of such importance that the Commission should refer the whole matter to the Interim Committee of the General Assembly as provided for in paragraph 5 of the Second Resolution. You are instructed to insist on the Commission following this course. If it does not do so you are to telegraph us at once and not take further part in the work of the Committee until further notice.

102.

DEA/204-A (S)

*Le secrétaire d'État aux Affaires extérieures
à la mission de liaison au Japon*

*Secretary of State for External Affairs
to Liaison Mission in Japan*

TELEGRAM 10

Ottawa, January 10, 1948

SECRET

Following for Patterson. Korean Commission. With regard to the elections, we do not consider that these need be held simultaneously in the two zones, provided there is assurance that the Soviet authorities will permit elections to be held in North Korea under the observation of the Commission. We are sending you a copy of the Election Instruction (1944) issued by the Chief Electoral Officer of Canada which should assist you in indicating what the Canadian experience has been with regard to the conduct of elections. We are also sending a paper with annexes giving information on various electoral problems.

2. With regard to the establishment of a national government, we consider that the role of the Commission should be to give advice when asked by the Koreans. You will presumably be expected to give the Koreans the benefit of Canadian experience with regard to the organization of national and provincial governments. We are sending you some informational material on this subject.

3. Please get in touch with Mr. Kermodé, the British representative in Seoul, with regard to sending and receiving telegrams in cypher.

103.

W.L.M.K./J1/Vol. 443

Le président des États-Unis au premier ministre

President of United States to Prime Minister

Washington, January 24, 1948

My dear Mr. Prime Minister:

I have received your letter of January eighth and am gratified to learn of your decision to name a representative to the Korean Commission.

With respect to the future work of the Commission, that will, of course, be a matter for the Commission itself to decide. We believe that the Commission should carefully consider the situation it finds in Korea and determine in the light of the facts how it might best give effect to the desire of the General Assembly to forward the cause of Korean independence. If obstacles arise to prevent the Commission from carrying out in full the task set for it by the General Assembly, we can imagine that the Commission might either decide on its own account to proceed with such part of its task as is possible under the circumstances or report to the Interim Committee for advice, as permitted under the terms of the Assembly's resolution.

We hope very much that it will be possible for the Korean Commission to carry out its task throughout the whole of Korea and we are by no means convinced that it is a certainty that the Commission will be denied entry into northern Korea. Should the latter eventually arise, however, we would still be eager to have the assistance of the United Nations in our efforts to bring to the people of south Korea, who constitute more than two-thirds of the total population of the country, the freely-elected government which they so eagerly await. Such a government, even if established at the outset for only a part of the country, would, in our view, prove of itself to be a strong force for the democratization and unification of the country as a whole, the goal toward which we are all working.

Please accept, Mr. Prime Minister, my warmest regards.

Very sincerely yours,

HARRY S TRUMAN

104.

DEA/50068-40

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

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

CONFIDENTIAL

[Ottawa]; February 9, 1948

KOREAN COMMISSION

The United Nations Temporary Commission on Korea, after meeting for a month in Seoul, Korea, has decided to send its Chairman, Mr. K.P.S. Menon (Indian Ambassador to China) and Assistant Secretary-General, Dr. Victor Hoo, to consult with the Interim Committee of the General Assembly regarding the negative attitude which the Soviet authorities in North Korea have taken toward cooperation in the work of the Commission. The resolution adopted by the Korean Commission on February 6 reads as follows:

"The United Nations Temporary Commission on Korea, having considered that the negative attitude of the Soviet authorities with regard to the work of the Commission has made it clear that it will not be possible for the Commission to exercise for the time being the functions conferred upon it by the General

Assembly, under the resolutions of 14 November, 1947, in the part of Korea occupied by the armed forces of the U.S.S.R.;

"That the General Assembly, in resolution 2 of November 14, 1947, paragraph 5, authorized the Commission to consult with the Interim Committee with respect to the application of this resolution in the light of developments;

"Having considered the preliminary results of the work of its sub-committees and in particular the consultations held up to date by subcommittee 2;

"Resolves:

"(1) that the Commission shall consult with the Interim Committee with respect to the application of the resolutions of 14 November in the light of developments;

"(2) that the Chairman, accompanied by the Assistant Secretary-General shall represent the Commission during the consideration of this question by the Interim Committee;

"(3) that in the accomplishment of this Mission the Chairman shall be guided by such directives as the Commission may formulate."

2. In deciding to consult with the Interim Committee in this way the Korean Commission has, in fact, fallen in with the instructions which were sent to the Canadian representative, Dr. G.S. Patterson. It will now be for the Interim Committee of the General Assembly, which meets on February 24, to advise the Korean Commission concerning the desirability of proceeding with the implementation in South Korea only of the programme of elections and establishment of a National Government for Korea.

3. A telegram has been sent to the Canadian representative on the Korean Commission asking him to forward by air mail a full report concerning the work of the Commission to date and his advice concerning the feasibility and desirability of proceeding with the implementation of the programme in South Korea alone. It will be necessary for the Government to formulate instructions by February 23 for the Canadian representative attending the meetings of the Interim Committee of the General Assembly.

4. It is thought that you might wish to make a report to Cabinet on these recent developments in the work of the Korean Commission.

L.B. PEARSON]

105.

DEA/50068-40

*Le secrétaire d'État aux Affaires extérieures
à la mission de liaison au Japon*

*Secretary of State for External Affairs
to Liaison Mission in Japan*

TELEGRAM 38

Ottawa, February 11, 1948

SECRET. IMMEDIATE.

Following for Patterson, Begins: Please forward by direct airmail, earliest possible date, full report on work of Temporary Commission to date for consideration by Government in advance of February 24th meeting of Interim Committee of the General Assembly.

2. We are particularly concerned to know what directives the Commission will formulate in accordance with paragraph 3 of its resolution of February 6th for the guidance of the Chairman in his consultation with the Interim Committee. Following the instructions sent you, you should support any move on the part of the Commission to return its mandate to the United Nations in view of the impossibility of carrying out that mandate in the whole of Korea. You should oppose any proposal that the Commission advise its Chairman to recommend to the Interim Committee that it approve carrying out the programme in South Korea only. If such a proposal is adopted by the Commission over your opposition you are to withdraw from the Commission in as unostentatious a manner as possible and return to Tokyo to await further instructions. Ends.

106.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], February 12, 1948

...

UNITED NATIONS; KOREAN COMMISSION

13. *The Secretary of State for External Affairs*, referring to discussion at the meeting of December 22nd, reported that the UN Temporary Commission on Korea had agreed to send its chairman to consult with the Interim Committee of the General Assembly regarding the refusal of the U.S.S.R. to permit the Commission to proceed with their programme in North Korea. The Canadian representative had been asked for a full report on the Commission's work to date.

(External Affairs memorandum, Feb. 9; telegram to Liaison Mission, Japan, Feb. 11, 1948).

14. *Mr. St. Laurent* added that it was now proposed that Dr. Patterson be instructed to propose that, in the circumstances, the Commission adjourn pending

decision by the Interim Committee and, thereafter, to return to Tokyo regardless of the decision taken.

It was also proposed that the Canadian representative on the Interim Committee take the position that the Commission should not be instructed to go ahead with their programme in Southern Korea only; if a Southern Korea government was to be established, this task should be undertaken by the responsible occupying power.

It was to be noted that this attitude would mean that Canada would take in the Interim Committee a position which would probably be diametrically opposed to that of the United States.

(External Affairs memorandum, Feb. 10, 1948,† and attached draft telegram to Canadian Liaison Mission to Japan).

15. *The Cabinet*, after discussion, approved the course proposed by the Minister and agreed that the Canadian representatives on the Korean Commission and in the UN Interim Committee be instructed accordingly.

107.

DEA/50068-40

*Le secrétaire d'État aux Affaires extérieures
à la mission de liaison au Japon*

*Secretary of State for External Affairs
to Liaison Mission in Japan*

TELEGRAM 42

Ottawa, February 13, 1948

SECRET. IMMEDIATE.

Following for Patterson. When the Temporary Commission for Korea has completed preparation of directives for the guidance of the Chairman in his consultation with the Interim Committee, you should propose that the Commission adjourn pending a decision of the Interim Committee. Regardless of the decision of the Commission on question of adjournment, you should then return to Tokyo. You may inform your colleagues that the Canadian Government does not propose to take any further part in the work of the Commission pending a decision by the Interim Committee, especially since the Canadian Government does not intend to support any proposal for implementation of a partial programme in South Korea only. You may add that it is the view of the Canadian Government that if a South Korea Government is to be established, this task should be undertaken by the responsible occupying power.

2. In the discussion of the Korean question in the Interim Committee it is probable that the Canadian representative will take the line that since the General Assembly's resolutions of November 14, 1947, laying down a programme for the re-establishment of the national independence of Korea cannot be fulfilled because of the unwillingness of the Soviet occupation forces in the Northern Zone of Korea to co-operate, the Commission should not be advised by the Interim Committee to go ahead with a partial fulfilment of the programme in South Korea only. We should

be grateful for a statement from you of the arguments as you see them that may be adduced for and against this line.

108.

DEA/50068-40

*La mission de liaison au Japon
au secrétaire d'État aux Affaires extérieures*

*Liaison Mission in Japan
to Secretary of State for External Affairs*

TELEGRAM 47

Tokyo, February 14, 1948

TOP SECRET

Following from Patterson, Begins: No. 5. February 14th.

Your telegram No. 38 of February 11th. My report carried today by Menon due New York, Sunday night, February 15th, North West Airlines for delivery to Canadian Consulate-General, New York.

2. Commission has not advised Chairman to recommend any alternative to the Interim Committee but has authorized consultation on the following three questions. He will also interpret views of members as expressed in the Commission discussions.

(a) Is it open to or incumbent upon the Commission to implement Assembly Resolutions for South Korea alone?

(b) Should the Commission observe elections of representatives in South Korea for consultative purposes only?

(c) Should the Commission consider other measures?

3. Regarding withdrawal of the Commission, Chairman will state views outlined in paragraph 6 of my telegram No. 4 of February 7th.¹⁸

4. On 2 (a) above, he will state that the Commission view re Resolution cannot be implemented.

5. On 2 (c) he will outline proposals of Korean leaders for political Conference. It is not now believed that such a Conference can be held.

6. On 2 (b) he will state that the opinion of the Commission is divided. For your information China, India and the Philippines favour proposal — Canada, Australia and Syria are opposed. Position of El Salvador and France not too clear.

¹⁸ Le paragraphe déclarait :

The paragraph stated:

"the Commission is loath to consider [withdrawal] so long as there is any hope that an improvement in situation may make progress possible."

7. In introducing question of consultation with the Interim Committee at eighth meeting, February 4th, Chairman outlined alternatives indicated in paragraph 5 of my telegram No. 4 of February 7th.¹⁹ At ninth meeting I repeated views of Canadian Government as outlined in your telegram No. 3 of January 8th and your telegram No. 9 of January 10th which I had already presented at second session as reported in my telegram No. 1 of January 15th paragraph 3. Commission voted to refer the whole matter to the Interim Committee as reported in my telegram No. 4 of February 7th. I interpreted this to meet requirement of paragraph 3 of your telegram No. 9 of January 10th. Commission will meet Monday, February 16th, to clear up pending items, will probably instruct sub-Committees to continue work and will then suspend activities till the Chairman reports on consultation with the Interim Committee.

8. In view of circumstances outlined in paragraph 2 and paragraph 7 above do you agree that I remain and participate in sub-Committee meetings or do you wish me to withdraw from the Commission and return to Tokyo?²⁰ Ends.

PCO

109.

*Extrait des conclusions du Cabinet**Extract from Cabinet Conclusions*

[Ottawa], February 19, 1948

TOP SECRET

UNITED NATIONS; KOREAN COMMISSION

3. *The Secretary of State for External Affairs*, referring to the discussion at the meeting of February 12th, reported that the Under-Secretary of State for External Affairs would represent Canada at the Interim Committee meeting on Korea later this week.

It was possible that the United States would urge that the Commission operate in South Korea only. There were, however, sound legal reasons for the view that the Assembly resolution establishing the Commission did not confer authority for such

¹⁹ Le paragraphe se lit comme suit :

The paragraph reads as follows:

5. Brief to be given chairman by Commission will probably ask for opinion of Interim Committee on following four alternatives and will emphasize numbers three and four. (1) To withdraw. (2) To implement programme of Resolution II in South Korea alone. (3) To observe election of representatives for purposes of consultation as outlined in Resolution I provided there is assurance of free elections. (4) Further to explore possibilities of conference of Korean leaders from North and South on formation of National Government.

²⁰ D'après un rapport ultérieur, quand UNTCOK s'est réunie le 16 février, Patterson n'avait pas encore reçu d'Ottawa le télégramme N° 42. En l'occurrence, Patterson avait déjà marqué sa préférence pour un ajournement de UNTCOK lors des réunions des 13 et 16 février. According to a later report, † when UNTCOK met on February 16, Patterson had not yet received telegram No. 42 from Ottawa. As it turned out, Patterson had already favoured adjournment of UNTCOK in meetings he attended on February 13 and 16.

action; nor did the Interim Committee have the right to change the basis of the Assembly resolution.

The Canadian representative had been instructed to hold to this view. He was to state that the Canadian government would not accept any proposal for the Commission's association with elections in South Korea even though the Interim Committee were to purport to authorize it to do so.

4. *The Cabinet*, after discussion, noted with approval the Minister's report.

110.

DEA/50068-40

*La mission de liaison au Japon
au secrétaire d'État aux Affaires extérieures*

*Liaison Mission in Japan
to Secretary of State for External Affairs*

TELEGRAM 54

Tokyo, February 19, 1948

SECRET

Following from Patterson, Begins: No. 6. February 18th. Your telegram No. 42 of February 13th. Arguments for Commission participation in elections for South Korea are set forth in enclosure No. 5 of my despatch No. 3 of February 14th.† They may be considered under the following heads.

2. First: Is participation by the Commission justifiable?

(a) Argument for: It is legally justifiable on basis of Resolution 1 taken by (group corrupt). When Assembly passed the Resolution present impasse was foreseen. Participation was therefore expected. While, elections proposed are for consultative purposes only, such representatives might form party for Assembly, to be joined later by representatives from the North.

(b) Argument against: Resolutions 1 and 2 must be simultaneously linked together. Elections envisaged are for whole of Korea. To base participation on Resolution 1 would mean using it for purpose not originally intended. In any case it is possible for United States to conduct elections without United Nations observation.

3. Second: Effect on Korean people:

(a) Argument for: (Group corrupt) has been increasing and elections would be regarded as a step towards righting wrongs. (Groups corrupt—repetition requested) greatly heightened in Korea by United Nations observation and might lead to rapprochement between North and South Korea. If not held, uprisings and bloodshed are likely.

(b) Argument against: Elections proposed differ radically from those expected. Leftists are disloyal for obvious reasons and many rightists fear they would entrench the Soviet in the north, leading to final breach between north and south and provoke civil war.

4. Third: Effect on United Nations:

(a) Argument for: Prestige would be enhanced through supporting United States who are willing to cooperate and rebuke U.S.S.R. for non-cooperation. Korean question would be kept before the United Nations.

(b) Argument against: Hollow victory for United Nations if United States — U.S.S.R. tension were increased thereby. Little possibility of improving conditions for free elections and United Nations support would be given to entrenching reactionary Government. If it could not be thus elected (groups corrupt — repetition requested) they would cite United Nations support to bolster prestige in spite of all precautions to the contrary. Korean question, in any case, will be kept on General Assembly agenda.

5. Fourth: Effect on United States — U.S.S.R. relations:

(a) Argument for: Conceivably Soviet might recognize representatives if elected under United Nations observation and allow representatives from the north to join them in consultations with the General Assembly.

(b) Argument against: Soviet would construe participation as another evidence of American imperialism. Dangers to international peace would be increased.

6. Menon will probably point out that arguments ultimately adduced are fairly evenly balanced. In my opinion the arguments "against" are stronger than "for" under first heading, but if elections could be justified they would probably have favourable effects on Korean people and probably enhance United Nations prestige.

7. However, paramount consideration is whether favourable results to Koreans and to United Nations would outweigh possible unfavourable effects on United States — U.S.S.R. relations and on future influence of United Nations proposals. Ends.

Note: Delay due to message being received in very corrupt form. Repetitions being asked for and will be forwarded as soon as received.

111.

DEA/50068-40

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 221

New York, February 20, 1948

IMMEDIATE

Following from Pearson, Begins: I protested strongly yesterday against the adjournment of the Korean discussion until Tuesday. Apparently this was arranged by the Americans on Wednesday afternoon when they realized how strong would be the opposition to their policy that the Korean Commission should now go ahead with elections in South Korea only. The United States delegation apparently felt that they could remove or soften some of this opposition during the week-end and thereby remove the embarrassment of its disclosure in a public session of the Interim Committee.

2. Jessup, the United States delegate, asked me to lunch yesterday to ascertain the Canadian position. I made that clear and, he did his best to convince me of its unwisdom. His main argument was the old one that a decision that the Korean Commission should now disband would be a diplomatic triumph for the U.S.S.R. and a tragedy for the Korean people whose hope of a democratic National Government would be set back. I told Jessup that we would do everything we could here to minimize our differences with the United States of America on this matter and that our stand would be taken on legal grounds, namely that the Commission has no competence under the Assembly resolution to operate in South Korea alone. Our dilemma is that if we do not do our best to carry this point and to impress other delegations of its validity, a United States of America resolution in the opposite sense might carry and then we would be faced with the necessity of withdrawing our member from the Commission, something that we could not do without provoking comment. I suggest, therefore, that, on the purely legal point of competence of the Commission under the Assembly Resolution, we do our best to make our view prevail. This should not cause any great embarrassment because we are not dealing with questions of substance and because other delegations will be taking the same line.

3. If it is decided that the Commission has not power to organize elections in South Korea alone or even for the purpose of choosing Koreans to consult with the Commission and *not* to set up a government (this is one of the proposals put forward by the Commission) then we will be faced with the following alternatives:

(1) The Commission should withdraw from Korea at once.

(2) The Commission should make a final effort to bring northern and southern Korean leaders together for consultation.

4. This second course will, I think, get a great deal of support even from delegations like the Australian, which support our position on all other grounds.

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5. I should think that we could also support (2) above which is an effort towards conciliation, bringing the north and south together, but would be grateful for your instructions on this point. Ends.

DEA/50068-40

112.

*Le secrétaire d'État aux Affaires extérieures
au délégué permanent aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegate to United Nations*

Ottawa, February 23, 1948

TELEGRAM 219

SECRET. IMMEDIATE.

Following for Pearson from Riddell, Begins: Your No. 221 of February 20th, Korea.

2. I sent a memorandum to Mr. St. Laurent† putting to him the points raised in paragraphs 2 and 4 of your teletype under reference.

3. Mr. St. Laurent confirmed the instruction that you are to state clearly in the debate on the Korean question the Canadian objection on legal grounds to any United States proposal for holding elections in Southern Korea alone. He agreed that you should state these objections in advance of the vote, even though this may have a considerable effect in bringing about the defeat of the United States proposal if one is made.

4. In regard to paragraph 4 of your teletype under reference, Mr. St. Laurent agreed that there would be no objection to supporting a proposal to the effect that the temporary commission for Korea make a further effort to hold elections in Korea on a national basis, bringing Northern and Southern Korean leaders for the purpose.

5. I am not sure whether Mr. St. Laurent's comment as reported in para. 4 above covers point you raised on telephone about Commission remaining in Korea for consultation with Korean leaders, and would be grateful to know if you wish further clarification in this regard. I do not see how individuals for consultation could be chosen in South Korea without some form of election in that area, and I am not clear whether or not proposal assumes that Commission would return to Korea to observe elections for that purpose. If so, I should think support for this course is not included in present instructions. Ends.

113.

W.L.M.K./J1/Vol. 440

*Note du chef de la Division des Nations Unies
pour le premier ministre*

*Memorandum from Head, United Nations Division,
to Prime Minister*

SECRET AND URGENT

[Ottawa], February 25, 1948

KOREA

The attached teletype No. 253 of February 24th concerning the discussion of the Korean question in the Interim Committee has just arrived from Mr. Pearson. We learned late yesterday afternoon that the request for instructions would reach us this morning, and I spoke to Mr. St. Laurent about it. He asked me to send it to you as soon as possible.

Mr. Pearson telephoned this morning and asked me to give you this additional information:

(1) If the vote is taken before he receives a reply to his telegram, Mr. Pearson will vote "no" on both the United States and Australian proposals, even if he is in a minority of one. If the Australian proposal is put as an amendment to the United States proposal, he will vote "yes" for the Australian amendment on the ground that it is less objectionable than the original United States proposal. He will then vote "no" on the motion as amended, if the amendment carries.

(2) Mr. Pearson said that the United States delegation had carried great weight with the argument that its proposal did not call for a vote in South Korea, but for elections in every part of Korea where it was possible to hold them. There was, he said, a strong feeling of impatience with the Russians for having failed to comply with the Assembly's wish that elections be held everywhere, together with an equally strong desire to do whatever was possible for the Korean people. It is assumed, he said, that if a government is not established in the south which can claim to be a national government for Korea, the Russians will claim that their government in the north is a national government.

(3) Mr. Pearson said that his argument to the effect that the Commission did not possess authority to carry out its mandate in South Korea had not carried much weight. The reply was that inability to carry out the full mandate should not prevent the Commission from carrying out the seventy-five per cent that was possible.

(4) In regard to the action he should take concerning Canada's position on the Temporary Commission, if the United States resolution carries, Mr. Pearson thought that it would not be necessary for him to give any immediate indication of Canada's unwillingness to continue to serve. He had already, in his statement, pointed out that at least three members of the Commission had expressed doubt as to the competence of the Commission to act in South Korea alone, and that the adoption of the United States resolution would embarrass all of them.

We have not yet received the full text of Mr. Pearson's statement but I am attaching a summary.†

You will notice that, in paragraph 5 of his message, Mr. Pearson asks for instructions on a number of specific points.

R.G. RIDDELL

[PIÈCE JOINTE/ENCLOSURE]

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 253

New York, February 24, 1948

SECRET. IMMEDIATE.

Following from Pearson, Begins: At this afternoon's meeting of the Interim Committee I delivered a short statement on Korea, the text of which you will have received on the U.N. teleprinter.

2. Of the other 10 speakers, 8 supported the United States proposal for elections in South Korea for the purpose of setting up a National Government there. You will have noticed from the United States statement that their proposal emphasizes that the elections are for the whole of Korea even though conditions make it impossible for members to be returned from certain areas at the present time. In other words, the elections will be held by stages as conditions permit, with the National Assembly in being as soon as the first stage is completed. It will, however, not be an Assembly for South Korea only, nor will any Government it sets up be a Government for South Korea only.

3. The only opposition to the United States Resolution, apart from our own, was advanced by the Australian delegate, who favoured consultative elections only in South Korea but did not support our position that the Commission should do nothing at all in the way of elections. Elections for consultative purposes, according to the Australian plan, would be held under Assembly Resolution 1 and would be for the purpose of choosing an Assembly of Korean representatives, freely elected, who would consult with the Commission in regard to future developments. The purpose of such consultative elections is outlined on page 15 of Mr. Menon's statement to the Interim Committee made last Thursday.

4. It is interesting to note that even El Salvador, whose position in the Korean Commission was far from clear, supported the United States proposal as did China, Brazil, Turkey, the Argentine, Greece, Ecuador, and Bolivia.

5. I understand that the United Kingdom will also support the United States proposal. It may be that a vote will be taken on this proposal tomorrow afternoon. I would, therefore, appreciate instructions on the following points:

(1) We will not, of course, vote for the United States proposal in any event but if we find ourselves in a minority of one or two, will we abstain or vote against it? I think, personally, we should vote against because,

(a) It would be consistent with the position we have taken, and,

(b) It would make our non-participation in the future work of the Commission more logical, if the United States Resolution carries.

(2) If the Australian proposal for consultative elections only acquires considerable support, and could be used as a means of defeating the more obnoxious United States proposal, should we vote for it for that reason, or should we continue to oppose it also?

(3) If we continue our opposition to both the United States and Australian proposals, then a tactical problem arises if the Australian proposal is put forward as an amendment to the United States proposal. If such an amendment could be used to defeat the United States proposal, we could vote for it explaining that, though we are voting for it as the lesser of two evils, nevertheless if the amendment is carried we will vote against the Resolution as amended.

(4) If the United States proposal seems certain to be carried, should we tell the Committee, before the vote is taken, that it will be impossible for our representative to continue to serve on the Commission in these circumstances?

Against such an announcement is the fact that it will underline our difference with the United States and the others; and will, therefore, focus attention on this controversy. In favour of such an announcement, is the fact that we will be in a stronger and more logical position later, if we withdraw our representative. We will have made clear to the United Nations our position in the matter and, therefore, Paterson's withdrawal later will occasion less surprise than would otherwise be the case. Ends.

114.

DEA/50068-40

*Le secrétaire d'État aux Affaires extérieures
au délégué permanent aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegate to United Nations*

TELEGRAM 229

Ottawa, February 25, 1948

SECRET. MOST IMMEDIATE.

Repeat to Washington: EX-511.

Following for Pearson from Riddell, Begins: Your No. 253 of February 24th, Korea. I sent a copy of your teletype under reference to the Prime Minister this morning with a covering note as you requested.

2. Prime Minister is confined to Laurier House with a cold, but he telephoned immediately upon receipt of your message and gave me the following instructions to communicate to you:

3. In regard to paragraph 5, section 1, of your telegram under reference, the Prime Minister said that he agreed with you and that you should vote against the United States resolution.

4. In regard to paragraph 5, section 2, you should vote against the Australian proposal for consultative elections if it were put forward as a separate resolution.

5. In regard to paragraph 5, section 3, the Prime Minister said that he agreed that you should vote for the Australian resolution if it were put forward as an amendment to the United States resolution, and then oppose the United States resolution as amended, if the amendment were carried.

6. In regard to paragraph 5, section 4, the Prime Minister said that, if the United States proposal seemed certain to be carried, you should tell the Committee, before the vote is taken, that it will be impossible for the Canadian representative to continue to serve on the Commission in these circumstances. In this connection the Prime Minister said that this had been clearly understood when you left for New York and that this decision had been based on the broad consideration that where no forces are organized to enforce a decision of the United Nations, nothing should be attempted in the way of intervention except with the consent of both parties. He remarked that in industrial disputes conciliation is not attempted except with the consent of both parties and arbitration is not undertaken unless it can be put into effect. United Nations has not yet got to the position where it can enforce its will, and it should therefore not undertake commitments which it cannot fulfil. Ends.

115.

DEA/50068-40

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 260

New York, February 25, 1948

SECRET. MOST IMMEDIATE.

Following from Pearson, Begins: As the vote on the Korean question will probably take place tomorrow, I would like to explain as clearly as possible the present position, state my instructions as I understand them and make certain suggestions.

2. There will almost certainly be a vote on the United States proposal that the Commission should facilitate and observe national elections wherever it can in Korea. I am still attempting to avoid any vote suggesting instead a report which will convey the majority and minority views of the Commission. The United States however while agreeing to a report which will include our views will also ask for a vote on its resolution.

3. We may be the only country to vote against that resolution though Norway may join us and a few other members are likely to abstain.

4. It will be made clear however that this resolution and the report have no binding effect on the Commission. They are merely advice which the Korean Commission may accept or reject as it sees fit. I expect to say a few words tomorrow emphasizing this view to which no objection, will, I think be taken.

5. In this case, the important decision will be taken by the Korean Commission itself and I suggest that only then does the question of our withdrawal from the work of the Commission arise. If this is true, would it not be a mistake to state

publicly tomorrow that a favourable decision on the United States proposal will mean our withdrawal from the work of the Commission. Would it not be better to state that if the majority advice of the Committee is followed by the Commission, then a new situation will arise which will have to be taken into consideration by the Governments represented on the Commission who feel that the advice is wrong and unconstitutional.

6. A statement here tomorrow that we will withdraw from the Commission if the Committee passes the United States resolution will cause surprise and controversy here. However, if I do not get any instructions to the contrary I propose to make such a statement as I understand, — after telephoning the Department today — that this is what I am expected to do. Ends.

116.

DEA/50068-40

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 261

New York, February 25, 1948

SECRET. MOST IMMEDIATE.

Following for Riddell from Pearson, Begins: Please make it clear that in my immediately preceding telegram I am not making any suggestion regarding the ultimate withdrawal from the Korean Commission if they go ahead and hold elections. I am making suggestions merely about the timing of such withdrawal and any announcement concerning it. My idea is that withdrawal would take place if the Commission accepts the advice of the Committee and that no announcement of our decision should be made at the Interim Committee though I could suggest its possibility. Ends. Message ends.

117.

DEA/50068-40

*Le secrétaire d'État aux Affaires extérieures
au délégué permanent aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegate to United Nations*

TELEGRAM 238

Ottawa, February 26, 1948

SECRET. MOST IMMEDIATE.

Following for Mr. Pearson from Riddell, Begins: Your telegram No. 260 of February 25th, Korea.

2. Telegram under reference was sent to Prime Minister by Mr. St. Laurent today with covering memorandum. In this memorandum, after recapitulating position in Interim Committee, Mr. St. Laurent said:

3. "It seemed to Mr. Pearson therefore that he should not state today that the Canadian member of the Commission will be withdrawn, but should do no more than say that if the Korean Commission decides to accept the advice of the majority of the Interim Committee, it will create a serious situation for governments represented on the Commission which do not consider that an adequate legal basis exists for the proposed action, and they will have to reconsider the position of their representatives on the Commission. Mr. Pearson would be grateful to have your instructions on this point." Quotation ends.

4. The Prime Minister, after having received this telegram, sent a message to Mr. St. Laurent to the effect that he had sent instructions to you yesterday only because of the absence of the Secretary of State for External Affairs, and he considered that, since Mr. St. Laurent had now returned, instructions should originate with him. If, however, Mr. St. Laurent approved of course of action suggested in paragraph quoted above, Mr. King would concur in this recommendation.

5. Mr. St. Laurent has asked me to give you this information and to inform you that you may act in accordance with paragraph 5 of your telegram under reference and paragraph quoted above from his memorandum to the Prime Minister. Ends.

PCO

118.

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

[Ottawa], February 27, 1948

TOP SECRET

UNITED NATIONS; KOREAN COMMISSION

3. *The Secretary of State for External Affairs*, referring to discussion at the meeting of February 19th, reported that, while it had now been accepted generally that the Interim Committee lacked authority to enlarge the terms of the Assembly resolution establishing the Korea Commission, a U.S. resolution in favour of the holding of elections in South Korea had been approved by a substantial majority. Under instructions, the Canadian representative had opposed it.

The resolution would be communicated to the Commission as representing the views of the majority of the members of the Interim Committee. It would not be mandatory and the Commission would also be informed of the minority view.

In the circumstances, it had not been considered necessary or advisable for the Canadian representative to announce, at this stage, what action Canada would take with regard to continued participation in the Commission. If the Commission decided to accept the advice of the majority, Canada could then decide whether or not the Canadian representative should withdraw. Meantime he had made it clear that acceptance of the Committee's advice would require the government to reconsider their position.

4. *The Cabinet* noted, with approval, the Minister's report.

119. DE A/50068-40

*Le secrétaire d'État aux Affaires extérieures
à la mission de liaison au Japon*

*Secretary of State for External Affairs
to Liaison Mission in Japan*

TELEGRAM 55

Ottawa, March 1, 1948

SECRET

Your telegram No. 62 of February 24.† Following for Patterson, Begins: Your telegram No. 7 of February 24.†

2. We did not think it necessary to reply to question regarding return to Tokyo contained in paragraph 8 of your telegram No. 5 of February 14²¹ because we assumed that at the time of sending that telegram you had not yet received our telegram No. 42 of February 13²² in which you were instructed that when the Temporary Commission had completed preparation of directives for the guidance of the Chairman in his consultation with the Interim Committee you should move adjournment of the Commission during the consultation period and should return to Tokyo, regardless of decision taken by the Commission.

3. We are sending out with Dr. Hoo complete copies of the reports of the discussions in the Interim Committee. You will observe from the statements made by the Canadian member that the Canadian Government does not consider that the supervision of elections in South Korea alone comes within the terms of reference of the Korean Commission. The Canadian representative stated the view of the Canadian Government that the resolution adopted by the Interim Committee constitutes advice which the Commission is free to accept or reject in the light of its further deliberations in Seoul.

4. We wish you to return to Seoul for the next meeting of the Commission and there argue the views of the Canadian Government. You are to state that should the Commission decide to go ahead with the supervision of elections in South Korea only it will create a new and serious situation for Governments represented on the Commission who believe such activities do not fall within the terms of reference of the Korean Commission and that you will not be able to participate in these activities of the Commission pending the receipt of further instructions from Ottawa.

5. We are prepared to have you participate in activities of the Commission which are directed toward carrying out the programme set out in the General Assembly resolutions of November 14, 1947 in the whole of Korea. We believe that if the Commission accepts our view and limits itself to such activities there may be certain further efforts which it could constructively make toward a solution of the larger problem of national unity and independence for Korea, and we would hope that the Commission would make a further effort to explore these possibilities

²¹ Voir le document 108/See Document 108.

²² Voir le document 107/See Document 107.

before taking a decision to proceed with the implementation of the programme in South Korea alone.

120.

DEA/50068-40

*Le secrétaire d'État aux Affaires extérieures
à la mission de liaison au Japon*

*Secretary of State for External Affairs
to Liaison Mission in Japan*

TELEGRAM 57

Ottawa, March 3, 1948

SECRET. MOST IMMEDIATE.

United Nations Temporary Commission on Korea. Following for Patterson, Begins: Press reports from Seoul state that at a public rally on March 1, marking the 29th anniversary of the declaration of Korean independence, Y.W. Liu, Acting Chairman of the United Nations Temporary Commission on Korea, declared that in conformity with the views expressed by the Interim Committee the Commission will observe elections in such parts of Korea as are accessible to the Commission not later than May 10. It is further reported that General Hodge announced the same day that by agreement with the United Nations Temporary Commission on Korea a general election will be held on May 9.

2. We are greatly surprised and concerned about these reports. Please verify them. We are particularly anxious to know whether Mr. Liu said he was speaking for the Commission and whether in fact he was authorized by the Commission to make this statement. We had assumed that the Commission would await the return to Seoul of Chairman Menon before taking up the discussion of the resolution passed by the Interim Committee. This resolution is only advisory and it is for the Commission to decide in accordance with its rules of procedure what its future course of action will be.

3. If it develops that Mr. Liu made an unauthorized statement appearing to commit the Commission to the supervision of elections in South Korea in advance of a decision on this important question being properly reached by the Commission in accordance with its rules of procedure, then you are instructed to lodge a vigorous protest on behalf of the Canadian Government against such irregular procedure.

4. If it develops that General Hodge issued a statement setting a date for elections in South Korea in which he mentioned agreement with the United Nations Temporary Commission on Korea when in fact no such agreement was properly given, then you are instructed to raise in the Commission the question of the Commission issuing a statement clarifying its position. Regardless of whether we will agree or will not agree with future decisions adopted by the Korean Commission, we consider it most important that its decisions be reached by proper parliamentary procedures and that it avoid giving the appearance of acting in accordance with the wishes of the Commanding General of the United States Forces in South Korea.

5. If the Commission has already taken a decision to supervise elections in South Korea, then in accordance with instructions contained in our telegram No. 55 of March 1st, you are to cable us immediately for further instructions and not participate further in the work of the Commission until such instructions are received.

121.

DEA/50068-40

*La mission de liaison au Japon
au secrétaire d'État aux Affaires extérieures*

*Liaison Mission in Japan
to Secretary of State for External Affairs*

TELEGRAM 74

Tokyo, March 5, 1948

SECRET

Following from Patterson, Begins: No. 9. March 5th. Your telegram No. 57 of March 3rd. The fear I expressed in paragraph 5 of my telegram No. 8,²³ regarding implications of Liu's speech, arose out of telephone conversation of February 29th in which Jackson, Australian representative, told me incidentally of Liu's intended speech on March 1st. Though conversation was necessarily guarded and though I did not know at that time the form of the Interim Committee communication to the Commission, I expressed to both Jackson and Schmidt, Principal Secretary, my strong feeling that no public statement should be made until the Commission had considered Interim Committee report.

2. Press reports of speech here were not alarming and contained no such statement as reported in paragraph 1 of your telegram under reference. Jackson and Schmidt, however, now confirm that Liu's statement was essentially as reported by you.

3. Liu is Rapporteur of the Commission and in the absence of the Chairman Menon and Boncour,²⁴ the Acting Chairman, Liu spoke as Acting Chairman. He did not say he was speaking for the Commission, but in his statement said "the Commission will observe the elections." Before Liu made the statement, Schmidt

²³ On craignait que

The fear was that

"members [of the Commission] now in Seoul have minds set on quick acceptance of Interim Committee recommendation."

...

Patterson s'est alors référé au discours du représentant chinois à Séoul le premier mars qui «impliquait» que

Patterson then referred to the speech made by the Chinese representative in Seoul on March 1 with "implication" that

"the Commission would be proceeding forthwith with preparations for elections"

²⁴ Liu Yu-wan, représentant de la Chine; K.P.S. Menon, représentant de l'Inde; Jean-Paul Boncour, représentant de la France.

Liu Yu-wan, Representative of China; K.P.S. Menon, Representative of India; Jean-Paul Boncour, Representative of France.

had cleared it by telephone with Menon in New York and Liu had secured individual agreement of seven Commission members in Seoul.

4. The Commission agreed at its last meeting, February 16th, that no further meetings would be held until Interim Committee report had been received, and decided that if necessity for meeting should arise during the absence of the permanent Chairman, a meeting would be convened by the Secretariat after consultation with the members. According to Jackson, when members were called together by the Principal Secretary for consultation with Liu, no minutes were kept and this gathering was not regarded as an official meeting of the Commission.

5. It is clear, therefore, that no decision has been reached by the Commission on Interim Committee recommendation nor can it be maintained that Liu spoke with the authority of the Commission. Schmidt is including in the agenda for Monday's meeting consideration by Commission of its attitude to Liu's statement, presumably in expectation of having it confirmed. If, however, on return to Seoul I find the above mentioned facts are confirmed, I shall lodge a vigorous protest according to your instructions in paragraph 3 of your telegram under reference. Obviously, the Commission cannot confirm Liu's statement unless and until it formally adopts the recommendations of the Interim Committee.

6. According to Jackson and Schmidt, General Hodge announced May 9th as election date but made no reference to any agreement with the Commission. If reports of his statement are not clear on this point, I shall press for Commission to issue a clarifying statement with reference to Commission's relation to his remarks. Ends.

122.

DEA/50068-40

*Le secrétaire d'État aux Affaires extérieures
à la mission de liaison au Japon*

*Secretary of State for External Affairs
to Liaison Mission in Japan*

TELEGRAM 60

Ottawa, March 6, 1948

SECRET. MOST IMMEDIATE.

Your telegram No. 70 of March 4.† Following for Patterson, Begins: Your telegrams No. 8 of March 3rd, and 9 and 10 of March 5.

2. Canadian view that United Nations Temporary Commission on Korea supervision of elections in South Korea only would not be in accordance with General Assembly resolutions of November 14, 1947 was supported in Interim Committee by Australia only, although certain others which abstained in vote saw force of our argument. Other Commission members supported United States resolution which was carried 31 to 2 with 11 abstentions. Australians have since indicated that they will accept view of majority and have requested Canadian support in Commission to prevent further distortion of its mandate.

3. In accordance with instructions contained in our telegrams No. 55 of March 1 and 57 of March 3 you should raise at the earliest possible opportunity in the Commission on a question of privilege necessary for clarification of Commission's relationship to the announcement made by General Hodge, fixing date for elections as May 9. If Mr. Liu made a statement which gave the incorrect impression to the public that the Commission had already decided to supervise elections in South Korea, then Mr. Liu should be called upon to issue a statement of clarification. If General Hodge's announcement of date for South Korean elections incorrectly included statement that announcement was being made by agreement with the Commission, then the Commission should issue a statement clarifying its relationship to this announcement.

4. If the Commission refuses to support you on these two questions, providing that our suspicions are well founded, you should indicate that you take it that Commission has decided to cooperate in holding of elections in South Korea. This being the case you should state that you will not be able to participate further in the work of the Commission until you have received further instructions from your Government.

5. If the Commission supports you in regard to necessity for clarifying Commission's relationship to election announcement issued by General Hodge, question will then arise whether or not Commission is to assist in conducting elections in South Korea. Your instructions are that you are to oppose association of Commission with conduct of elections in South Korea only. If Commission decides not to support this view you are to state that you cannot participate further in its activities until you have received further instructions from your Government.

6. There is no objection to making our view clear in public session if this is necessary but we would be glad if any public controversy on this matter could be avoided.

123.

PCO

*Extrait des conclusions du Cabinet**Extract from Cabinet Conclusions*

TOP SECRET

[Ottawa], March 10, 1948

...

UNITED NATIONS; KOREA COMMISSION

9. *The Secretary of State for External Affairs* reported that notice had just been received that a question would be asked in the House that afternoon concerning the press report that the Canadian Delegate to the UN Commission on Korea had "walked out" of a meeting and refused to return for a later session.

The situation was somewhat obscure, but it appeared that Mr. Patterson's hand had been forced by the action of the Chairman and Vice-Chairman in deciding that the advice of the Interim Committee should be accepted without a formal meeting of the Commission. Accordingly, when the matter came up for discussion, the Canadian Delegate had found, on returning from Tokyo, that the decision had been

taken to proceed with the elections. Apparently on this ground he withdrew from the Commission.

It seemed that Mr. Patterson's action had been in accordance with the instructions given him, although it had been expected it would have been possible for him to withdraw unobtrusively. Circumstances had rendered this impossible, however.

It would now be necessary for the government to state the position and it was suggested that, since accurate information was far from complete, it be said that Mr. Patterson had been recalled to Ottawa for consultation but that no formal withdrawal from the Commission had taken place.

(Departmental memoranda to the Minister, Mar. 9† and 10,† 1948).

10. *The Cabinet*, after discussion, approved the course proposed by the Minister and agreed that a statement to that effect be made in the House that afternoon.

124.

DEA/50068-40

*Le secrétaire d'État aux Affaires extérieures
à la mission de liaison au Japon*

*Secretary of State for External Affairs
to Liaison Mission in Japan*

TELEGRAM 63

Ottawa, March 10, 1948

MOST IMMEDIATE

Following for Norman from Pearson, Begins: Your telegram No. 80.† Considerable publicity is being given in the press here to what is called Dr. Patterson's "walk out" on the Korean Commission. Please ask Dr. Patterson to cable us as soon as possible, if he has not already done so, the circumstances surrounding his withdrawal from the Commission, which we hoped could have been done with a minimum of sensation. I assume that he did not walk out in the middle of a meeting, but merely refrained from participating in the afternoon meeting. I would like information on this point and any other relevant circumstances. As soon as Dr. Patterson's report is received, the Cabinet here will decide what the next step is to be. For your own information, if the press reports are accurate, Dr. Patterson will be asked to return at once to Ottawa for report and consultation. You might inform him of this probability.

We have been trying to reach Dr. Patterson by telephone. If we do not get through please ask him to call me. Ends.

125.

DEA/50068-40

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

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

[Ottawa], March 11, 1948

KOREAN COMMISSION

Dr. E.H. Norman, Head of the Canadian Liaison Mission in Tokyo, Japan, telephoned this morning to report on a conversation which he had had last night with Dr. G.S. Patterson, Canadian representative on the United Nations Temporary Commission on Korea. Dr. Norman is sending through a telegram on his conversation with Dr. Patterson.

2. Dr. Patterson denied emphatically the press reports concerning his actions in the Commission. He stated that, as instructed, he had raised a question concerning the propriety of the members of the Commission present in Seoul deciding outside the Commission to authorize the Acting Chairman, Mr. Liu, to make a statement on March 1 to the effect that the Commission would supervise elections in South Korea as recommended by the Interim Committee. It was as a result of this statement that General Hodge announced the May 9th date for elections. There had been some discussion of his proposal in the Commission and at the conclusion of this discussion he had left the chamber and gone to his room. He had made no statement about leaving the Commission or anything of this nature. Later the Chairman had telephoned him and said that they were now discussing the nature of a statement to be issued by the Commission and wished the benefit of his views. Dr. Patterson had returned to the chamber at that time and had participated in the discussion of a statement which was later issued. This statement indicated that the question of the Commission's role in supervising the Korean elections announced by General Hodge was still under consideration. Dr. Patterson was participating in these discussions and there was no question of a walk-out as the press had irresponsibly reported. Dr. Patterson had made no statement to the press concerning the discussions in the Commission. He had simply stated that any statement concerning proceedings in a private session would have to be made by the Chairman.

3. I told Mr. Norman that I thought Dr. Patterson had behaved with admirable discretion and that it was most unfortunate that the incident was so unfairly and mistakenly played up in the United States press. One suspects that the United States military authorities in Korea may have encouraged this, and that the State Department would not be disappointed by this version of the situation.²⁵

4. I also told Mr. Norman to tell Dr. Patterson to attend meetings of the Commission while he was awaiting instructions from Ottawa, but not to participate in the proceedings in any way. I had a word about this with the Prime Minister, who indicated that this course would be entirely satisfactory.

5. I am worried, somewhat, about Patterson's own position. It appears that feelings are running very high in Korea at the moment, and that Patterson is becoming the center of a violent controversy. The attacks on him by Koreans have, so far, been only verbal, but I do not think that his physical safety can be assured; especially if the Commission accepts the Canadian position. This is, however, I think, an unlikely contingency, and Patterson's personal unpopularity may be overlooked in the popular satisfaction over the prospect of elections.

6. I thought that you might wish to have this information that we received by telephone, in advance of the telegram which no doubt will come in shortly from Dr. Norman on this subject.

L.B. PEARSON]

²⁵ Dans son rapport à Patterson sur cette conversation, Norman a attribué à Pearson le commentaire In his report of this conversation to Patterson, Norman attributed to Pearson the comment that Pearson

"was quite sure that the Americans were attempting to squeeze us by this tactic."

Selon Wrong, les rapports de Séoul au département d'État qualifiaient le geste de Patterson comme un «walkout» et soulignaient son effet «discouraging» sur le moral des Coréens. Ces rapports suggéraient également que les réunions de la fin février étaient «official and plenary», après quoi Menon et Patterson étaient censés être «consulted». C'est seulement après que cette controverse eut éclaté que ces réunions furent reclassifiées comme étant «informal», ce qui laissa le général Hodge dans une situation gênante. (DEA/204-A(S): WA-750, 12 mars).†

According to Wrong, the reports from Seoul to the State Department depicted Patterson's move as a "walk-out" and emphasized its "discouraging" effect on Korean morale. These reports also suggested that the meetings in late February were "official and plenary," after which Menon and Patterson were supposed to be "consulted." Only after the controversy erupted were these reclassified as "informal," with General Hodge left out on a limb. (DEA/204-A(S): WA-750, March 12).†

126.

DEA/50068-40

*Note**Memorandum*

[Ottawa], March 12, 1948

CONVERSATION BETWEEN THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS
AND DR. ROBERT T. OLIVER, ADVISER OF THE KOREAN COMMISSION
IN WASHINGTON, D.C., MARCH 11, 1948.

Dr. Oliver informed Mr. St. Laurent that he had flown up to Ottawa on cabled instructions of Dr. Syngman Rhee, head of the Society for the Rapid Realization of Korean Independence, which is the dominant political grouping in South Korea. Dr. Rhee had asked him to bring to the attention of the Canadian Government the consternation felt by the Korean people over the attitude taken by the Canadian Representative (Dr. Patterson) on the United Nations Temporary Commission on Korea, and the Canadian Representative (Mr. Pearson) on the Interim Committee of the General Assembly at its recent meeting at Lake Success. Dr. Rhee thought that the legal arguments advanced by the Canadian Representatives must cover some deeper difficulties seen by the Canadian Government of which he was not aware. News reports of Dr. Patterson's "walk out" on the Korean Commission were incomprehensible to Koreans who regarded Canada as a friendly democratic country.

Mr. St. Laurent said that, according to information we had received by telephone from Tokyo that morning, the news reports were erroneous and misleading. It was true that Dr. Patterson had expressed surprise at members of the Commission proceeding in an informal manner to decide they would go ahead with the observation of elections in South Korea. Dr. Patterson had pointed out that the Interim Committee resolution was only advisory and it was up to the Commission to decide, in accordance with its rules of procedure, whether or not it would accept this advice. Later Dr. Patterson had excused himself and gone to his room. He had returned for the afternoon session when a press release explaining the relation of the Commission to General Hodge's announcement of the date of Korean elections was discussed. There was no question of a "walk-out".

As for the legal arguments Mr. Pearson had advanced in the Interim Committee, Mr. St. Laurent said that these were not a cloak for some more deep seated reasons. The Canadian Government was concerned that the United Nations should act only within the terms of the Charter. The General Assembly resolutions of November 14, 1947 had laid down a programme for the realization of Korean national independence. Neither the Commission, nor the Interim Committee had the right to alter the terms of these General Assembly resolutions. That could only be done by the General Assembly. We did not want the Soviet Union to be able to criticize the work of the Commission in South Korea as illegal.

Mr. St. Laurent thought that if elections were to be held in South Korea only to establish an interim government dependent on the United States for support, then it

was the responsibility of the United States as the occupying power to run these elections. Elections of this character had been run by the occupying powers in the various zones of Germany.

Dr. Oliver said that the aspirations of the Koreans for national independence had been thwarted so long now that a highly explosive atmosphere had been created in Korea. He wondered if Dr. Patterson had reported on Korean reactions to the work of the Commission. Mr. St. Laurent said that as Dr. Patterson had no staff to encypher his telegrams he had to confine his reports to essentials. Dr. Oliver hoped that, if for any reason Dr. Patterson was compelled to withdraw from the Commission, he would make it clear that it was not from want of Canadian sympathy with the aspirations of Koreans for national independence.

Mr. St. Laurent said no decision had been taken to withdraw the Canadian Representative from the Commission. He thought that Mr. Pearson had made it quite clear in the Interim Committee that Canada was in full sympathy with the objective of establishing Korean independence. However, he would be glad to assure Dr. Oliver that if the Government should decide to withdraw from the Korean Commission very careful consideration would be given to the wording of a statement that would make it quite clear to the Korean people that Canadians fully sympathized with their aspirations to national independence and hoped this independence would soon be achieved. If we decided we could not properly participate in the Commission's supervision of elections in South Korea we would gladly say more power to the other members who felt they could assist in this way in furthering the cause of Korean independence.

127.

DEA/50068-40

*La mission de liaison au Japon
au secrétaire d'État aux Affaires extérieures*

*Liaison Mission in Japan
to Secretary of State for External Affairs*

TELEGRAM 92

Tokyo, March 15, 1948

Following for Pearson from Patterson, Begins: Relayed by telephone to Tokyo.

Have just received summary of Norman's telephone conversation of March 11th with you. Covering letter† states that you might still desire telegram.

2. This will confirm my statement as quoted by Norman that in no sense did I withdraw from the Commission. Nor could my action be described as a "walk-out".

3. After debating throughout the two sessions on March 9th, the Commission voted 3 to 2 against issuing of press release designed to (meet your requirements?) for clarifying statement on Commission's relationship to public statements of March 1st. On the assent of the Chairman that I was correct in concluding that this meant that the Commission was unwilling to issue any clarifying statement, I said that I would have to act under Government instructions and abstain from further Commission activities until I received further instructions. The Chairman said that

the Commission would regret the action I had to take but would quite understand that I had no other alternative.

4. I then quietly left the room, this being the natural and correct thing to do. The Chairman has assured me it seems so to him also and that under the same circumstances he would have acted in exactly the same way. The action could not be interpreted as what is generally known as "walk-out".

5. The Chairman telephoned me within a half-hour to confirm his understanding that I had not withdrawn from the Commission but must only abstain from activity until instructions were received. He said the Commission wished to reconsider its vote. The decision was then immediately reversed by vote of 4 to 0.

6. That night I explained to the Associated Press, *New York Times* and United Press reporters the position of Canada as I had stated it at the open meeting of the Commission on Monday but declined to answer any question about Tuesday's meeting and referred them to the Chairman.

7. Subsequently I learned that Rich, United Press reporter, had betrayed the confidence of Grand, United Nations Public Relations Officer, who had given background of Tuesday's meeting in off-the-record talk. In *Tokyo Stars and Stripes* Rich's communiqué states "Patterson walks out and said that he would not attend no more meetings." Rich says that his communiqué was twisted by *Stars and Stripes* and promised to give me his original text but has failed to do so. I have not seen United States or Canadian press reports and Rich says that he has not received "play back".

8. As a result of betrayal of confidence, Grand has told other reporters he will give no further off-the-record talks when Rich is present.

9. Grand told Associated Press reporter I had not left the room, justifying this statement because of misinterpretation Rich had given.

10. See my telegram No. 87† for Rich's tactics after meeting of March 12th.

11. I acted as I did in desire to confirm to your instructions repeated ten times in your telegram. Absenting myself from meetings of the Commission seemed to me only way open "to abstain from activities." It still seems to me less emphatic than return to Tokyo. When I followed the latter course on your instructions I understood that it was interpreted here as indicating a virtual withdrawal. Even if I had remained until adjournment on Tuesday the press could have given same wrong interpretation in view of the statements that I had had to make.

12. Nevertheless, in view of the opportunity that physical act of leaving the room affords the press to represent this action, I feel that it was a mistake to have done so. For the same reason I have decided to attend future meetings of the Commission unless you instruct me definitely that this would not be in conformity with your instructions.²⁶

²⁶ Dans son télégramme N° 40 du 5 mars, † Pearson confirmait à Patterson cette interprétation de ses instructions en attendant que le Cabinet revoie cette question; voir le document suivant ci-après.

In Telegram No. 70, March 5, † Pearson confirmed to Patterson this interpretation of his instructions, pending review by Cabinet; see immediately following document.

13. I have cleared this telegram with the Chairman and he is in complete agreement with facts and with my interpretation.²⁷ His comment on paragraph 4 was "absolutely".

14. I should be grateful for your comments on the above and your further advice regarding course I should now follow. Ends.

128.

DEA/50068-40

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

SECRET

[Ottawa], March 15, 1948

KOREAN COMMISSION

Further telegrams (Nos. 86-89)† were received over the weekend from the Canadian Liaison Mission in Tokyo reporting that on March 12 the United Nations Temporary Commission on Korea passed the following resolution:

"To observe elections announced by the Commanding General of the American Forces to be held May 9th, 1948, provided that it has ascertained that the elections will be held in a free atmosphere wherein democratic rights of freedom of speech, press, and assembly will be recognized and respected."

The vote in favour was 4 to 2 with Canada and Australia against, and Syria and France abstaining. At the time of voting Dr. Patterson made the following statement: "I wish formally to announce to the Commission that I will have to abstain from the activities of the Commission until I receive further instructions from Ottawa." He did not withdraw from the conference room.

2. In voting on this resolution the Commission in effect recognized the validity of Dr. Patterson's objections to the irregularity of the earlier informal agreement to observe elections in South Korea reached by members of the Commission without consulting him and without the convening of a regular Commission meeting. This should serve as a lesson to members of the Commission and U.S. Military Government officers in South Korea that a United Nations Commission cannot be pressed into making irregular decisions. Undoubtedly Dr. Patterson's forceful representations were instrumental in getting the Commission back on the rails again.

3. In considering what instructions should now be sent to Dr. Patterson, two courses are open:

(a) to recall Dr. Patterson for consultation; thereby deferring a decision, or

²⁷ Dans la dépêche N° 7 du 15 mars, † Patterson se dit malheureux et en colère concernant la façon dont son action avait été rapportée. (DEA/50068-40).

In Despatch 7, 15 March, † Patterson indicated his distress and anger at the way his action had been reported. (DEA/50068-40).

(b) to authorize Dr. Patterson to continue to serve on the Commission within the limits of further explicit instructions.²³

4. Dr. Patterson reports that before the vote on the resolution to observe elections, Mr. Menon, the Commission Chairman, made a statement to the effect that if the directive from the Interim Committee had been categorical he would not have been willing to participate. However, Mr. Menon attaches great importance to the authority of the Commission to withdraw at any time. The resolution adopted only commits the Commission to observe the elections in South Korea, "provided it has ascertained that elections will be held in a free atmosphere." Responsibility for *conducting* the elections rests with the U.S. Military Government. The Commission's responsibilities are limited to observing, consulting, and advising. It may be argued that in observing elections in South Korea the actual conduct of which is in the hands of the U.S. Army, the Commission would not by this act alone be exceeding the terms of reference contained in the General Assembly resolutions of November 14, 1947, provided it made no commitment regarding recognition of those elected as the National Government of Korea.

5. If the Government so desires, therefore, they could leave Dr. Patterson on the Commission to play a passive role. Such a decision, in view of the terms of the Temporary Commission's resolution, would not, I think, be inconsistent with your statement in the House of Commons. That statement said that if Dr. Patterson confirmed that the Commission "has, in fact, *in this manner*, decided to associate itself with elections in South Korea only, he will be instructed, by cable, to return at once to Ottawa for consultation."

6. If Dr. Patterson does return for consultation, he should, I think, be advised at once. This will postpone any decision as to whether the Government will or will not associate itself with the Commission in its future activities, but it will be only a postponement. Eventually, Dr. Patterson will have to be given instructions and, if those instructions are not to participate further in the Commission's work, that fact will, in due course, become known.

7. On the other hand, if the Government do not wish to recall Dr. Patterson to Ottawa, there would not now, I think, be any great danger of complications in following this course, owing to the form of the Commission's decision and to its timetable of operations outlined in the paragraph following.

²³ Cette note fut circulée au Cabinet et Saint-Laurent présenta ces alternatives. Le Cabinet autorisa Patterson à demeurer sur la Commission.

This memorandum was circulated to Cabinet and St. Laurent presented these alternatives. Cabinet authorized Patterson to stay on the Commission

"for observation of the elections to be conducted in South Korea by the US military government; it being understood that the Commission were not thereby exceeding the terms of reference contained in the General Assembly resolution of November 14, 1947, and that the Commission would withdraw if it were ascertained that elections were not held in free conditions."

...

(Conclusions du Cabinet du 18 mars).† Cette décision fut communiquée à Patterson (DEA/50068-40: Télégramme N° 73 du 18 mars).†

(Cabinet Conclusions, 18 March).† This decision was communicated to Patterson (DEA/50068-40: Telegram 73, March 18).†

8. It may be forecast that with elections held on May 9th, a constituent assembly would not be convened before the middle or end of June. This assembly would address itself during the summer months to the formation of a government and discussion of a constitution. It is altogether probable that the Korean Commission could without difficulty defer for reference to the September session of the General Assembly the crucial question;

whether it should be recommended to members of the United Nations that the South Korean Government should be recognized as the National Government of Korea because it represents two thirds of the population.

9. In view of the unwillingness of the Soviet Union to cooperate with the Korean Commission, it is altogether unlikely that members of the Commission would wish to assume responsibility for answering this key question. It is fortunate, therefore, that so far as can be foreseen it, and other important questions may be conveniently left over for consideration by the September session of the General Assembly. Under these circumstances the risks involved in authorizing Dr. Patterson to continue to serve on the Commission as it observes elections would not be great.

10. A decision to withdraw the Canadian representative from the Korean Commission would bring criticism from certain quarters. Spokesmen for Korean groups have visited Ottawa recently and also called on General McNaughton in New York to report the alleged dismay with which Koreans have listened to expositions of the Canadian view. The Chinese Foreign Minister called Mr. Davis in on Friday to urge continued Canadian participation in the work of the Commission. The Australians, who have supported our view, have accepted the majority decision and urged us to maintain our representation on the Commission in order to help keep it on the rails. An increasing amount of comment is appearing in the Canadian newspapers calling attention to our criticisms of the Soviet Union for boycotting activities of the United Nations with which it did not agree, and wondering whether Canada would withdraw from the Korean Commission.

L.B. PEARSON]

129.

DEA/50068-40

*L'ambassadeur en Chine
au secrétaire d'État aux Affaires extérieures*

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

TELEGRAM 109

Nanking, May 25, 1948

SECRET

Following from Patterson, Shanghai, Begins: Korean Assembly will probably be convened within a few days.

2. Jacobs²⁹ advised Boncour to proceed slowly in establishing National Government. General Hodge told five delegates, including myself, on May 15th, he would give same advice.

3. On May 14th, Dr. Rhee gave impression to Main Committee that he was prepared to consider negotiations with other groups and would not press unduly for immediate establishment of National Government.

4. In view of the need of new Government for American aid, and assistance from United Nations in securing recognition, seems unlikely if Government will be formed without consultation with Commission.

5. Six of the Commission members inclined to oppose forming of National Government without further negotiations. Only Philippine representative, and possibly El Salvador, favour implementing General Assembly November 24th.

6. Dr. Liu consulted Chinese Government and also advises cautious action.

7. Australia has instructions to oppose formation of National Government this time.

8. I strongly favour Australian attitude and would like your instructions. Ends.

130.

DEA/50068-40

*Le secrétaire d'État aux Affaires extérieures
à la mission de liaison au Japon*

*Secretary of State for External Affairs
to Liaison Mission in Japan*

TELEGRAM 122

Ottawa, June 4, 1948

SECRET

Following for Patterson, Begins: Reference telegram No. 109 of May 25 from Nanking.

²⁹ Joseph E. Jacobs, de la délégation des États-Unis auprès l'Assemblée générale des Nations Unies.
Joseph E. Jacobs, Delegation of United States, General Assembly of United Nations.

Our assessment of the post-election political atmosphere in South Korea, as well as a study of the wording of the General Assembly Resolutions of 14 November 1947 incline us to the view that the Commission should leave, and make clear that it is leaving the initiative in formation of a government and or other steps to the acknowledged leaders of the elected representatives of the people of South Korea. They have sought responsible government and if the United States chooses to give it to them, then in the final analysis it is for these elected Korean leaders to weigh the various factors that should be taken into account in choosing a policy directed toward their ultimate objective of national independence.

2. Elected Korean representatives will have to consider whether conversations with South and North Korean political figures who did not participate in recent elections would serve any useful purpose at this time and if so whether such conversations should take place before or after the elected representatives have organized themselves into a governmental body and discussed with U.S. authorities questions relating to assumption of governmental responsibilities. We are not repeat not prepared to express a view on this problem now except to urge that full implications of steps taken be considered in advance and that Korean leaders making these decisions realize they must assume full responsibility for their actions.

3. The question of the need of South Korea for continuing economic and military aid will also require consideration. We understand that present bill before U.S. Congress providing 150 million dollars for reconstruction in Japan, Ryukyus and Korea would still be available after end of occupation. There is no assurance so far as we know that U.S. would be prepared to maintain indefinitely forces in South Korea even on request.

4. Title assumed by any government established may have a bearing on its recognition abroad. Recognition is the prerogative of individual governments and Commission can only recommend to United Nations Assembly that it recommend to members that they adopt a certain attitude.

5. From above you will observe that we favour the Commission being cautious about giving advice now and should certainly not give it in too authoritative a form. We favour the Koreans themselves assuming responsibility for their future course of action. Commission should consider where it can defer decisions on important matters relating to the international status of any government established for consideration by the General Assembly in September.

131.

DEA/50068-40

*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 AND PERSONAL

Ottawa, May 31, 1948

Dear Hume [Wrong],

We have been recently receiving information from various sources that the United States military people in Korea are suggesting, both directly and by implication, that the Canadian member on that Commission is a Communist or a fellow traveller. We are getting a little sick of this, and the mentality of military government authorities who consider that those who are not for them in all their policies, whether right or wrong, must be Communists. We get especially tired of it when they pass on their suspicions to United States news agencies.

So far as we are concerned, Patterson has done a good job on the Commission and the job he was instructed to do. Furthermore, the experiences and activities of the Commission have justified many of our doubts about its usefulness, and confirmed one or two of our worst fears. I hope, therefore, that the next time the opportunity presents itself, you will give some of the people in the State Department an indication of our impatience at the slurs that are being made in certain United States quarters in Korea on the work of our representative.

Yours sincerely,

[L.B. PEARSON]

132.

DEA/50068-40

*Note du sous-secrétaire d'État adjoint aux Affaires extérieures
au secrétaire d'État aux Affaires extérieures*

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

SECRET

Ottawa, June 21, 1948

UNITED NATIONS TEMPORARY COMMISSION ON KOREA

The Korean Commission returned to Seoul on June 7 from Shanghai where it has been drafting the first part of its report to the General Assembly of the United Nations.

2. On June 17, Mr. Butterworth and Mr. Hickerson of the United States Department of State discussed the Korean Commission with our Ambassador in Washington. These gentlemen were concerned about information which they had received from Shanghai that the report of the Commission would be rather critical in character.

3. They felt that their information on the election did not indicate that a report of such a nature would be justified. Since the Commission had supervised the election to some extent, they hoped that the Commission would give a boost to the election results and return to Seoul. Mr. Butterworth hoped that we might send instructions along these lines to Dr. Patterson.

4. On June 18, Mr. Collins of our Washington Embassy and Mr. Butterworth had a further conversation. Mr. Butterworth said that the Korean Assembly was going ahead with the drafting of a constitution and the formation of a government. He wished the Commission to continue with the task assigned to it by the United Nations resolutions on the basis of the elections which had been held and to give as much help as possible to the Korean Assembly in setting up their new government.

5. On June 18 Mr. Ross, Deputy United States representative to the United Nations, raised the matter of the Korean Commission with the Canadian Permanent Delegate in New York. Mr. Ross said that information received by the State Department indicated that some members, including the Canadian representative on the Commission, were disposed to take a discouraging view about the elections which might give rise to doubts as to the democratic qualities of the elections. Mr. Ross also expressed the hope that the Commission would remain in Korea until the middle of August at least and that the Canadian representative would not urge the Commission to terminate its activities on the completion of its report.

6. *Report of the Commission.* Dr. Patterson has informed us, in his despatch No. 20 of June 5,† a copy of which is attached, that the first five chapters of the Commission's report have been approved and forwarded to Lake Success from Shanghai. They are factual in character. The sixth chapter, containing the impressions, opinions and conclusions of the Commission, has been given preliminary consideration in Shanghai and is expected to be completed in Seoul by August 1st. The report as a whole will be single and unified.

7. It is hoped that the report will be distributed to member Governments of the United Nations by August 21. Although the report is not to be made public until it is presented to the General Assembly, Dr. Patterson has also written in the same despatch "that I have already reported to you the favourable opinion I formed on the administrative efficiency with which the elections were conducted, on the satisfactory adherence to electoral rules and regulations, on the reasonable degree of freedom maintained and on protection of the secrecy of the ballot. Although no formal statement has been made, it seems to be generally known that the opinions of all the members are similarly favourable."

8. In the light of this information we see no reason for the United States concern that the report itself will be unduly critical in nature.

9. *Future Activities of the Commission.* In our last secret telegram of instructions to Dr. Patterson, No. 122 of June 4th,† a copy of which is attached, the opinion was given that the Commission should clearly leave the initiative in the formation of a government and/or other steps to the acknowledged leaders of the elected representatives of the people of South Korea. I am attaching a copy of despatch No. 21 of June 6 from Dr. Patterson in which he has reported that there is full agreement

among Commission members that the Commission should wait until asked by the Korean representatives for consultation.

10. Moreover, Dr. Patterson has informed us that while there would seem to be no objection on the part of the Commission to the establishment of a provisional Government for South Korea for administrative purposes, most of the members believe it would be unwise if the present assembly should attempt to assume the title or the rights of a Sovereign Government. Dr. Patterson has given it as his personal view that the only positive action which the Commission can take in the future, under its terms of reference, would be to consult with the elected Korean representatives, "regarding the prompt attainment of the freedom and independence of the Korean people," and if in the end this problem should be insoluble, to refer it to the General Assembly of the United Nations. This line of thought would appear to be consistent with our past policy.

11. However, until we are further informed of the direction in which the Korean Assembly is proceeding, we do not think it is necessary to expand on the instructions to Dr. Patterson, which are contained in the attached secret telegram No. 122 of June 4,† nor do we think that we are in a position to assure the United States that our representative will or will not counsel the Commission to terminate its activities in Korea on completion of the report on or about August 1st.

12. I attach for your approval, a proposed telegram to Dr. Patterson† informing him of these representations and reassuring him of our support.

E[SCOTT] R[EID]

133.

DEA/50068-40

*Le ministre de l'ambassade des États-Unis
au sous-secrétaire d'État aux Affaires extérieures*

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

SECRET

Ottawa, July 13, 1948

Dear Mr. Pearson:

Pursuant to our conversation at lunch today concerning the question of the recognition of the Korean Government, I understand that the views of my Government are as follows:

(a) The right of the General Assembly to reach its own decisions, as established in the conclusions of the report of the United Nations Temporary Commission on Korea, is recognized by the Government of the United States with reference to whether or not and if so how far the new Korean Government fulfils the object of the General Assembly Resolutions of November 14, 1947, concerning the re-establishment of the country's national independence. The United States is desirous of avoiding any incident which could be considered detrimental to that right.

(b) The United States is, however, the occupying power and therefore must make its own estimation of the new government before undertaking any negotia-

tions with it for the purpose of carrying out the further Resolutions of the General Assembly concerning the transfer of governmental functions, removal of the forces of occupation and other matters which these Resolutions require to be carried out upon the formation of the new government. It is thought that hesitation by the United States to commence the carrying out of these further provisions as soon as such a government has been established could be interpreted as want of trust in that regime, and to that extent its prestige would probably suffer both internally and externally. Since it is likely that two or three months will pass after the government has been constituted and before the General Assembly will consider the problem and since the enthusiasm of the Korean nationalists is very great, it is believed that refusal on our part to act before the deliberations of the General Assembly could also cause serious disturbances for which, as the occupying power, we would be responsible.

(c) It is felt very strongly that any act by the United States or by the United Nations Temporary Commission on Korea or its member states which could possibly be considered as disavowal of the new government would seriously jeopardize the very considerable achievements of the UN thus far in re-establishing the Korean people's independence and freedom. Considering the peculiar position of the United States in the matter as the principal progenitor of the General Assembly Resolutions and as the actual occupying power from whom the new regime will acquire its sovereignty, the granting of even some limited form of recognition on its part could be thus construed. Moreover, any loss of authority or dignity by the new government in South Korea would most certainly assist the puppet government to the north, and as a result would make less possible the country's ultimate unity on any basis except as a Russian satellite.

(d) My Government also believes that the matter of whether or not the Korean Government should be viewed as a national regime must be determined by the people of the country through the medium of their newly elected delegates. I understand this view is consistent with the Resolutions of the General Assembly, especially as they have been interpreted by the Interim Committee.

(e) The United States is of the opinion that it would admit the total lack of power of the United Nations to effectuate the clear preference of most of its members in face of the resistance of a lone state acting against the majority if we were to accept the idea that a government established in the south could not be considered a truly national government because such recognition might lead to similar action in northern Korea by the Russians. It may also be true that if we should fail to consider the government in the south as a truly national regime it would invite the Russians to grant just that recognition to their regime in the north as a measure of consolidation. Thus it is believed that any consideration of the new regime in South Korea as pertaining to that area alone would probably strengthen the present partition of that nation and make it all the more difficult to incorporate the northern area.

(f) In view of the facts discussed above my Government is now considering the publication of a statement shortly after the establishment of the new Korean regime to the effect that the Government of the United States considers it the national gov-

ernment of the country as stipulated in the Resolutions of the General Assembly and that a special representative will be sent to treat with it, in consultation with the United Nations Temporary Commission on Korea, respecting the carrying out of the other provisions in these Resolutions. The Department of State would welcome your reaction to the views expressed in this letter.

Sincerely yours,

JULIAN F. HARRINGTON

134.

DEA/50068-40

*Le ministre de l'ambassade des États-Unis
au sous-secrétaire d'État aux Affaires extérieures*

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

SECRET

Ottawa, July 19, 1948

Dear Mr. Pearson:

I have just received from Washington certain information concerning my Government's views on Korea which supplements that contained in my letter to you of July 13, 1948.

With regard to point (e) of that letter, it is our opinion that recognition of the recently established legislature as the "National Assembly" would most probably not have any effect on Soviet action in northern Korea. We are informed that they have been consistently promoting a project for a "National Government" in the north for a long time and, as shown by the last session of the *Pyongyang*, this plan is nearing accomplishment.

Prompt recognition of the national assembly in Seoul by the United Nations would be expected to result in many benefits. The objection that Russia would set up a government of her own is considered to be without foundation because this action is already under way in north Korea completely without regard for the efforts and resolutions of the United Nations Commission and the United Nations itself.

Sincerely yours,

JULIAN F. HARRINGTON

135.

W.L.M.K./J4/Vol. 298

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

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

SECRET

[Ottawa], August 10, 1948

I am enclosing herewith a copy of a memorandum on recognition of the Korean government which I have sent to the Minister. Mr. St. Laurent approves of it generally, but has asked me to send a copy to you for your consideration also.

We have been asked both by the United Kingdom Government and the United States Government for our views on the Korean situation following the election of a parliament for South Korea, the setting up of a government in that area and the desire of that government to be recognized as the government of Korea. Also, this matter will come up at the forthcoming United Nations Assembly and we will be expected to state our position in regard to it at that time.

In brief, the recommendations made in the memorandum are that, notwithstanding the desire of the United States Government, we should *not* recognize the newly established government in Seoul as the government of Korea at this time, because its writ does not run over the whole of Korea and, in any event, full governmental powers have not in fact been transferred to it by the United States occupying authorities.

In order, however, to avoid the impression that we are unfriendly to the aspirations of the Korean people for independence or that we have ignored the election of a Representative Assembly for those parts of Korea where an election was possible, it is suggested that the Canadian Government should send a friendly but non-committal message of congratulation to the Chairman of the above Assembly on the progress made to date in the achievement of the goal of Korean independence.

A copy of the draft message for this purpose is attached for your consideration.† You will note that in this message we emphasize that the recent elections were in South Korea only and that the government formed is for South Korea only. However, we do offer the good wishes of the Canadian people to the Korean people in the progress which they are making towards complete independence.

L.B. PEARSON

[PIÈCE JOINTE/ENCLOSURE]

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

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

SECRET

Ottawa, August 6, 1948

RECOGNITION OF THE KOREAN GOVERNMENT

Background

1. The Assembly of 200 representatives chosen in the elections held in South Korea on May 10 under the observation of the United Nations Temporary Commission on Korea is expected to proclaim the establishment of the Government of the Republic of Korea about August 15. The Assembly has already approved a Constitution and elected Dr. Syngman Rhee as first President of the Republic. He is now choosing a Cabinet which has to be approved by the Assembly.

2. The United States Government is considering the publication of a statement shortly after the establishment of the new Korean regime along the following lines:

"The Government of the United States believes that the present Korean Government is the Government stipulated in the resolutions of the General Assembly. Pending action by the General Assembly, a special representative will be sent to treat with this Government, in consultation with the United Nations Temporary Commission on Korea, respecting the carrying out of the other provisions in these resolutions."

The United States Embassy in Ottawa in letters of July 13 and 19 has informed us of the reasons why the United States considers it desirable to take the action mentioned above, and has asked for an expression of our views.

Recommendations

3. I recommend that:

(a) we inform the United States Government that

(i) we would not favour the extension of recognition to the newly established Government in Seoul until we are satisfied that full governmental powers have in fact been transferred to it;

(ii) we think it unwise for the new Government to claim to be the national government of the whole of Korea and we would not favour its recognition as such.

(iii) we consider that the elected Assembly should be permitted, if it so desires, to go ahead with the formation of a Government, and that it would be in order for the United States Government to hand over to it governmental powers as far as practicable.

(iv) we think that the United Nations Temporary Commission on Korea should be available for consultation during the process mentioned in (iii) above. Final responsibility, however, rests with the elected Korean Assembly and the United States Government.

(v) to give the Koreans a pat on the back and clear up any misunderstanding concerning the attitude of the Canadian Government we propose to send a friendly message of congratulations to the Chairman of the Assembly in Seoul on the progress made to date toward the achievement of the goal of Korean independence.

(vi) we would be glad to have some indication of the views of the United States Government regarding the further disposition of the Korean question at the forthcoming session of the General Assembly of the United Nations.

(b) we inform the United Kingdom Government, which has asked for our views, of the nature of the reply being returned.

(c) we send instructions along these lines to Dr. Patterson.

Reasons

4. My reason for opposing the granting of recognition, *de facto* or *de jure*, to the new Government when it is proclaimed on August 15, is that it will at that time actually enjoy no governmental powers. Under international law and diplomatic practice recognition is only granted when it is clear to the recognizing state that a Government does in fact exercise full governmental powers within reasonably well-defined borders and that it has a reasonable chance of survival. The United States proposes to send a special representative to Korea to negotiate with the new Korean Government in consultation with the United Nations Temporary Commission regarding the transfer of power. Until more definite information on the timetable is forthcoming from the United States Government or actual efforts indicate that the necessary transfer of powers has taken place recognition of the new Korean Government, either *de facto* or *de jure*, would appear to be unwarranted.

5. My reason for thinking it unwise for the new Government to claim to be the national government of Korea is that such a claim would have no real basis in fact or law. Its authority derives from the election held in South Korea only and its writ cannot be extended north of the 38th parallel. As they have done in Dairen, the Russians may argue that they are in legitimate occupation of North Korea until they sign a peace treaty with Japan. Furthermore, the new Government in South Korea will only derive its governmental powers in that zone as they are turned over to it by the United States Military Government. The new Government could not acquire *de jure* or *de facto* power in the north merely by claiming to be the National Government of Korea and therefore the rightful Government of North Korea. Moreover, by making such a claim the new Government would probably make more difficult its relations with the Soviet occupation authorities in North Korea in any negotiations over North-South communications or commerce (e.g. hydro-electric supply) or in possible future moves toward unification of the country. By being a little more modest in its pretensions I do not see that the new Government would sacrifice any of the prestige it has gained from compliance with the United Nations resolutions.

Proposed Message

6. Attached for your consideration is a draft of a message suggested in 3 (a) (v) above.†

L.B. PEARSON

136.

DEA/50068-40

*Le sous-secrétaire d'État aux Affaires extérieures
au ministre de l'ambassade des États-Unis*

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

SECRET

Ottawa, August 13, 1948

Dear Mr. Harrington:

I should like to refer to your letters of July 13 and 19 regarding the question of "recognition of the Korean Government" and to communicate to you the views of the Canadian Government on this subject.

2. The Canadian Government recognizes the strength of the desire of the people in South Korea, as represented by the recently elected Assembly, to proceed without delay with the formation of a government. It does not consider that the formation of such a government would be contrary to the intention of the United Nations General Assembly Resolutions of November 14, 1947, interpreted in the light of developments which have taken place since that date. It appreciates the reasons which have prompted the decision of the United States Government to enter into conversations with the leaders of the elected Korean representatives when requested by them to do so regarding the transfer of governmental functions to the new government being formed. While responsibility for determining the extent and timetable of this transfer of authority must rest with the United States Government and the Korean Government which will be assuming power at Seoul, it considers that the United Nations Temporary Commission on Korea should be available for consultation during this process in accordance with the provisions of the General Assembly Resolutions.

3. As regards recognition of the new Government, the Canadian Government proposes to apply the general principles of international law. It cannot see its way clear to granting recognition until it is satisfied that the new Government is possessed of full governmental powers.

4. The Canadian Government believes that it would be unwise for the new Government to claim to be "the National Government of Korea." Such a claim, in the opinion of the Canadian Government, would have no real basis in fact. The Assembly now meeting in Seoul has received a mandate only from the people of South Korea, and North Korea is under Soviet control. The new Government will acquire governmental powers only in South Korea as these are handed over to it by the United States Military Government. By claiming to be the rightful Government of North Korea the new Government would probably make more difficult its relations with the Soviet occupation authorities in North Korea, or any provisional North Korean regime they may sponsor, in any negotiations over North-South communications and commerce (e.g. hydro-electric power supply) and possible future moves toward unification of the country. As they have done in Dairen, the Russians may argue that they are in legitimate occupation of North Korea until they sign a peace treaty with Japan. Without sacrificing the prestige it enjoys from United Nations

approval, it would appear wiser for the Koreans to maintain a degree of flexibility in their claims regarding the representative character of the Government they are establishing. Their claims rest on moral rather than legal or factual grounds.

5. In making these observations concerning the situation in Korea, the Canadian Government does not wish to convey the impression that it is dissatisfied with the elections held in South Korea on May 10 or the steps now being taken toward the formation of a Government by the Assembly now sitting in Seoul. It considers it desirable that the Assembly and Government properly chosen in accordance with the terms of the Resolutions of the General Assembly of the United Nations, although presently limited to South Korea, should receive the approval of member governments of the United Nations which voted for the Resolutions of November 14, 1947. It is the hope of the Canadian Government that the steps so well taken in South Korea toward the formation of a representative government will in due course be taken similarly in North Korea so that eventually a united and independent Korean Government may be formed.³⁰

6. The Canadian Government would be glad to have in advance some indication of the views of the United States Government regarding the further disposition of the Korean question at the forthcoming session of the General Assembly of the United Nations.

Yours sincerely,

L.B. PEARSON

137.

DEA/50068-40

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

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

SECRET

[Ottawa], December 6, 1948

KOREAN QUESTIONS

Debate began in the Political Committee of the General Assembly this morning on the Korean question. The Delegation has sent us the text of a Draft Resolution, copy attached, which we understand is to be jointly sponsored by Australia, China and the United States. A number of delegations have indicated that they would be able to support the Resolution in its present form.

2. The Draft Resolution declares that there has been established a lawful government (the Government of the Republic of Korea), having effective control and

³⁰ Le gouvernement canadien ne reconnut pas le «gouvernement de la République de Corée» constitué au début d'août avec le Dr. Syngman Rhee comme président. Toutefois, un message de félicitations fut envoyé au président de l'Assemblée Coréenne rendant hommage aux élections tenues en mai. The Canadian government did not recognize the "Government of the Republic of Korea" formed with Dr. Syngman Rhee as President in early August. However, it did send a congratulatory message to the Chairman of the Korean Assembly which paid tribute to the elections held in May.

jurisdiction over that part of Korea where the Temporary Commission was able to observe and consult and in which the great majority of the people of Korea reside; that this government is based on elections which were a valid expression of the free will of the electorate of that part of Korea and which were observed by the Temporary Commission; and that this is the only such government in Korea. It recommends that the occupying powers withdraw their armed forces from Korea as early as practicable. It then goes on to establish a new Commission on Korea to replace the Temporary Commission. The new Commission would lend good offices to bring about the unification of Korea, seek to remove barriers to friendly intercourse between North and South, observe the withdrawal of occupying forces and be available for consultation with regard to the further development of representative government in Korea based on the freely expressed will of the people. It calls upon member states to refrain from any act derogatory to the results already achieved or to be achieved by the United Nations in bringing about the complete independence and unification of Korea. (This provision is primarily directed to the Soviet Union.)

3. This Draft Resolution is substantially in accordance with Canadian views as outlined in the section of the statement approved by Cabinet on September 8 for the guidance of the Canadian Delegation. The Canadian Delegation has reported that they have examined the Draft Resolution and consider that, in its present form, it would constitute satisfactory action by the General Assembly. Unless, therefore, we advise to the contrary they propose to indicate their willingness to support this Resolution or one in substantially similar terms.

4. Our principal concern will be with the composition of the new Commission to be established to replace the Temporary Commission on which Canada is represented by Dr. G.S. Patterson. An earlier draft of this Resolution proposed that the new Commission should have five or seven members. The present draft does not indicate what the size of the Commission should be. We have had no indication from the Delegation concerning the views of other delegations on the membership of the Commission. The Delegation will be aware that the Government would prefer that Canada should not be represented on the new Commission. I think however that this should be restated in the telegram of instructions.

5. I attach for your consideration a proposed telegram† to the Delegation authorizing them to support the Draft Resolution or one in substantially similar terms and reiterating the view of the Government that it would prefer not to be represented on the new Commission.

E[SCOTT] R[EID]

138.

DEA/50068-40

*La délégation à l'Assemblée générale des Nations Unies à Paris
au secrétaire d'État aux Affaires extérieures*

*Delegation to United Nations General Assembly in Paris
to Secretary of State for External Affairs*

TELEGRAM 598

Paris, December 10, 1948

RESTRICTED

Following is the Adviser's report on agenda Item No. 16 (which is shown as Section II/12 in *Canada at the United Nations 1948*) on "Korea".

This covers the action taken up to the close of sessions of Committee One, December 8th, 1948.

When the Temporary Commission on Korea presented its report to the third session of the General Assembly the problem was referred by the Assembly to Committee One for consideration and report.

Before the item was reached on the agenda it was proposed by the representative of Czechoslovakia that the Committee, at that time, should consider his draft resolution proposing that a delegation of the Korean Peoples' Democratic Republic should be invited to participate in the discussion on the question. (The Korean Peoples' Democratic Republic was established in North Korea as a result of elections held in North Korea on August 25th, in which, it was alleged, the people of South Korea had also participated.) The Czechoslovak proposal was rejected by the Committee. Subsequently, when the Committee took up the Korean question, the Czechoslovak draft resolution itself was rejected by 34 votes to 6 with 8 abstentions. In opposing the Czechoslovak resolution, the Canadian representative said that representations had been made in the resolution regarding elections in North Korea and the establishment of a so-called People's Democratic Republic. In default of verification of these representations, by the United Nations Temporary Commission, the Canadian representative believed that Committee One should not give the elections any support, or the persons supposed to have been chosen by them, any endorsement such as would be secured by passing the Czechoslovak resolution. He stated, however, that, once the representatives of the Government elected in South Korea under United Nations supervision had been heard, certain persons from that part of Korea occupied by the USSR army, which had refused to admit the United Nations Commission, might, if they were present, be given an opportunity to state to the Committee their views on the problem of Korean unification, and then withdraw.

By 39 votes to 6 with 1 abstention, the Committee adopted a Chinese draft resolution inviting the delegation of the Government of the Republic of Korea, to participate in the debate, without the right to vote. It was also agreed, without objection, to invite the Rapporteur of the United Nations Temporary Commission on Korea to present its report.

The general debate on the question was held at the 231st to 235th meetings of the Committee during which a draft resolution was proposed by Australia, China and the United States, and a second draft resolution by the Union of Soviet Socialist Republics.

The draft resolution proposed by Australia, China and the United States approved the conclusions of the reports of the Temporary Commission; declared that a lawful Government (the Government of the Republic of Korea) had been established, having effective control and jurisdiction over that part of Korea where the Temporary Commission was able to observe and consult, . . . and that this was the only such Government in Korea; recommended that the occupying Powers should withdraw their occupying forces from Korea as early as practicable; and, resolved that a Commission on Korea should be established to continue the work of the Temporary Commission and to carry out the provisions of the present resolution. The draft resolution of Australia, China and United States was adopted by 41 to 6 with 2 abstentions. (The text of the Australia-China-United States resolution is given in appendix.)†

The draft resolution proposed by the Union of Soviet Socialist Republics which resolved that the United Nations Temporary Commission on Korea should be abolished, was rejected by 42 to 6 with 3 abstentions.

During the general debate the Canadian representative who was the last speaker on the original list, offered to forego the privileges of speaking and, in the interest of securing a vote on the question before the Committee adjourned its present sessions, proposed that the general debate should be closed. The proposal was adopted by 35 to 6 with 2 abstentions.³¹

By a vote of 41 to 0 with 1 abstention,³² the Committee adopted a proposal by the representative of the United States of America that the Commission on Korea should consist of the same member States which composed the United Nations Temporary Commission on Korea. The representatives of the Byelo-Russian Soviet Socialist Republic, Czechoslovakia, Poland, the Ukrainian Soviet Socialist Republic, the Union of Soviet Socialist Republics, and Yugoslavia did not take part in the vote and the representative of the Ukrainian Soviet Socialist Republic, in addition, stated that his Government would not take part in any activities of the Commission provided for in the draft resolution. The Canadian representative, while stating that Canada would not oppose, at this stage, the proposal regarding the composition of the Commission, suggested the desirability of smaller Commission and reserved the right to move an amendment in the Assembly. Ends.

³¹ Un autre rapport fait état des 3 abstentions.

Another report lists 3 abstentions.

³² Canada a été la seule abstention.

The solitary abstention was Canada.

139.

DEA/50068-40

*La délégation à l'Assemblée générale des Nations Unies à Paris
au secrétaire d'État aux Affaires extérieures*

*Delegation to United Nations General Assembly in Paris
to Secretary of State for External Affairs*

TELEGRAM 608

Paris, December 13, 1948

RESTRICTED

Following from Riddell, Begins: *Korean Question*. The General Assembly began discussion of Korea at midnight, December 11th, and adjourned at 2 a.m. December 12th to meet at 3 p.m. December 12th.

2. At the latter session Mr. Wilgress presented a statement which had been approved by Mr. Pearson before leaving for London. He said the Canadian Government shared the confidence expressed by Committee One in the United Nations Temporary Commission on Korea and in the validity of the process by which the Korean Government had been established. He stated Canada's preference for a smaller Commission. Recognition of Ukraine's refusal to participate in the Commission would reduce the number to eight which would not be a convenient number. He indicated that Canada was prepared to withdraw from the Commission, thus reducing the number to seven.

3. The Resolution adopted by Committee One proposed that members of the new Commission should be the same as the Temporary Commission. Wilgress presented an amendment that the Commission should consist of Australia, China, El Salvador, France, India, the Philippines, and Syria. The amendment was carried 42 to 0 with 3 abstentions (Afghanistan, Siam, and Sweden). The Soviet bloc did not participate in the voting.

4. The Resolution from Committee One with this amendment was passed 48 to 6 with Sweden abstaining.

5. Information contained in this telegram should be added to report on Korea forwarded in telegram No. 598 of December 10th. Ends.

140.

DEA/50068-40

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

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

TELEGRAM 2227

London, December 15, 1948

SECRET

Following for Reid from Pearson, Begins: Your telegram No. 2094 of December 14th, Korea.† I understand that Riddell has sent you the text of Wilgress's statement made last Saturday night on this matter, to which there is little to add.

2. As you know, our instructions were specific to get off the Commission if we could, and I think that this has been very successfully done with a minimum of attention being attracted. Off the record, we have told delegations in Paris that on grounds both of economy and efficiency a Commission of nine was too large and that a Commission of five would have been quite adequate. None of the other members of the Commission wished however to withdraw, and therefore to reduce its members without causing controversy all that could be done was to have the Ukraine dropped and Canada withdraw. No objection could be taken to the first because the Ukraine had refused to co-operate with or even to recognize the Commission. As to the second, our withdrawal should not give rise to any misinterpretation especially as it was accompanied by a very friendly statement regarding the work of the Commission and desirability of Korean independence and unity. Ends.

SUBDIVISION IV/SUB-SECTION IV

INDONÉSIE
INDONESIA

141.

DEA/50054-40

*Le sous-secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux Pays-Bas*

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

[Ottawa], January 16, 1948

Dear Pierre [Dupuy]:

By now you will probably have received our circular document A.7 of January 12th,† with which was enclosed a memorandum of December 29th,† on the Indonesian question which was prepared in this Department for the information of our representative on the Security Council. You will recognize in that memorandum

much of the material you have been good enough to send us in your despatches, and you will notice that we have relied rather heavily on the information which you have provided.

This week we have been wrestling with the problem of drafting instructions for General McNaughton on the Indonesian question for submission to the Minister for his consideration. The recent announcements of the plan to form a federation of about ten autonomous states means that we will have to consider the whole question in its broad outlines rather than confine ourselves to the problem of securing the effective implementation of the cease-fire order.

In trying to work out a suitable approach to this whole difficult question, we have been finding your numerous and useful reports on the situation as viewed from the Hague to be most helpful. We appreciate that you have been devoting much time and energy to the preparation of your frequent despatches, and I would like you and your staff to know how valuable we have found them.

Your close association and friendship with the Prime Minister and other high ranking officials of the Netherlands Government have, by enabling you to keep well abreast of current developments, made you one of our most important sources of information on the whole Indonesian question. This is especially so, since we have no representation at the present time in Batavia.

I would be glad if you would convey to Feaver a word of appreciation for the despatches which he sent us during your recent visit to Canada. Those, and others which he has written, have also been found most helpful here in Ottawa.

Yours sincerely,

MIKE [PEARSON]

142.

DEA/50054-40

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

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

SECRET

[Ottawa], February 9, 1948

INDONESIAN QUESTION

The Committee of Good Offices,³³ which was established in accordance with the Security Council's Resolution of August 25, 1947, offering its good offices to the parties to the Indonesian dispute, will submit its report to the Security Council on Wednesday, February 11th. A full discussion will then take place on all the devel-

³³ Les membres du Comité des Bons Offices étaient le juge Richard C. Kirby (Australie), Paul van Zeeland (Belgique) et le docteur Frank P. Graham (États-Unis). Ils furent nommés respectivement par l'Indonésie, les Pays-Bas, et les deux autres membres de la Commission.

The members of the Committee of Good Offices were Justice Richard C. Kirby (Australia), Paul van Zeeland (Belgium) and Dr. Frank P. Graham (United States). They were nominated respectively by Indonesia, the Netherlands and the two other members of the Commission.

opments in the Indonesian situation since December 9th, when the matter was last on the Council's agenda.

2. On February 3 the Members of the Committee of Good Offices reported to General McNaughton, as Chairman of the Council. The interview was reported in telegram No. 113 of February 3rd (copy attached).† The Committee indicated that they expect the Security Council to identify itself, on behalf of the United Nations, with the Agreements recently reached between the Dutch and the Indonesians under the auspices of the Committee.

3. General McNaughton, as Chairman of the Council, feels that it might be appropriate to introduce a resolution wherein the Council would endorse the work done by the Committee. To this end, he has sent us (in telegram No. 139 of February 7th, attached)† a tentative draft resolution in the following terms:

“The Security Council,

“Having considered the report of the Committee of Good Offices, informing the Council of the steps taken by the Netherlands Government and the Republic of Indonesia to comply with the Council's Resolution of August 1st, 1947;

“Notes with satisfaction the signing of the Truce Agreement by both parties and the acceptance by both parties of certain principles as an agreed basis for the conclusion of a political settlement in Indonesia;

“Commends the members of the Committee of Good Offices for the assistance they have given the two parties in their endeavours to settle their dispute by peaceful means, and endorses their offer of continued good offices in the working out of a political settlement;

“Maintains its offer of good offices contained in the Resolution of August 25th, 1947, and, to this end,

“Requests both parties and the Committee of Good Offices to keep the Council informed about the progress of the political settlement in Indonesia.”³⁴

4. Because no agreement has ever been reached concerning the constitutional basis, under the United Nations Charter, upon which the Council has remained seized of the Indonesian Question, it would seem undesirable to associate the Council with the precise wording of the Truce and Political Agreements signed on January 17, 1948. Differences of opinion are quite likely to arise over the interpretation of these Agreements.

5. It is generally agreed by the parties concerned, and it probably will be agreed by the majority of the Members of the Council, that the Committee of Good Offices should continue to make its services available in overseeing the implementation of the above Agreements. The grounds for the continued functioning of the Committee appear to be provided for under Article I of the Twelve Political Principles, and Articles IV and V of the Six Additional Principles, as well as by the continuance of the Security Council's offer of good offices of August 25, 1947. Actually the Committee, by continuing its good offices, could render a great service to both sides by

³⁴ Pour le texte final, voir : Canada, ministère des Affaires extérieures, *Le Canada et les Nations Unies* 1948, Ottawa: Imprimeur du Roi, 1949, pp. 226-227.

For the final text, see Canada, Department of External Affairs, *Canada at the United Nations, 1948*, Ottawa: King's Printer 1949, pp. 224.

maintaining the confidence of all concerned in the justice of the forthcoming political settlement in Indonesia.

6. You may wish to make some report to the Cabinet on this matter. While tentative and subject to amendment, General McNaughton's resolution is non-controversial in character and, if introduced by him as Chairman at the beginning of the Council's discussion of the Committee's report on Wednesday, it may well serve to guide the course of the discussion, and may head off any controversial resolutions which other Members might wish to submit.³⁵

L.B. [PEARSON]

143.

DEA/50054-40

*Note du chef de la direction des Nations Unies
pour le secrétaire d'État aux Affaires extérieures*
*Memorandum from Head, United Nations Division,
to Secretary of State for External Affairs*

[Ottawa], February 19, 1948

INDONESIA

General McNaughton telephoned yesterday evening to say that the discussions on Indonesia had opened in the Security Council. You will recall that he had prepared a draft resolution giving approval to the report of the Committee of Good Offices, the text of which we sent to you in a memorandum on February 9th. He showed this text in advance to various members of the Council, and secured the concurrence of the United States, the United Kingdom and other delegations. He also showed it to the representatives of Indonesia and the Netherlands. The Indonesians at first objected because they regarded the resolution as providing too little support for their position, but finally accepted it. They asked, however, that the last sentence in the draft resolution be altered by adding the word *directly* as follows:

"Requests both parties and the Committee of Good Offices to keep the Council directly informed about the progress of the political settlement in Indonesia"

The Indonesians asked for this amendment in order to protect their right of access to the Security Council. Van Kleffens and Van Roijen, who were representing the Dutch, accepted the amendment; and the revised draft was circulated. Subsequently, however, the Netherlands delegation objected privately to the change on the grounds that it conceded too much in the direction of Indonesian sovereignty; and General McNaughton is fearful lest the Netherlands may ask him or the Canadian Government to change the text back to its original form, or that they may oppose it publicly. The General's view is that the Dutch would be well advised to accept the resolution as it stands without further comment because both the Chinese and Soviet Delegates are prepared to table resolutions which the Dutch will find

³⁵ Note marginale :/Marginal note:
I agree St. Laurent]

most distasteful, and are being prevented from doing so only because both parties have accepted the text now before the Council.

The discussion will continue on Friday — General McNaughton expects that, in spite of a very disagreeable attack on the Dutch by Gromyko, the question will be settled then in terms of the resolution now before the Council, unless the Dutch withdraw their concurrence.

R.G. RIDDELL

144.

DEA/50054-40

*Note du chef de la direction des Nations Unies
pour le secrétaire d'État aux Affaires extérieures*
*Memorandum from Head, United Nations Division,
to Secretary of State for External Affairs*

SECRET

[Ottawa], February 27, 1948

INDONESIA

We have heard from General McNaughton to the effect that a vote will probably be taken in the Security Council to-morrow on the subject of Indonesia.

There are three proposals before the Council. The first of these is a resolution drafted by General McNaughton as President, which accepts the report of the Committee of Good Offices as a basis for settlement, and requests the two parties concerned and the Committee of Good Offices to continue their efforts to solve the political problem in Indonesia.

General McNaughton has secured the agreement of both parties to this resolution and he regards it as the greatest measure of agreement on the action which might usefully be taken by the Security Council in relation to the continuation of the work of the Committee of Good Offices. The other two are amendments, one proposed by Australia and submitted by the U.S.S.R., and the other proposed by Colombia. Both these resolutions have the effect of widening the functions of the Security Council in a manner which the Netherlands Government is not prepared to accept.

General McNaughton proposes to vote against both of the amendments on the ground that it would be preferable to proceed on the basis of agreement that has been indicated in his own original resolution. He expects that both the amendments will be defeated, and he will then be able to support his own original resolution. If one or other of the amendments is carried, he will then have to use his judgment as to whether he should support his original motion as amended. His action in this connection would be affected by the attitude of the two interested parties toward the amended resolution.

General McNaughton telephoned from New York to say that he hoped it would be possible to secure your approval for this proposed course of action by to-morrow morning. In case you may wish to refer this question to the Prime Min-

ister, I am attaching a note for your signature covering a copy of the memorandum.³⁶

R.G. RIDDELL

145.

DEA/50054-40

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 293

New York, March 3, 1948

SECRET. PERSONAL.

Following for Pearson from McNaughton, Begins: Confirming our telephone conversation of Sunday night in reference to the approval given on Saturday, 28th February, by the Security Council to the Canadian Draft Resolution on Indonesia.

2. A critical consideration of the record of the discussions will show the growing anxiety felt by members of the Council as to the sincerity of the protestations made by the Netherlands representatives in regard to the establishment of real conditions of democracy in Indonesia and the termination of colonialism.

3. Most unfortunately the Netherlands spokesmen have left the impression that the Netherlands authorities, both in Indonesia and at home, will in fact endeavour to give a unilateral interpretation of the agreed political principles in order that they might operate to their advantage and to the disadvantage of the Indonesian Republic; and that while they may adhere to a strictly literal interpretation of the various clauses, they will nevertheless show little scruple in transgressing the spirit. For example, already the Netherlands Governor General of Indonesia, Van Mook, on 21st February, was reported by a despatch from Aneta, the Dutch news agency, to have recognized by decree as a political unit the new "State" of Madura formed by an autonomous anti-Republic movement in that area. Similarly on 25th February, again according to an Aneta despatch, the West Java Conference also asked for recognition of the new State of West Java from the Netherlands East Indies Government and apparently received the required recognition the same day. Both these new "States" are in areas in dispute between the Netherlands and the Indonesian Republic. The Netherlands contend that, in the second of the twelve principles forming an agreed basis for the political settlement, accepted by the two parties on 17th January, 1948, they did not have the right, let alone the duty, to "suppress or thwart" autonomous political movements in these areas. The second of the agreed political principles, mentioned above, says that "neither party has the right to prevent the free expression of popular movements looking toward political organizations which are in accord with the principles of the Linggadjati Agreement" (see Document S/649, page 111).

³⁶ Note marginale /Marginal note:

Approved, subject to no objection being expressed by the Prime Minister. L.S. St. L(aurent)

4. In opposition to this the Indonesian representative feels that this action is a part of a Dutch programme to progressively diminish the authority and influence of the Republic and to leave it as a weak, dependent unit in an eventual Federation under Dutch domination.

5. In conversation with Kirby after the meeting he again stated that our Resolution had given the Committee adequate authority to proceed usefully but he added the proviso that this would only be the case if the Dutch were reasonable.

6. The last paragraph of our Resolution permits direct reference to the Security Council either by the Committee or by either of the parties if they become dissatisfied with the progress of negotiations. From what Kirby and the Indonesian delegates have said to me I am convinced they will use this authority promptly should the Dutch unwisely provide an opportunity, and the matter will then be reopened in the Security Council.

7. I think that the Netherlands should appreciate that in these circumstances they are not likely to receive much sympathy and, in fact, with the hardening view against them which is evident, they will be laying themselves open to very drastic censure by the Security Council.

8. I think, therefore, that it is most important that the Netherlands should now take full advantage of the opportunity given them by our Resolution to show their purpose of implementing the spirit of the Truce Agreement and the agreed political principles; also to disarm suspicion and promote accord by showing an attitude of cordial, in place of grudging, acquiescence.

9. It seems to me that it would be an act of friendship if some counsel along these lines could be conveyed to The Hague. I think we have earned both the right and the duty to give this counsel because, while I am satisfied that our Resolution represented the proper action in the light of the evidence presented, yet I am certain that it would not have carried without our support in the face of the growing opposition brought about by the stubborn position evidenced by the Netherlands representatives. Ends.

146.

DEA/50054-40

*Le secrétaire d'État aux Affaires extérieures
au délégué permanent aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegate to United Nations*

TELEGRAM 266

Ottawa, March 9, 1948

SECRET. PERSONAL

Reference your teletype No. 293 of March 3. Secret. Following for McNaughton from Pearson, Begins: Thank you for your teletype under reference, concerning the attitude of the Security Council Members towards the Netherlands activities and policy in Indonesia.

2. In accordance with the suggestion made in paragraph 9 of your telegram, I propose to ask Mr. Van Roijen, the Netherlands Ambassador, to come in in the course of the next few days, and I will convey to him the sense of the observations in paragraphs 8 and 9 of your telegram. I agree with you in thinking that we now have some responsibility for trying to see that the Dutch should not go about their business in Indonesia in such a way as to prejudice the prospects for a peaceful settlement out there, and cause the whole question to be returned to the Council under conditions unfavourable to the Dutch.

3. As our Resolution prevented the adoption of other proposals which would have given the Committee of Good Offices greater powers, such as powers of arbitration, than it continues to have under our Resolution, we are in the position of having preserved for the Netherlands a considerable degree of flexibility in their forthcoming negotiations which they might not otherwise have been able to enjoy. I therefore feel that if they should overtax our good faith or abuse the confidence which we and other Council Members have reposed in the sincerity of their intentions, it would not only reflect upon the Canadian Resolution but would, moreover, make it difficult for us to be as sympathetic as we were the last time in the event that the dispute might be returned to the Security Council.

4. I will let you know if any new developments of interest should result from my interview with Mr. Van Roijen. I will also inform Mr. Dupuy at The Hague of the results of this matter.

147.

DEA/50054-40

*Le sous-secrétaire d'État aux Affaires extérieures
au haut-commissaire en Australie*
*Under-Secretary of State for External Affairs
to High Commissioner in Australia*

CONFIDENTIAL

Ottawa, April 13, 1948

Dear Mr. Greene,

INDONESIAN QUESTION

I should like to refer to my despatch No. 129 of March 1, 1948,† and to our previous exchanges of correspondence concerning Indonesia.

We have recently been giving some thought to the possibility that the Indonesian question might at any time be referred back to the Security Council, in the event of a break-down in the current discussions between the Dutch and the Republican delegations. If that were to happen, we might be called upon at short notice to formulate instructions for the guidance of our delegate to the Security Council, and we are concerned that we might encounter some difficulties in view of our limited information on the present developments.

Our principal sources of information at this time are (a) despatches from the Hague, which give us the Dutch point of view, (b) teletype press releases from the U.N. Press Bureau and (c) circular telegrams from the Commonwealth Relations Office, London. The latter are usually confined to the texts of communiqués and agreements which are generally made public anyway. We are thus in a position of

not knowing much more than the general public does about the progress that is being made towards a political settlement in Indonesia.

Since we do not wish to have to rely quite so heavily for our background information on the Hague, although they are doing a good job there, we have been wondering whether it might not be possible to obtain some additional information from the Australian Department of External Affairs.³⁷ We do not know of course, but we presume that the Australian representative on the Good Offices Committee sends regular reports back to his government at Canberra, covering the latest developments. I would be glad to know your views on whether or not it might be possible for us to arrange with the Australian authorities to receive copies of such reports or other material, provided they are willing, in order to help us follow the trend of events in Indonesia from a point of view different to that of the Dutch. If you should think that such an approach would not be feasible, you might perhaps be able to suggest some alternative.

Yours sincerely,

DAVID JOHNSON
for the Under-Secretary of State
for External Affairs

148.

DEA/50054-40

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

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

SECRET

[Ottawa], June 23, 1948

INDONESIAN QUESTION

I refer to my memorandum on this subject dated June 16† to which was attached, for your consideration, a memorandum† outlining our views on the Indonesian question. On the former you indicated your concurrence with the view that the Security Council should continue to follow with interest the course of the current political negotiations between the Dutch and the Indonesian Republic, with a view to ensuring that a just and satisfactory outcome to the dispute should be reached.

2. On June 17, the Security Council met to discuss the Indonesian question. The Canadian Permanent Delegate reported on this discussion in his teletype No. 692 of June 19.† In his teletype No. 691 of June 18,† he also commented on the memorandum outlining our views to which you have agreed. It had been sent down to him as teletype No. 521 of June 17.† I now attach for your convenience, copies of the Permanent Delegate's two teletypes mentioned above for ease of reference.

3. At the Security Council meeting of June 17, General McNaughton expressed our view by taking the position that the most appropriate course for the Council to follow at this time would be to continue to supervise the developments in Indonesia

³⁷ Une lettre semblable fut envoyée à Robertson le 12 avril. Voir aussi document 154.
A similar letter was sent to Robertson on April 12. See also Document 154.

without, however, taking any action which might prejudice the prospects that a satisfactory agreement might be reached as a result of the current negotiations being conducted under the auspices of the Council's Committee of Good Offices. General McNaughton also indicated that the Council would be meeting again to-day, June 23, to discuss this same question. It was considered desirable that two further teletypes should be sent down to the General in reply to his of June 18 and 19 by way of amplifying our previous instructions in the light of the Council's discussion of June 17 and also to indicate our agreement with the position he took at that meeting.

4. Accordingly, two such telegrams were prepared on the basis of your concurrence with my memorandum of June 16 and these were sent down last night as teletypes Nos. 535† and 536.†

5. You will note that in them we generally agree with General McNaughton's estimation of the Indonesian question. We took the position that while we are concerned that the Dutch should not do anything which might reflect unfavourably on their good faith and sincerity of intentions to abide by the spirit as well as the letter of the Renville Agreement,³⁸ we, nevertheless, are conscious of the questionable legal basis upon which the Council has been seized of the Indonesian question for the past year. Accordingly, under the circumstances, we think that the interests of all concerned would best be served if the Council should refrain from attempting to pass judgment on the merits of the present dispute as long as there remain any hopes that an agreement might be reached.

E[SCOTT] R[EID]

149.

DEA/50054-40

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 732

New York, July 2, 1948

Reference previous correspondence Indonesian situation.

You will by now have seen the United Nations press summary of the Security Council meeting on Indonesia at 2:30 p.m., July 1st. At this meeting a general and somewhat confused discussion developed on the subject of the present stage of the negotiations in which the Committee of Good Offices is engaged. On this matter I made a short intervention to explain our position, to emphasize our concept of the proper role of the Committee of Good Offices and to state our view that the Committee should keep the Council informed if any developments occurred in Indone-

³⁸ Un Accord de cessez-le-feu et sur des Principes politiques entre les Pays-Bas et les Indes Orientales Néerlandaises avait été signé le 17 janvier sur le USS Renville.

A Truce Agreement and Political Principles between the Netherlands and the Netherlands East Indies had been signed on the USS Renville on January 17.

sia which would prejudice the continuation of the negotiations and the truce. The text of my remarks is contained in my immediately following teletype.†

2. Discussion in this meeting of the Council centered around the proposal of the Chinese representative that "the President of the Security Council ask the Committee of Good Offices to make available to us the working paper signed by the representatives of the United States and Australia in the Committee of Good Offices." You will recall that the Chinese representative originally introduced this proposal on June 17th (see my teletype No. 692 of June 18th)† and that, at that time I supported the idea that the Council should have information concerning the suspension of negotiations. Your teletype No. 536,† paragraph 3, stated that my intervention of June 17th accurately expressed your point of view. You will also recall that, following the Council meeting of June 17th, the President of the Council (El Khouri of Syria) sent a telegram to the Committee of Good Offices asking them to "furnish the Council, at its discretion, with information pertaining to the suspension of negotiations, including its course and eventual duration" (see S/PV. 326, p. 6).†

3. In view of our previous position on the necessity for securing factual information I supported the Chinese proposal. I also felt that the document in question (i.e. Dubois-Critchley proposals) had now achieved considerable notoriety and that garbled and misleading versions of these proposals had appeared in the press. For this reason I believe that it would be desirable that the Council should be sent the authoritative version of these proposals as they were actually made. I also felt that the transmittal of this working paper to the Council for its information need not in any sense, affect the course of negotiations in Indonesia. By requesting information of this type the Council was not passing a judgment on the merits of this working paper or on the efforts of the Committee to continue the negotiations. It was merely a request for information naturally arising, in my view, from the Council's concern over the publicity which this paper had received.

4. The representative of the United States took a somewhat different point of view and said that he felt the only question in this regard was "would it help the negotiations going on in Indonesia if we asked the Committee of Good Offices to send us this document." He felt that the answer to this test was in the negative. He pointed out that the Committee had sent to the Council three communications in answer to the President's telegram of June 18th. These were contained in Documents S/850,† S/850/Add.1,† and S/858.† They did not include the working paper in question and he felt that this omission of the working paper was evidence that the Committee was reluctant to send it to the Security Council, in view of the fact that it had not been sponsored by the Committee as a whole. The representative of Belgium expressed this point of view more strongly and said he was definitely opposed to having this working paper transmitted to the Council. On a vote the Chinese proposal was defeated by 6 votes in favour (Canada, China, Colombia, Syria, the Ukraine and the Soviet Union) and 5 abstentions (Argentina, Belgium, France, the United Kingdom and the United States.)

5. It was quite evident that the representatives of Belgium, the United Kingdom and the United States had the same objective in this matter as I had but there was difference of opinion between us as to what was the best course to follow. As stated

above, I felt that it would be useful for the Council to have this working paper in its possession in view of the notoriety it had attained, and that it would be unwise to do anything which might be construed as trying to suppress the document. The other representatives named, however, were of the opinion that the production of this document in the Council would inevitably provoke a debate on its merits which would be prejudicial to the continuation of the negotiations in Indonesia. In supporting the proposal for transmitting this working paper I was not, of course, in any sense supporting the idea that the Council should have a debate on the substance of the working paper. If such a debate were to develop I would naturally follow the clear course of action outlined in your teletype No. 548.† However, I regarded the Chinese proposal yesterday as quite a separate matter — namely a request for useful and necessary information.

6. The Council's discussions during the present month will probably be somewhat confused due to the partisan and unpredictable Chairmanship of Mr. Manuilsky.³⁹ An example of this occurred yesterday when he tried to sum up the meeting and said that, in addition to the Chinese proposal, there was a Canadian proposal before the Council. You will see from the text of my remarks, which are contained in my immediately following teletype,† that I made no such proposal but merely tried to give our views on the present state of negotiations together with the Council's expectation of the way in which the Committee of Good Offices should proceed. In any case, I spoke to Manuilsky after the meeting and informed him that there was no Canadian proposal of any type on this subject now before the Council. The Council will meet again on this subject on July 6th, at 3:00 p.m. At that time an attempt may be made by the President to make capital out of the decision yesterday not to request the working paper of the Dubois-Critchley proposals. If such a manoeuvre develops I shall, of course, take the position that the Council's decision has been made and that this subject should not be re-opened. I would, however, be glad to have any comments on this subject that you may wish to send me for future guidance.

150.

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*Le secrétaire d'État aux Affaires extérieures
au délégué permanent aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegate to United Nations*

TELEGRAM 557

Ottawa, July 6, 1948

CONFIDENTIAL

Reference your teletype No. 732 and 733† of July 2. Indonesian question. Following comments from Johnson, Begins: In paragraph 3 of your teletype No. 732, you outlined the reasons why you supported the Chinese proposal that the Committee

³⁹ D.Z. Manuilsky, représentant, délégation de la RSS d'Ukraine, à la troisième session (première partie), à l'Assemblée générale des Nations Unies.

D.Z. Manuilsky, Representative, Delegation of Ukraine SSR, Third Session (First Part), General Assembly of United Nations.

of Good Offices should be requested to forward to the Council the text of the Dubois-Critchley proposals, and these are in conformity with our views. It seemed to us also that it would be desirable, from the point of view of world public opinion, that the text of the above proposals should be brought out into the light of day in order to set the records straight and to dispel the general uncertainty and confusion which has arisen since their leakage to the press. However, as you indicated in your statement, our desire that the Committee should keep the Council informed regarding everything that bears upon the truce does not necessarily mean that we expect the Council to pass judgment, or even discuss all such information. In this particular case, anyway, the Dubois-Critchley proposals could not properly have been discussed by the Council as if they had been put forward by the Committee as a whole.

2. We are inclined to think that the Council, by suppressing the above document, would not be likely to contribute to the settlement of the dispute any more than had it authorized the publication of the document, since the latter might have cleared the air.

3. Regardless of the above views, we agree that, since the Council has now taken a decision on this matter, it would be improper if Manuisky were to attempt to reopen the question in the Council.

4. With reference to tomorrow's meeting, we foresee two possible dangers. The first, as you suggested, is that Manuisky might take advantage of his opportunity to make anti-imperialistic propoganda in order to picture the Soviet Union and its allies as the sole champions of the Asiatic peoples everywhere, and not only of the Indonesians. He might take such a line regardless of whether or not they really desire to contribute to the solution of the dispute in Indonesia. In fact, Manuisky might even go so far as to say all sorts of things which would do anything but facilitate the work of the Committee of Good Offices.

5. The second danger would then be that the other members might be manoeuvred into a position in which, by taking too narrow or legalistic a view, they would, either in fact or in appearance, be defending the Dutch position and thereby be playing into the hands of Dutch elements who are inclined to drive as hard a bargain as possible. The Dutch might be encouraged to suppose that, however much pious talking the other members of the Council have done on Indonesia, when it comes right down to a question of taking action, they might be counted on to hold the legal ring while the Dutch and the Indonesians fight it out by themselves.

6. We would, of course, prefer to see either or both of the above pitfalls avoided, if possible. We would not wish to see the present situation exploited to the advantage of either the Russians or the Dutch, without any substantial contribution being made to the settlement of the dispute. Our primary concern has been that a lasting settlement might be reached which would do equal justice to both parties.

7. One suggestion you might wish to consider and which might avoid strengthening the Dutch hand unnecessarily, would be to restate our attitude towards this whole question by laying special emphasis on the necessity for both parties to continue to seek, by peaceful means, to find a settlement of the dispute. In such a way,

by going back to the Council's resolutions of August 1, August 25 and November 1, 1947, a certain amount of moral pressure might be brought to bear on both parties to avoid, at all costs, another breakdown of negotiations which might lead to a resumption of hostilities.

8. The Republicans might be reminded of the benefits to be enjoyed from conditions of peace and stability in which the fullest possible co-operation on all levels and in all fields can be had with the Dutch. The Dutch, on the other hand, might be reminded of their frequent promises to grant complete independence to the Indonesian people, and also of Article 12 of the now defunct Linggadjati Agreement which set January 1, 1949 as the target date for the establishment of the United States of Indonesia. Although Article 1 of the Renville Agreement states that the proposed political settlement should be based on the principles underlying the Linggadjati Agreement, we are aware that the Dutch are most reluctant at this time to consider setting a final date for the transfer of sovereignty to the Indonesians. Nevertheless, by reference to that part of the Renville Agreement mentioned above, moral pressure might be exerted to prevent them from completely disregarding such earlier commitments as Article 12 of the Linggadjati Agreement.

9. We are inclined to think that the Dutch should be made aware that it is generally considered that they have a moral responsibility at this time to take the initiative in resolving the present deadlock in the negotiations. Although, realistically speaking, no concession of importance can be expected from them prior to the forthcoming elections in Holland, we do, nevertheless, regard it as being up to the Dutch to be magnanimous and to somehow end the impasse. Nothing can be expected in this regard from the Committee of Good Offices which appears to have exhausted its powers of initiative at present, and particularly since van Mook on June 4 requested, in writing, that the Committee refrain from every form of initiative at this stage. We are inclined to the view that no settlement can be expected to last unless it satisfies the Indonesians. Although the Republican leaders have indicated their willingness to discuss the Dubois-Critchley proposals, it is not a matter of consequence to us whether the credit for ending the dispute should go to the Committee or to the Dutch (through van Mook) so long as the result is satisfactory.

10. You may, however, wish to consider some different approach other than that outlined above which would, nevertheless, have the same end in view, namely, the avoidance of the impression gaining currency that we were prepared to go a long way in backing the Dutch on the basis of the questionable legalistic aspects of this problem. Regardless of which articles of the charter have been quoted in connection with the Indonesian dispute, it is a fact that the majority of the members have felt that this was a problem involving over 70,000,000 people and one with which the Council had a moral, if not strictly legal, right to be concerned. Ends.

151.

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*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 745

New York, July 7, 1948

CONFIDENTIAL

Reference previous correspondence, Indonesian situation.

At the council meeting at 2:30 p.m., 6th July, it was stated by the President that this meeting had been called by him at the request of the Indonesian representative because the latter wished to make an additional statement in the Council. The Indonesian representative then made a lengthy statement in which he gave details concerning the alleged economic blockade which, he said, was being imposed by the Dutch in Indonesia against imports into territory under Republican control. He quoted the report of the Committee of Good Offices in document S/848† to the effect that "the failure of the truce to bring about the resumption of normal trade and commerce" has caused severe shortages of important commodities, including medical supplies and even food in some cases. He also referred to Article 6 of the Truce Agreement which stipulated that normal trade conditions in Indonesia should be resumed as rapidly as possible. In conclusion, he asked that the Security Council "give its opinion of this blockade," and to this end that the Council should request a report from the Committee of Good Offices.

2. The Netherlands representative replied by saying that he had received information yesterday morning (6th July) to the effect that the Netherlands and Republican representatives were discussing the re-opening of negotiations on the question of goods traffic, which had been previously broken off. He also repeated the view of the Netherlands previously expressed that the Committee of Good Offices should be allowed to continue its efforts unimpeded by lengthy charges and counter-charges in the Security Council.

3. The Australian and Chinese representatives supported the principle of the Indonesian proposal. A confused discussion then developed as to what procedure should be followed by the President and what should be the text of the telegram he should send to the Committee of Good Offices. The Soviet representative, with the support of the President, suggested a text which would have, in effect, prejudged the issue by referring to the existence of "an economic blockade by the Dutch."

4. The President also wished to insert a clause to the effect that the Committee of Good Offices should make its report to the Council within five days if possible. The Chinese representative, who had been the first to support the Indonesian proposal in principle, then formulated a text which would not prejudice the case as it did not refer to the "economic blockade". Under this Chinese proposal the President was to request information from the Committee of Good Offices concerning existing restrictions on trade, both domestic and international, and any information

concerning the delay in the implementation of Article 6 of the Truce Agreement. This proposal was generally satisfactory to those delegations who did not wish to prejudge the case and, on a vote, it was adopted by 9 votes in favour with two abstentions (the Soviet Union and the Ukraine).

5. I spoke in favour of the Chinese proposal as I felt that it was in the interest of the Council to have this information and that the formula suggested by the Chinese representative would not imply a judgment by the Council as to the existence or not of the alleged economic blockade.

6. The text of the Chinese proposal adopted by the Council is as follows:

"That the President of the Council cable to the Committee of Good Offices for an early report on the existing restrictions on the domestic and international trade of Indonesia, and the reasons for the delay in the implementation of Article 6 of the Truce Agreement."

152.

DEA/50054-40

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

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

TOP SECRET

Ottawa, July 20, 1948

INDONESIAN QUESTION

I attach, for your information, copies of Top Secret Despatch No. 193 of June 15† and Secret Despatch No. 198 of June 16† from the Canadian Ambassador at The Hague which deal with this subject. Copies were originally referred to you on June 29.

2. In reporting on the Dutch viewpoint in the present phase of the Indonesian dispute, Mr. Dupuy, while giving us some very useful and valuable information has, at the same time, left the impression that he is sympathetically inclined towards the Dutch position. In paragraph 3 of Despatch No. 193, Mr. Dupuy says: "Personally I am of the opinion that force will have to be used again, sooner or later, if the extremists are not to be left free to sabotage any political or economic reconstruction of the country." Again, in paragraph 3 in Despatch No. 198, he criticized the Australian and United States representatives of the Committee of Good Offices for having initiated a compromise proposal which encouraged Republican "resistance". He further states that "until the white people present a common front, why should the Republicans give up?"

3. In replying to my Top Secret letter of June 28† with which were enclosed copies of the two above-mentioned despatches, General McNaughton stated in paragraph 3 of his letter of July 10† which I now attach: "I would be less than frank if I failed to give you my opinion that I find certain passages (those quoted in paragraph 2 above) somewhat disturbing." The General goes on to say in his final paragraph: "For example, I can think of no action which would be more harmful to

Netherlands prestige, at least in so far as the Security Council is concerned, than if they were to embark on a "police action" similar to that which occurred last year. For this reason, I believe it would be the part of friendship for our authorities to leave the Netherlands Government in no doubt as to the international repercussions which would almost certainly follow such an adventure. I also feel strongly that it would be most unfortunate if the authorities in the Netherlands felt that they would have, in any sense, the tacit support of the Canadian Government in embarking on such a policy. Perhaps you might consider it advisable to pass on some comment of this nature to Mr. Dupuy?"

4. You may recall that on March 3 last, the General, in reporting on the adoption of the Canadian resolution of February 28, made a similar suggestion to the effect that we ought to counsel the Dutch to take full advantage of the opportunity presented by our resolution to demonstrate their good intentions to implement the spirit of the Truce Agreement and to disarm suspicion by showing an attitude of cordial and not grudging acquiescence. Accordingly, later on in the month, I had a conversation with Dr. van Roijen during which I raised this subject. However, it would now appear that this might be an opportune time to act on the General's suggestion quoted in paragraph 3 above and again to let our views be known at The Hague.

5. While I am confident that Mr. Dupuy would at all times be careful to avoid giving the impression that his personal opinions on the Indonesian Question may be taken as accurate reflections of the Canadian Government's attitude, I consider that it would be helpful to Mr. Dupuy and also desirable from our point of view if he were to be informed, in general terms, of our thinking on this subject.

6. Accordingly, I attach for your approval and signature,⁴⁰ a letter to Mr. Dupuy along the above lines which would take care of General McNaughton's concern lest the authorities at The Hague might expect to have the tacit support of the Canadian delegate to the Security Council or of the Canadian Government if they were to embark on another "police" action. You will note that our general attitude is summed up in paragraphs 3 and 4 of the attached letter.⁴¹

L.B. P[EARSON]

⁴⁰ Note marginale /Marginal note:

Unless you would prefer me to sign it. L.B. P[earson]

⁴¹ Note marginale /Marginal note:

I agree this letter should go but I think it preferable that Pearson sign it. L.S. St. L[aurant].

153. DE A/50054-40

*Le sous-secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux Pays-Bas*

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

TOP SECRET

Ottawa, July 23, 1948

Dear Mr. Dupuy:

I should like to refer to the Indonesian Question, and to thank you for your Top Secret Despatch No. 193 of June 15† and Secret Despatch No. 198 of June 16† on this subject. We are grateful to you for the valuable information contained in these despatches, and especially for the evaluation you give of the present Dutch attitude towards the Indonesian Question. It was particularly helpful to us to have information of this sort at the time when the Security Council was considering the reports of the Committee of Good Offices on the political developments in Indonesia. General McNaughton also finds it useful to have available background material of this nature in the light of which he can view the positions which Dr. van Kleffens takes whenever the Council discusses Indonesia. Only by getting the fullest possible information relating to both sides of this dispute are we in a position to formulate our own opinions on the reports of the Committee of Good Offices.

2. On reading over your interesting despatches, it occurred to me that it might be helpful to you in your position if I were to set out, for your guidance and information, a brief restatement of our general attitude here in Canada towards the Indonesian Question.

3. We have to take into account two important factors. On the one hand, there is our long-standing friendship for the peoples of the Netherlands, which you yourself have done so much to foster, with whom we share so many common traditions and aspirations and in the liberation of whose country our armed forces played such an important part. On the other hand, we are concerned over the welfare of the South-East Asian countries whose futures will have a direct bearing upon Canada as a Pacific power. We have realized how mutually beneficial the historical association of the Dutch and the Indonesians has been and how fruitful their cooperation throughout the years. We also appreciate how desirable it would be for such happy conditions, based on mutual confidence, to be again restored to the Indies. Accordingly, our interest in this dispute has all along been that a just, and therefore a lasting, settlement should be reached as early as possible. Only under such conditions do we think that we can look forward to the restoration of conditions of stability and prosperity in the Indies with a consequent expansion of Canadian trade with that area.

4. We also feel that the Security Council has a moral responsibility, arising out of the Committee of Good Offices, for supervising the course of the negotiations in Indonesia with a view to protecting the interests of both parties and of ensuring that they demonstrate their good intentions to continue to negotiate with one another, using the Renville Principles as an agreed basis for their political discussions. We

have been growing concerned over the past few months that the Dutch, as well as the Indonesians, should not do anything which might reflect on their sincerity in this regard. We continue to hope that counsels of prudence and moderation will not cease to prevail amongst those officials responsible for the shaping of the Dutch Government's Indonesian policy.

5. We hope, more particularly, that the thinking of those authorities will not reach a point where they might feel that the only remaining solution to the dispute would be in terms of military force and a renewal of their "police action". For responsible Dutch quarters to even think along such lines, or to put in train preparations for such an eventuality might well put to an end any reasonable hopes which may persist that a peaceful settlement can be reached and would probably result in a crisis in the negotiations. Any undue haste on the part of the Dutch of such seriousness as to foreshadow widespread political repercussions would almost surely give rise to a feeling of hostility and criticism among the general public which would render it difficult for the Dutch to make their position understood and appreciated.

6. In such an unhappy event, the Canadian Government would be considerably embarrassed if we should be forced into a position of having to oppose, in the Council, the Indonesian policy of a Government whose European policy, on the other hand, we desire to support and encourage. I am sure you can appreciate the complexity of this problem and how important it is that the Netherlands Government should not be permitted to gain the impression that, should they renew their hostilities against the Republic of Indonesia, they might rely on the tacit support of the Canadian Government in the Security Council.

7. Moreover, apart from the more direct Canadian interest in this dispute, we have to consider the reputation of the United Nations Organization. We are anxious that its prestige and usefulness should be maintained. As a member of the Security Council, we feel that Canada is partially responsible for endeavouring to assist, whenever an obvious need exists, in the adjustment of differences between the East and the West, between colonial powers and their Asiatic dependencies. The Indonesian dispute may be regarded in the same light as the Indian-South African dispute; it is of considerable importance to world peace that these and similar disputes should be settled amicably. It is of direct interest to us that the United Nations should not fail in the eyes of the Asiatics, because of all the advantages which that would entail to the Russian propagandists.

8. There are two reasons for my thinking that you might usefully be informed at this time of our feelings on this question. The first is that we have been hearing an increasing number of rumours which suggest that those elements among the Dutch camp who favour the use of force are seriously considering a renewal of hostilities in Indonesia. You may recall that General McNaughton, as President of the Council last February, was largely instrumental in securing the adoption of our moderate resolution of February 28 in terms much more favourable to the Dutch than they might otherwise have expected. Our resolution helped to prevent the submission of other proposals which might have given the Committee of Good Offices powers of arbitration. It also headed off a good deal of hostile criticism and acrimonious debate over the details of the Dutch activities in Indonesia, which might have given

Dr. van Kleffens a very embarrassing and uncomfortable time. Our resolution thus preserved for the Dutch a considerable degree of flexibility in their negotiations with the Indonesians. We hope that in these negotiations the Netherlands Government will exercise all possible moderation and restraint in their Indonesian policy, because the most serious repercussions would almost certainly result if hostilities broke out again on a wide scale.

9. My second reason is that I sometimes gain the impression from a reading of some of your reports that there are opposing groups in the Dutch Government whose counsels are divided. There seem to be those who advocate patience and moderation, and those who feel that force will have to be used. The latter school of thought seems to be reflected in the following sentence of paragraph 3 of your despatch No. 193 of June 15th:

"Personally, I remain of the opinion that force will have to be used again sooner or later if the extremists are not to be left free to sabotage any political and economic reconstruction of the country."

I know that you will not give the Netherlands Government the impression that this point of view is necessarily shaped in Canada without question, or that they can automatically count on our tacit support for any new Indonesian move which they might contemplate.

10. I should be glad to have any comments you may care to make on the foregoing observations as well as on the exchanges of teletypes on this subject which have taken place between the Canadian Permanent Delegate and ourselves.

Yours sincerely,

L.B. PEARSON

154.

DEA/50054-40

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

*Acting Under-Secretary of State for External Affairs
to High Commissioner in Australia*

SECRET

Ottawa, December 1, 1948

Dear Mr. Greene:

I have your Secret letter of November 15th† with which you enclosed a letter of November 12th† from Mr. L.R. McIntyre of the Australian Department of External Affairs covering a memorandum† setting out the Australian assessment of the present situation in Indonesia.

2. We very much appreciate having this information from the Australian Department of External Affairs. We have made a good many efforts to obtain information on the background of the Netherlands-Indonesian negotiations from the State Department. On some occasions we have actually obtained some useful material. On the whole however, State Department officials at the working level are so hamstrung by security regulations that they do not dare to pass on much material to us.

They have yet to learn the value, as I think the United Kingdom Government is fully aware, of keeping one's friends fully informed about what is going on. As you know we receive very full and helpful reports from our Ambassador in The Hague concerning Indonesia. His information is of course practically all from Dutch sources. No matter how objective he tries to be in his reports he cannot give us the point of view that the Australians do in their reports on developments in Indonesia as seen by their representative on the Good Offices Committee. We therefore value these Australian reports very highly and are certain that they are read with a good deal of interest and profit by our representative on the Security Council, General McNaughton.

3. In accordance with the suggestion made in paragraph 3 of your letter we have sent a telegram to Mr. Pearson asking him, if a suitable opportunity presents itself, to express to Dr. Evatt our appreciation for the trouble which Dr. Burton and Mr. McIntyre have taken in keeping you up to date on Indonesian developments as seen by the Australian Department of External Affairs. I have also sent a note to Mr. Escott Reid asking him if he would take an early opportunity to speak to Mr. Forde along the same lines.

Yours sincerely,

DAVID M. JOHNSON
for the Acting Under-Secretary of
State for External Affairs

155.

DEA/50054-40

*L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures*

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

TELEGRAM 859

Paris, December 20, 1948

SECRET. IMMEDIATE.

Reference this morning's telegram No. 855.†

Following from Ritchie, Begins: Security Council met this morning at request of the United States delegation with which Australia associated itself to consider the Indonesian question in view of military operations in Indonesia. USSR and Ukraine were absent and Associate Secretary General read a telegram from Molotov to the effect that as the President of the Security Council had stated at the last meeting that three days notice would be given before meeting of Council was called, they requested a delay until Wednesday, December 22nd.

United States representative (Dr. Jessup) requested that in view of urgency of the situation, Soviet Government should be pressed to have representatives available for a meeting tomorrow and in this connection called attention to Article 28 (1) of the Charter providing that the Council should be so organized as to be able to function continuously. He was supported by China. The President replied that he

would not be justified in sending such a telegram to Soviet Government as he had given assurance that 3 days notice would be given. He was supported by France. Jessup did not press his point but expressed hope the meeting might take place on Wednesday morning rather than on Wednesday afternoon as suggested by Soviet Government.

Syria proposed that Committee of Good Offices should be asked to send urgent report giving information regarding situation on the spot. United States and United Kingdom supported this proposal and the President announced that he would act on this suggestion.

Chinese suggestion that preliminary statements should be made by members of Security Council possessing special information regarding conditions in Indonesia was not accepted as members present felt that we could not proceed to debate in the absence of two members of the Council. This was not in fact a formal meeting of the Security Council and the agenda was not adopted.

I had a conversation with Jessup before the meeting who told me that the United States took the gravest view of developments in Indonesia, and were re-considering the whole policy at the highest level. He confirmed that they were contemplating action under Chapter VII of the Charter and said that he personally could see no justification whatever for the Netherlands action.

Van Roijen who saw Robertson and myself last night justified Netherlands action along the lines indicated in telegram No. 149 of December 17th from Canadian Ambassador to the Netherlands (repeated to me as your No. 388 of December 19th).† He emphasized solidarity of Netherlands Cabinet on this issue, including Socialist and Labour elements and stated that Netherlands trade unions were in full support of the Government's action. The Dutch were prepared to face the consequences of their decision even if this meant United Nations sanctions.

He gave me photostat copies of documents (unfortunately in Dutch and Malay) purporting to prove that Republican Government had given instructions for terrorist acts by guerillas against Netherlands nationals. He expressed confidence that after present military operations against the Republic, scattered guerillas would lack direction and could then be brought under control.

Van Roijen emphasized that any United Nations action condemning Netherlands would have the effect of making their task in maintaining law and order and going ahead with their plans for setting up federal Indonesia very much more difficult, as many Indonesians both in the Republic and in other Indonesian States who might consent to co-operate with the Dutch would thereby be encouraged not to associate themselves with development of federal regime. He emphasized that Dutch terms for inclusion of the Republic in federal regime still held good and would not be attenuated as result of present developments.

Van Roijen professed surprise that the United States and Australia should adopt their present attitude in view of the growing dangers of Communism in Asia. He expressed conviction that so called "Trotskyist" elements in Republican Government were playing the Communist game and that if the Dutch had not taken firm action there was every likelihood that Republican Government would have come increasingly under the Communist influence. Ends.

156.

DEA/50054-40

*L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures*

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

TELEGRAM 868

Paris, December 21, 1948

SECRET. IMMEDIATE.

Following from Ritchie, Begins: Indonesia. The Security Council will meet tomorrow at 10.30 a.m.

2. I saw Van Roijen this morning and told him that Robertson and I were concerned at the situation which would arise when the Council meets. The communications from the Committee of Good Offices would strongly condemn Netherlands action and there would be no expression from the Netherlands side of respect for the Security Council or for critical world opinion. I pointed out that on the contrary the Netherlands memorandum of December 19th (see my telegram No. 863)† stated that "no intervention from the part of international organizations or of friendly Powers can be of further assistance." This amounted to a warning to the United Nations to "keep off the grass." Such an attitude would make a most unfortunate impression on the Security Council.

3. I asked whether the Netherlands position was that they were determined to exclude United Nations from any further participation in the Indonesian settlement. If not how far would they be prepared to go to implement a Security Council resolution? Van Roijen said he must exclude from the start the possibility of the Netherlands troops retiring to the positions which they had occupied before Saturday last. Such a retreat would leave behind them a chaotic situation. Those Indonesians who had shown willingness to co-operate with the Dutch would be liquidated by the extremists. If on the other hand the Security Council resolution took the form of a cease fire order he did not think that this would be practicable in the midst of a military operation. It might be acceptable later (presumably after the military operation was virtually complete) but there would remain the problem of dealing with guerillas and the cease fire could not apply to action against them.

4. I then enquired about the Netherlands intention regarding the members of the Indonesian Government and asked whether they contemplated further dealings with them. Van Roijen replied that they were at present interned in their houses. The Netherlands Government would not reinstate them in office. They proposed to appoint an interim Government composed of Indonesians who would co-operate with them in the task of creating Federal Indonesia. After the interim period there would be free elections in the Republic. I asked whether he was confident of finding representative Indonesian political figures who would serve in the interim Government. He said that he did not doubt that this would be possible but that much depended on the action of the Security Council and its individual members. If the Security Council, or others by their actions, encouraged the Indonesians to resist, they would be less likely to co-operate with the Dutch.

5. In reply to my enquiry as to whether the Netherlands Government would be prepared to accept surveillance by United Nations representatives of their implementation of Netherlands' pledges with regard to the future of Indonesia and of the establishment of democratic Government in the Republic if they were asked to do so, Van Roijen did not exclude the possibility of the Netherlands accepting later United Nations observers but said that this would be a question for the Government to decide.

6. I then reverted to the question as to whether the Netherlands Government was prepared to give any evidence of willingness to meet the Security Council and world opinion on this issue. I said that speaking personally I wondered whether the Netherlands Government could not make some statement before the meeting of the Security Council tomorrow of a conciliatory character which might improve the atmosphere. Could they not for example publicly repeat their assurances regarding the terms of the inclusion of the Republic in Federal Indonesia and the maintenance of democratic and representative Government in the Republic, and that they would welcome United Nations observers to see for themselves that these pledges were being implemented. Van Roijen substituted the phrase "international observers of authorized status" instead of "United Nations observers" and said he thought this was a constructive suggestion. I repeated that it was a purely personal one. He replied that in welcoming it he too was speaking personally. He then at once telephoned to The Hague in my presence and put forward the suggestion on his own behalf to the Netherlands Foreign Office. He reported that it was favourably received at the official level but that it would have to go before the Government for decision this afternoon.

7. I had previously seen Bonbright at the United States Embassy to whom I had mentioned the desirability of some conciliatory statement by the Netherlands Government before the Security Council meets. He agreed that it would be helpful if such a statement were forthcoming. Bonbright also said that Jessup had drafted a strong resolution which had been cabled to the State Department for approval and which would require the Netherlands to withdraw their troops to previously occupied positions. The Security Council will thus probably be faced tomorrow with a United States resolution calling either for the retiring of troops or at least for a cease fire in Indonesia, I should appreciate receiving your instructions prior to the meeting.

8. My own view is:

(a) That any resolution calling upon the Netherlands to withdraw their troops would be fruitless and would only further damage the authority of the Security Council by demanding action which we know in advance will not be taken by the Netherlands and which the Security Council is powerless to compel;

(b) That a cease fire resolution might be accepted by the Netherlands as by the time it had been debated and voted, Netherlands military operations might in any case be complete;

(c) That such a cease fire resolution might be combined with a requirement that the Netherlands should accept United Nations surveillance in some form to watch over the implementation of their pledges with regard to the future of the Republic.

9. If I do not receive your instructions in time I shall be guided by these general considerations. Ends.

157.

DEA/50054-40

*L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures*

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

TELEGRAM 874

Paris, December 22, 1948

SECRET. MOST IMMEDIATE.

Following from Ritchie, Begins: *Indonesia*. United States intend to introduce today resolution jointly with Syria, Colombia and probably China in following terms, Begins:

"The Security Council, noting with concern the resumption of hostilities in Indonesia, and, having taken note of the reports of the Committee of Good Offices, considers such resumption of hostilities to be in conflict with the resolution adopted by the Security Council at its 171st meeting on 1st August 1947, calls upon the parties

- (a) To cease hostilities forthwith; and
- (b) Immediately to withdraw their armed forces to their respective sides of the demilitarized zones established under the Truce Agreement of 17th January, 1948;

Instructs the Committee of Good Offices to report to the Security Council fully and urgently by telegraph on the events which have transpired in Indonesia since 12th December, 1948, assessing the responsibility for the outbreak of hostilities." Ends.

2. I should therefore appreciate your earliest instructions as to Canadian vote. United States delegation have been canvassing me vigorously for Canadian support. My own view is that cease-fire as suggested in (a) of United States resolution is as far as Security Council can go with the hope of attaining practical results and I should think that troop retirement as called for in (b) of United States resolution might demonstrate ineffectiveness of Security Council and meet with obstinate resistance from the Dutch. On the other hand, the United States delegation argue strongly that their resolution would have a deterrent influence on the Dutch and is essential to uphold authority of Security Council. United Kingdom will support (a) cease fire portion of United States resolution but not (b) troop retirement.

3. You will appreciate that instructions contained in your No. 393 of December 21st† have already been rendered somewhat out of date by developments. Security Council has already heard Netherlands and Indonesian statements and received further report from Committee of Good Offices (see my following telegram)† so that we can no longer base our position on lack of information. In addition the United States delegation are pressing hard for a vote as soon as possible. I shall probably

have to make a brief statement on my vote and would be grateful for guidance.
Ends.

158.

DEA/50054-40

*Le secrétaire d'État aux Affaires extérieures
à la délégation à l'Assemblée générale des Nations Unies à Paris*

*Secretary of State for External Affairs
to Delegation to United Nations General Assembly in Paris.*

TELEGRAM 396

Ottawa, December 22, 1948

SECRET. MOST IMMEDIATE.

Following for Ritchie. Your telegram no. 874 of December 22, Indonesia.

If United States resolution as given in your telegram under reference is brought to a vote immediately, you should vote for clause (a) of first operative paragraph (to cease hostilities forthwith) and abstain on clause (b) of the first operative paragraph (immediately to withdraw their armed forces to their respective sides of the demilitarized zones established under the truce agreement January 17, 1948). You may vote for final operative paragraph of the draft resolution (Instructs the Committee of Good Offices, etc.).

2. In place of the present clause (b) of first operative paragraph, it would be preferable to have a directive to the Committee of Good Offices, asking that Committee to indicate what steps are practicable to bring about a cessation of hostilities and to restore peaceful conditions in Indonesia. It would be preferable to have this alternative operative paragraph (b) proposed by some other Delegation, but you may, if necessary, propose it yourself, or in association with other Delegations.

3. If new operative clause (b) as suggested in paragraph 2 of this telegram is accepted, first operative paragraph will have either to be revised or incorporated in new clause (b).

4. In explaining your vote, you may wish to indicate that while deploring renewal of conflict in Indonesia, you do not consider that Security Council should commit itself to precise programme suggested in present clause (b) of first operative paragraph, in the absence of detailed information concerning the situation which exists in Indonesia.

159.

PCO

*Extrait des conclusions du Cabinet**Extract from Cabinet Conclusions*

TOP SECRET

[Ottawa], December 23, 1948

UN SECURITY COUNCIL; INDONESIA

3. *The Secretary of State for External Affairs* raised, as a matter of urgency, the question of the attitude to be adopted by the Canadian representative on the Indonesian situation.

The Netherlands had instituted "police" action and their forces had moved suddenly into Republican territory. The Security Council were being urged by the United States and Australia to take drastic action.

A resolution sponsored by the U.S. representative had been presented to the Council calling for an immediate cease fire and simultaneous withdrawal of Dutch troops. Adoption of the resolution would involve sanctions in the event of refusal by Netherlands authorities. The Australian representative had gone so far as to suggest, in such event, expulsion of the Netherlands from the United Nations.

4. *Mr. Pearson* said that the action proposed by U.S. and Australian representatives was precipitate and likely to cause a chaotic situation if approved by the Council. There was no objection to the Security Council calling for a cease fire but a demand for immediate withdrawal of the Netherlands forces would clearly be impossible of acceptance.

In the face of the aggressive acts which other of the United Nations had taken without comparable action by the Council, the proposed resolution in this case was regarded as quite impractical. In most other respects the Netherlands had been a strong supporter of the United Nations.

5. *Mr. Pearson* said that, in view of the urgency it had been necessary to send interim instructions to the Canadian representative. For the reasons given these instructions had been to support that portion of the resolution calling for the cease fire but to abstain on that relating to immediate withdrawal of Netherlands forces.

The views of the Cabinet were now sought in order that these instructions could be confirmed or modified.

(Telegram, External Affairs to Canadian Embassy, Paris, Dec. 22, 1948).

6. *The Cabinet*, after discussion, noted with approval the Minister's report and confirmed the instructions sent to the Canadian representative on the Security Council as reported by Mr. Pearson.

*L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures*

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

Paris, December 24, 1948

TELEGRAM 885

SECRET

Following from Ritchie, Begins: *Indonesia*. At this morning's meeting of the Security Council voting took place on United States resolution with which were incorporated Australian amendments. Resolution was voted in parts:

Part A. To cease hostilities forthwith was voted 7 for and 4 abstentions (U.S.S.R., Ukraine, France and Belgium).

Part B. "Immediately to withdraw their armed forces to their respective sides of the demilitarized zones established under the truce agreement of the 17th January 1948" failed for adoption by 5 for with 6 abstentions (U.S.S.R., France, Canada, Ukraine and Argentina).

Final resolution as adopted by 7 to 4 abstentions, for which Canada voted in accordance with instructions contained in paragraph 3 of your telegram No. 398,† was as follows, Begins:

The Security Council, noting with concern the resumption of hostilities in *Indonesia*, and; having taken note of the reports of the Committee of Good Offices; calls upon the parties:

(a) To cease hostilities, and

(b) Immediately to release the President and other political prisoners arrested since 18th December. Instructs the Committee of Good Offices to report to the Security Council fully and urgently by telegraph on the events which have transpired in *Indonesia* since 12th December, 1948; and to observe and report to the Security Council on the compliance with sub-paragraphs (a) and (b) above. Ends.

I had previously explained to United States representative that we would not be able to support that part of his resolution dealing with the withdrawal of troops, but suggested that we might propose an alternative along the lines of paragraph 2 of your telegram No. 396 of December 22nd. Jessup said that he would be willing to support our proposal if his own resolution failed, but asked me not to introduce it until after the United States resolution had been voted on. After the defeat of the United States resolution, I accordingly introduced draft Canadian resolution in following terms, Begins:

The Security Council instructs the Committee of Good Offices to submit a report at the earliest possible date, with a view to enabling the Security Council to decide what practicable steps the Security Council may take in view of the existing situation in *Indonesia* to bring about the speedy establishment of peaceful conditions there. Ends.

In doing so I made brief statement deploring collapse of negotiations stating Canadian support for immediate cease-fire as necessary preliminary to any peace settlement and explained our resolution on grounds that:

(a) The Council require further information regarding the existing military situation in the Netherlands before committing themselves to precise programme suggested in troop withdrawal provision;

(b) That Council were fortunate in having on the spot an instrumentality in the shape of the Committee of Good Offices which would provide such information and which;

(c) Should also be asked to suggest steps which the Security Council might take to bring about establishment of peaceful conditions. In reply to Australian and . . . Chinese enquiry, I explained that we visualized these functions of Committee of Good Offices as applying to the immediate situation in Indonesia and not to the long-term political settlement. I told Hodgson privately that in my view, relation of Committee of Good Offices to eventual political peace settlement in Indonesia was a matter to be considered at a later stage. He agreed. Netherlands representative reserved position of his Government regarding Canadian resolution which he thought went beyond Terms of Reference of Committee of Good Offices. Belgium supported him.

Canadian resolution failed acceptance by 6 votes for to 5 abstentions. Those voting for were Syria, Colombia, China, Canada, United States and United Kingdom. Those who abstained are USSR, Ukraine, Argentina, France and Belgium. Two amendments were proposed to Canadian resolution: One by Syria to insert the words "especially on the technical possibilities of withdrawing the armed forces to their former position prior to December 18th" which failed by 5 votes and 6 abstentions (Canada abstaining); the second was a Syrian amendment to add the words "requests the Consular Committee to continue to make the services of its military assistants available to the Committee of Good Offices." This amendment failed by 6 votes to 5 abstentions, Canada voting for as did the United Kingdom and United States. I felt it necessary to vote in favour of this amendment as without military observers on the spot at the disposal of the Committee of Good Offices our resolution could have had little practical effect.

United States representative has expressed his appreciation of our co-operative attitude. On the other hand Mr. Van Roijen has told me that he and his Government deeply appreciated Canadian abstention on the troop withdrawal provision which would, he said, have had the most grave and far-reaching consequences, if adopted. The Dutch can congratulate themselves upon coming off very lightly in the Security Council today. Ironically enough they are indebted to the Soviet Union for this result. The Soviet delegation had introduced a resolution of its own incorporating most of the points in the United States resolution but conceived in more violent terms and reverting to an earlier proposal of theirs to set up a Commission composed of representatives of all members of the Security Council to supervise the cessation of military operations and withdrawal of troops, and to assist in settling the conflict between the Netherlands and Indonesia. This resolution failed by 2

votes for against 9 abstentions (Canada abstaining). Soviet Union abstained on all parts of United States resolution.

The subject of Indonesia remains on the agenda of Security Council for Monday's meeting and it is quite likely that further attempt will be made at that meeting to gain acceptance for a variation of the Canadian resolution in order to strengthen existing position of Security Council in the Indonesian question. Subject to your instructions, however, I shall not take the initiative in producing any further variation of today's Canadian resolution. In my own view:

(1) It would be undesirable for Canada to be thrust into a pivotal position in the Indonesian question by resolution standing in our name becoming basis for further action by Committee of Good Offices:

(2) I am far from convinced that the Committee of Good Offices in its present divided state with the Australian and American representatives on one side and the Belgian representative on the other, will achieve a united report;

(3) The majority report, i.e. that of United States and Australian members might well be in favour of troop withdrawal as this has been the attitude of the United States and Australian delegations, in which case the Security Council would find itself back again in the same position from which it escaped today.

I am aware that these criticisms apply to the Canadian resolution which was advanced today, but in accordance with your instructions I considered it necessary to put forward that resolution which was also justified by the need for Canada to make some positive proposal after abstaining on the troop withdrawal. We have now made our proposal and it has been defeated. I feel we should be wise to leave well enough alone. I should, of course, have to vote in favour of any variation of the Canadian resolution which was produced by another member of the Council, unless it manifestly goes beyond the intention of our own resolution.

Subject to further instructions, I shall be guided by the above considerations at Monday's meeting of the Security Council. Ends.

DEA/50054-40

161.

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux Pays-Bas*

*Secretary of State for External Affairs
to Ambassador in the Netherlands*

Ottawa, December 26, 1948

TELEGRAM 170

SECRET

Your telegrams Nos. 151† and 152†, December 23, Indonesia.

I am grateful for comments contained in your telegram under reference. You will have observed from vote in the Security Council on United States resolution concerning Indonesia, that we did in fact endeavour to take a middle course between positions expressed by United States and the Dutch, and that Canada was one of the members of the Council which abstained on that paragraph of the resolu-

tion calling for immediate withdrawal of Dutch troops. At this point we parted company with both the United States and the United Kingdom. We did so because we were opposed to precipitate action which failed to take into account the realities of the situation, and also because we were aware of the difficulties which the Dutch have encountered in Indonesia and the provocation to which they have been subjected.

2. We nevertheless regret that the Netherlands Government thought it advisable to take sudden military action, and we share the view that in all probability they are creating more problems than they are solving. These problems do not affect the Netherlands only, since their action will have grievous consequences in the relations between the Western world and Asiatic communities generally. A heavy responsibility now rests upon the Dutch to repair this damage to the fullest extent possible. They can do so only if they demonstrate immediately the good faith of their intentions in regard to the ultimate solution in Indonesia, and it seems to us that they should find means of doing so as quickly as possible. They themselves must decide on the means best suited to this purpose, but one action they might take would be to request the Security Council to observe the processes by which they put their Indonesian programme into effect.

3. I am repeating to you the text of telegram 868 of December 21 from Ritchie in Paris in which you will note that he advanced to Van Roijen the personal suggestion that the Netherlands representative should make a statement to the Security Council repeating assurances regarding the terms of the inclusion of the Republic in Federal Indonesia and the maintenance of democratic and representative Government in the Republic and that Dutch would welcome United Nations observers to see for themselves that these pledges are being implemented. Van Roijen thought well of this suggestion and reported it to his Government. In the statement which Van Roijen made before the Security Council on December 22 he said that the Netherlands Government was willing to report regularly to the Security Council regarding the terms of inclusion of the Republic in Federal Indonesia and the maintenance of democratic Government in the Republic. Van Roijen told Ritchie after the meeting that this was as far as he had been authorized to go in the statement which he and Ritchie had discussed the previous day. We have noted that the Netherlands Prime Minister in his report to Netherlands Parliament on December 20 made a conciliatory statement regarding the guarantee of freedom to the peoples of Indonesia but made it clear that this was solely a Dutch responsibility.

4. In view of the fact that we have stood by the Dutch on this occasion, it seems to me that it would be in order for us to communicate the views set forth in this telegram to the Netherlands Government. Unless, therefore, you consider that it would be inappropriate or inexpedient to do so, I should be grateful if you would discuss the Indonesian situation with the Netherlands Foreign Minister along these lines.

162.

DEA/50054-40

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

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

TELEGRAM 686

Ottawa, December 26, 1948

SECRET. MOST IMMEDIATE.

Following for Ritchie, Begins: Your No. 885 of December 24th. Indonesia.

I am in full agreement with course of action which you propose if Indonesia is discussed again in Security Council Monday, December 27th. Congratulations on skilful handling of this question in difficult circumstances. Ends.

SUBDIVISION V/SUB-SECTION V

CACHEMIRE

KASHMIR

163.

DEA/8508-40

Extrait du procès-verbal de la réunion des chefs de direction

Extract from Minutes of Meeting of Heads of Divisions

SECRET

Ottawa, January 6, 1948

THE KASHMIR DISPUTE

1. *Mr. Beaudry* welcomed *Mr. Kearney* and asked him to comment on the Kashmir situation. *Mr. Kearney* said that compared with other crises that had arisen in India, the Kashmir dispute was undoubtedly the gravest and most serious threat to the peace which India and Pakistan had faced. He briefly reviewed some of the problems and difficulties bearing on the issue.

2. Kashmir, a princely state with a predominantly Moslem population (approximately 80 per cent), is governed by a Hindu Maharaja whose supporters are drawn largely from the Dogras, a section of the Hindu ruling class. Despite this predominantly Moslem population, the Maharaja had acceded to India on behalf of Kashmir. India had accepted accession provisionally pending a plebiscite. It is obvious that India is, however, interested in retaining Kashmir, among other reasons because of Pakistan's weakness. India feels it must protect Kashmir which touches on three foreign borders including that of the USSR.

3. The leader of the Kashmir National Congress is Sheikh Abdullah, a Moslem who, placed in this position through the influence of Nehru, is considered a puppet of the Indian Government and, in Pakistan opinion, is a traitor to the Moslem group.

4. Superimposed on the struggle for accession of Kashmir to India or Pakistan, is the fact that the northwestern frontier districts in the neighbourhood of the Khyber Pass are over-run by Pathan tribesmen — nomadic brigands who live by fighting and looting. For two hundred years the British, with well-organized forces, have been able to maintain fairly good order in this region, but this success can be attributed to bribery rather than to control by force. Long experience had convinced them that it was useless to oppose with force the hit-and-run tactics of the tribesmen who could hide out in inaccessible places and live virtually in any way on anything. In the belief that persuasion was the only way by which peace could be maintained in this area the British subsidized the tribes with an annual payment of approximately £3,500,000, ostensibly for the purpose of guarding the Khyber Pass.

5. In October 1947, the Pathan tribesmen invaded Kashmir allegedly to liberate the Moslems although it seems more likely that their chief motive was to obtain loot. On nearing Srinagar, the summer capital of Kashmir, they stopped at Baramulla and completely looted and destroyed the town. This threat to Srinagar caused the Maharaja to seek military aid from India as a result of which the Indian Government decided to strike quickly and sent troops in an attempt to prevent Kashmir from being over-run by the tribesmen. Military operations against the invaders have not been too successful. India alleges that Pakistan has at least permitted aid to go from its territory to the invaders.

6. The situation is now gravely dangerous. India has appealed to the Security Council for settlement of the issue, meantime threatening to invade Pakistan to cut off assistance to the invaders as a base for operations against Kashmir. If invasion occurs and Pakistan resists, the most terrible consequences will undoubtedly follow. Communal massacres may be anticipated not only in Kashmir but in India and Pakistan as well.

7. *Mr. Kearney* felt that opportunity for possible settlement did exist and he regretted that neither state seemed willing to take advantage of it. He believed it should be possible for both sides to get together and buy off the tribesmen. Without settling the tribal problem it would be extremely difficult to hold a plebiscite.

8. Both parties have signified agreement to the holding of a plebiscite to determine to which state Kashmir should accede but the way in which it should be conducted raises a problem. Jinnah contends that the pressure brought to bear by Abdullah makes a free vote impossible. India has suggested that an international commission be appointed to conduct the plebiscite. Weather conditions will prevent the holding of a plebiscite until the spring, but if it could then be conducted under the aegis of the Security Council the situation might be relieved. In the meantime, however, the Security Council is faced with the need of finding a settlement of the immediate problem. If it appoints a commission and issues a "stand-still" order, communal war might be avoided but it must be remembered that dealings with nomadic tribes cannot be conducted on the same basis as with an organized state.

9. *Mr. Riddell* asked what might be the result of a plebiscite held under free conditions. *Mr. Kearney* thought that with the Moslem majority the vote would favour accession of Kashmir to Pakistan.

10. *Mr. MacKay* asked if there were any British forces left in India. *Mr. Kearney* said that there were no British units but a few small details which were being rapidly repatriated. Pakistan, anxious to obtain all military, technical and financial aid, had offered more attractive contracts to encourage the enlistment of former British soldiers in the Pakistan Army. India, on the other hand, preferred to keep assistance from outside sources to a minimum and only accepted British soldiers on sufferance. (There appear to be about 500 British officers in the Pakistan Army and about 200 in the Indian Army.)

11. *Mr. Riddell* commented on the very favourable impression made at the last session of the United Nations General Assembly by Sir Mohammed Zafrullah Khan, Pakistan's new foreign minister, and asked how great his influence might be. *Mr. Kearney* thought there was evidence of lack of coordination with his own government but felt that it would be difficult to estimate his influence at the present time.

12. *Mr. Hopkins* asked why India had referred the Kashmir dispute to the Security Council while Pakistan had brought it to the attention of the Commonwealth governments. *Mr. Kearney* said that India had not agreed to discussions with the Commonwealth governments so Pakistan had threatened to refer the matter to the Security Council but delayed in doing so and the Indians, conscious of their precarious position, had therefore taken the initiative.

164.

DEA/5-A (S)

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

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

[Ottawa], January 9, 1948

When the India-Pakistan question is discussed in the Security Council on Thursday next, the President will first call for initial statements from the Indian and Pakistan representatives, and there will then be a preliminary general discussion. The President then proposes to set up a small group of three members to consult with the Indian and Pakistan representatives for the purpose of drafting, if possible, a resolution to be submitted to Council proposing what initial action should be taken by the Council with regard to the Kashmir dispute. This committee would meet in private. He hopes that it might produce a resolution which would be acceptable to both parties and would reduce to a minimum the public discussion of the question.

2. Langenhove, the Chairman, wishes to know if the Canadian representative would be prepared to serve on this committee.⁴² He thinks that the United States,

⁴² Note marginale :/Marginal note:

No, because it is a dispute between two Dominions, one of which wished it dealt with by Commonwealth representatives and the other preferred it put up to U.N. St. L.(surrent)

the United Kingdom and France should be excluded for particular reasons. The Syrian delegate also has a special interest and should probably be excluded. The President is also hopeful that the U.S.S.R. and the Ukraine could both be left off this committee. He is, therefore, very anxious to be able to name a Canadian to the committee in spite of our misgivings about a Commonwealth country being chosen.

3. Apart from the question of whether or not we should be willing to accept this responsibility as a member of the Security Council, there might be some purpose in giving the proposal favourable consideration since we might thereby more easily be able to keep off any subsequent committee which is established for the supervision of whatever programme is agreed upon in Kashmir.

4. I would be grateful to know whether we may inform the delegate in New York that he may, if necessary, accept membership on the drafting committee which the President of the Council is proposing to establish in regard to Kashmir.

L.B. PEARSON]

165.

DEA/5-A (S)

*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, January 13, 1948

SECRET. IMMEDIATE.

Following for McNaughton, Begins: Your No. 78 of January 13th, Kashmir.

In general, your attitude during discussion of Kashmir question in the Security Council should be governed by the consideration that Pakistan has already requested settlement of dispute through mediation of Commonwealth and this procedure has been rejected by India.⁴³ It is therefore inappropriate for member of Commonwealth to accept any special responsibility as a result of Indian appeal to the Security Council.

2. With reference to suggestion by President of Council that Canada should serve on drafting committee of three to prepare initial resolution, you should say that you are unable, for reasons given in paragraph 1, to accept this responsibility. You may, however, if you think it advisable, suggest to Langenhove that drafting might be done in a Committee of the Whole Council which would meet in camera and in proceedings of which you would be prepared to participate. Committee of Whole meeting privately would accomplish objective of avoiding public discussion of

⁴³ Une réponse (Télégramme N° 4 du 14 janvier) a indiqué que ce point n'était plus exact car le Pakistan avait fait savoir qu'il était favorable à ce que la dispute soit référée au Conseil de sécurité. (DEA/5-A(S))

A reply (Telegram No. 4, January 14) noted that this point was no longer valid as Pakistan had indicated that it welcomed reference of the dispute to the Security Council. (DEA/5-A(S)).

issues at this stage and at the same time relieve Langenhove of necessity of making selection amongst members of Council. Ends.

166.

W.L.M.K./J4/Vol. 284

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

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

[Ottawa], January 20, 1948

General McNaughton has informed the Department that a resolution is now being considered by the Security Council with reference to the India-Pakistan dispute. This resolution provides for the establishment of a committee to be sent by the Security Council to Kashmir for the purpose of investigating the facts and giving assistance by means of mediation, where possible. This committee would be established by inviting the two parties, India and Pakistan, each to select a member of the Security Council, and then inviting the two so chosen to select a third.

In the meantime, the two parties are meeting in New York under the chairmanship of the President of the Assembly, and are endeavouring to reach agreement on a procedure for bringing the disturbances in Kashmir to an end and providing for an impartial plebiscite concerning the future of that state. General McNaughton considers that it would be reasonable to urge in the Security Council that the two states should in this manner reach the very largest measure of agreement possible in New York, and that the functions of any commission sent to Kashmir should thereby be reduced to supervising the adoption of proposals which had already been accepted by both parties.

Mr. St. Laurent asked me to point out to you that unless the Delegation takes steps to make known its unwillingness to serve, Canada may be requested by one of the parties to act on this commission, or, alternatively, may be selected by one of the states so chosen. If we refuse a direct appeal on the part of one of these states to assist in the manner suggested, we may give the impression that we are unwilling to help a friendly state which has specifically asked for our good offices. The Delegation is, however, prepared to intimate in advance to the representatives of India and Pakistan that Canada is not prepared to nominate a member for a commission such as the one proposed, and to give similar information to the states which are chosen by India and Pakistan, if the Government so wishes.⁴⁴

L.B. PEARSON

⁴⁴ Note marginale /Marginal note:

I phoned Pearson at midnight Jan[uary] 20th on receiving this memo after returning from Nat[ional] [Liberal] Feder[ation] dinner. Told him I was opposed to Canada being on the Comm[issio]n. Pearson told me that also was Mr. St. Laurent's view — I think he said also McNaughton's [and] his own. He would phone McNaughton in the morning. W.L.M. K[ing]
(21-1-48.)

167.

DEA/S-A (S)

*Le secrétaire d'État aux Affaires extérieures
au délégué permanent aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegate to United Nations*

TELEGRAM 26

Ottawa, January 21, 1948

MOST IMMEDIATE

Following for McNaughton from Pearson, Begins: Your telegram No. 32.† The Prime Minister phoned me last night to confirm that we should make clear that we are not available for membership on the Kashmir Commission. The reason that you gave in your telegram is a good one, that we should not be asked, at the very beginning of our membership on the Security Council, to take on commitments of this kind. The more important reason, however, is that this is a dispute between two Dominions, and a third Dominion would not be as suitable for a Commission of conciliation as a state outside the Commonwealth. I assume that you will be able to make our position clear to the Indian and Pakistan delegates, though I suppose we have no reason to believe that either of them would nominate Canada to the Commission. When we know what two states are, in fact, to be nominated, then we can approach them to indicate our unavailability in case they were thinking of co-opting Canada as a third member of the Commission. Ends.

168.

DEA/S-A (S)

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

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

SECRET

[Ottawa], January 22, 1948

I attach copies of six recent telegrams from General McNaughton (Nos. 34,† 35,† 37,† 38,† 45† and 48†) concerning the India-Pakistan dispute. These telegrams give an account of formal proceedings in the Security Council and also of private conversations which the General has had with members of other Delegations.

The Security Council has now adopted the resolution establishing a commission on the Kashmir question to be chosen by the same method as in the case of the Indonesian commission. The General has made it quite clear to the Chairman of the Council that Canada will not be available for this commission, and the President seems fully to understand our position. It is the intention that the Indian and Pakistan delegates shall agree in New York to a general programme for the settlement of the Kashmir question, and the President of the Council is endeavouring to assist them to reach such an agreement. In his latest telegrams, however, (Nos. 45 and 48)

the General says that he has been informed that very serious difficulties have arisen between the Indian and Pakistan Delegations.

L.B. PEARSON

DEA/5-A (S)

169.

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

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

[Ottawa], February 6, 1948

SECRET

KASHMIR DISPUTE

So far, the Security Council has concentrated upon urging the two Parties to seek agreement through direct negotiation. A sub-committee consisting of the representatives of the two Parties and the representative of Belgium (Chairman of the Council during January) as rapporteur has been established. The Council has been acting under Chapter 6 of the Charter which deals with peaceful settlement: no suggestion has been made that the United Nations should resort to measures of force.

2. Since a stalemate appears to be developing the representative of Belgium has proposed a resolution to be put before the Council. The text of this resolution is set forth in Telegram No. 106 of February 2nd,† which is attached. It will be observed that the resolution appears to run counter to the rather uncompromising stand taken by India in two respects:

(a) It seems to contemplate that Pakistan forces should be permitted to enter Kashmir to assist in restoring order, although both forces would be progressively withdrawn as soon as the re-establishment of law and order permits.

(b) It calls for an "impartial interim administration" (in order to secure) "a free and fair plebiscite."

3. The discussion of the resolution on February 3rd and 4th made clear that it was not very acceptable to India which has contended that it is responsible for the defence of Kashmir, since Kashmir acceded to India, and that the plebiscite should be conducted by the Government of Kashmir. India has introduced an amendment safeguarding its position in these respects.

4. In a private meeting suggested by the United States representative and attended by the representatives of the United Kingdom, the United States, Belgium, France and the Chairman, it was agreed to avoid a vote on either the resolution or the amendment, but to continue debate and the effort at reaching agreement by direct negotiation. It was agreed also to redraft the resolution with a view to further discussions if necessary. General McNaughton with the assistance of Mr. Riddell has attempted a redraft, the effect of which is (a) to place responsibility for solution more directly on India and Pakistan, and (b) to make the resolution more acceptable in tone. A copy of Telegram No. 125 giving the redraft is attached.†

5. Both the United Kingdom and the United States appear to feel that if the direct negotiations now going on fail, a motion along the lines of that proposed by the representative of Belgium will be necessary. It would seem that the Canadian representative could not avoid going along with the United Kingdom and the United States representatives in supporting this proposal.

6. In accordance with his instructions, the Canadian representative has avoided taking an active part in the negotiations between the Parties and has informally advised the Parties that, since the dispute was between two members of the Commonwealth, Canada could not appropriately be nominated as a member of any commission established to proceed to Kashmir. However, since the Canadian representative is this month Chairman of the Security Council, he can scarcely avoid taking some part in furthering negotiations in his official capacity as chairman.

7. It is thought that you might wish to make some report to Cabinet on these developments in the Security Council's consideration of the dispute.⁴⁵

[L.B. PEARSON]

170.

DEA/5-A (S)

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

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

SECRET

[Ottawa], February 11, 1948

The position in the Security Council in regard to the dispute over Kashmir is now somewhat confused. The Indian Delegation has insisted that the primary responsibility of the Council is to assist in preventing invasions over the borders of Kashmir, which it now regards as under Indian protection following the accession by the Maharajah. The procedure by which this accession is to be confirmed by a plebiscite is, according to India, a long term question which, in any case, is within the domestic jurisdiction of the Maharajah. The Pakistan representative, on the other hand, claims that the situation in Kashmir is essentially a civil war, brought about by attacks on the Moslem population of that province which the Maharajah has encouraged, and by Moslem unwillingness to accept this accession to India and a subsequent plebiscite under Indian domination. He has also insisted that the Kashmir dispute is only one aspect of the broader problem of India-Pakistan relations, which must also be discussed.

From the discussion which has taken place to date, General McNaughton, as President of the Council, has prepared a draft resolution which includes the points that have been put forward. The most important of these is a statement of the

⁴⁵ Le rapport au Cabinet s'appuyait sur les documents 170 et 171. Pearson a révisé le projet de cette note, mais n'a pas signé le texte final qui fut envoyé à Saint-Laurent par MacKay.

The report to Cabinet was based on Documents 170 and 171. Pearson revised a draft of this memorandum, but he did not sign the original, which was sent to St. Laurent by MacKay.

principle that, in order to ensure an impartial plebiscite in Kashmir, the Government of that province should be entrusted during the period before the plebiscite to a neutral administration. It was hoped that both India and Pakistan would accept this resolution. The Indian Delegation now claims, however, that the Council is refusing to deal with the original point at issue, namely, the invasion of Kashmir from bases in Pakistan, and broadening the discussion to include other and irrelevant topics. The Indian representatives have therefore announced their intention to return to New Delhi for discussions, and have asked the Council to adjourn the discussion of the Kashmir question for a month at least.

At its meeting yesterday, the Council refused to adjourn the discussion which will continue this morning. It has been intimated to the Indian representative that he can go to New Delhi for discussion if he chooses, but that he should leave someone on hand to represent his government. The Council will now proceed to work out general principles for the settlement of the Kashmir dispute. The Indian Government, having failed to secure from the Council immediate support for its action in Kashmir, seems fearful lest the Council now will make recommendations which might eventually result in the province detaching itself from India and joining Pakistan.

L.B. PEARSON]

171.

DEA/5-A (S)

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

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

SECRET

[Ottawa], February 12, 1948

KASHMIR

At the meeting of the Security Council yesterday, the Indian representative again asked for an indefinite adjournment of the Kashmir discussion, or at least an adjournment of one month. He expressed some indignation that the Council should not accede immediately to this request.

The only support given to the Indian request was by the Ukrainian member of the Council. The Colombian said that a serious precedent would be established if a state, which found a case going against it in the Security Council, could adjourn a debate, and he showed considerable impatience with the Indians. He was supported by the Argentinian. The Chinese proposed a postponement of two weeks, and it was also suggested that discussion should continue on the more general questions raised by Pakistan.

At to-day's meeting, General McNaughton will try to avoid a straight vote on the question of adjournment by trying to get agreement to the following proposals:

- i) that the constitutional point raised by the Colombian can be met by maintaining that, even though the discussion is adjourned, it remains on the agenda and may be resumed by the Council at any moment the Council chooses.
- ii) discussion should continue on the question placed on the agenda by Pakistan.
- iii) adjournment of the discussion on Kashmir should be granted for two weeks to allow the Indian delegation to consult its Government.

L.B. P[EARSON]

172.

DEA/5-A (S)

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

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

SECRET

[Ottawa], April 2, 1948

RE KASHMIR

As you know, the consideration of the Kashmir question in the Security Council is now proceeding on the basis of a draft resolution which was submitted by the Chinese representative. The Indian delegation has accepted a number of amendments to this resolution, which now provides for an interim government in Kashmir representing both parties, and a plebiscite on the future of Kashmir under the close supervision of an international commission and under the direction of an electoral official appointed by the Security Council.

As matters now stand, the United Nations commission which will go to Kashmir for the purpose of observing the activities of the interim government prior to the completion of the plebiscite, will consist of three states, one nominated by India, one nominated by Pakistan and one selected by these two nominees. Before the change in government in Czechoslovakia, the Indians nominated Czechoslovakia for this panel. It was expected that the Czechoslovak government would appoint some independent person who would be acceptable to the Western states. It is now probable, however, that the choice of Czechoslovakia as a member of this commission will give the Soviet Union more direct access to the operations of the commission than anyone had originally desired. The Colombian delegate therefore is renewing a proposal he made previously that the size of the commission should be increased to five. By this means, he considers that the influence of the Czechoslovak member could be minimized.

The delegation in New York will therefore require instructions on the following two points:

- (a) Should it support a proposal that the size of the United Nations commission be increased from three to five members?
- (b) Should it continue to refuse membership on this commission if the number is increased from three to five, and especially if it concurs in that increase?

The present position is that the delegation has indicated that Canada will not accept membership on the Kashmir commission. The circumstances have now changed, however, because of events in Czechoslovakia, and also because of increasing evidence that the Russians are not uninterested in developments in India and South-East Asia. The delegation wishes to know, therefore, whether the instructions in connection with membership on the commission remain unaltered.⁴⁶

L.B. PEARSON]

173.

DEA/5-A (S)

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

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

SECRET

[Ottawa], April 10, 1948

RE KASHMIR

The effort to arrive at a method of procedure which will be acceptable to both the Indian and Pakistan Governments now appears to have failed in New York. The members of the Council now intend therefore to draw up on the basis of existing proposals and counter-proposals, a recommendation for consideration by the Council. They will endeavour, in preparing this recommendation, to propose a course of action which as far as possible protects the legitimate interests of both India and Pakistan.

The essential elements of this recommendation would provide that the present relationship between India and Kashmir should continue, for the time being at least; that the Indian army should continue to defend the borders of Kashmir; that the present government of Kashmir should be adjusted to include a fair representation of the Moslem groups; that conditions should be provided for an impartial plebiscite through the presence of a Security Council commission in Kashmir and the appointment on the recommendation of the Security Council of an external chief electoral officer. There is some hope that, although neither party will accept this recommendation in advance, both will acquiesce in it as soon as it has been accepted by the Security Council.

This document is being worked on informally by the delegates who have been chairmen of the Council while the Kashmir question was under consideration, in consultation with the United Kingdom and United States delegates. The expectation is that, if these delegates can agree on a draft resolution, they will put it forward jointly. General McNaughton would like to know whether it is in order for him, as a past president of the Council, to proceed in the work of preparing this document, with the expectation that, if it proves acceptable to the other delegates

⁴⁶ Note marginale /Marginal note:

I see no reason to oppose proposal for increase but I do not think we should participate in view of conflicting interests of two sister dominions. L.S. St. Laurent] Apr[il] 5, 1948.

with which he is associated, he will be permitted to sponsor it in the Security Council jointly with them. The Government will of course have an opportunity to see and approve the text of this document before it is finally submitted to the Security Council.

L.B. [PEARSON]

174.

DEA/5-A (S)

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

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

SECRET

[Ottawa], April 16, 1948

RE KASHMIR

About a fortnight ago it became apparent in New York that no further progress could be made toward securing agreement between India and Pakistan on the course of action which should be followed in regard to Kashmir. The President of the Council (the Colombian representative) therefore asked other representatives who had been president during the discussion of the Kashmir question, to assist him in preparing a draft Resolution in which the Council would recommend a procedure for settlement. This group (Belgium, Canada, China and Columbia), with the assistance of the United States and United Kingdom representatives, who were co-opted, took as a basis for their discussions a draft Resolution which the Chinese representative had introduced when he was President. They also gave consideration to comments made to this draft Resolution by the Delegates of India and Pakistan. In regard to the draft Resolution as revised, General McNaughton makes the following comment:

"All these various changes, in my judgment, considerably improves the text of this Resolution, and should make it more acceptable to the two parties as a basis for settlement. The provocative elements of the Resolution have now been deleted whenever possible and the present text is a straightforward recommendation of certain measures which the Council believe would be appropriate to bring an end to the fighting in Kashmir and to create proper conditions for the plebiscite."

The draft Resolution before the Council (a brief summary of which is annexed hereto) seeks to avoid making any judgment as to the facts or the law but concentrates on procedure of settlement. It provides, among other things, for appointing a commission which shall proceed to the Indian sub-continent and offer its good offices and mediation to India and Pakistan with a view to restoration of order and the taking of a plebiscite. A special officer, the Plebiscite Administrator, shall be nominated by the Secretary-General of the United Nations and appointed by Kashmir, to administer the plebiscite.

It may be observed that the procedure by commission will be impracticable if it is not assented to by India. There would appear to be little hope of India or Pakistan assenting to the procedure unless the Resolution receives the widest possible support in the Council. Telephone conversation with officials in New York this morning indicates that there is general agreement among the delegations who participated in drafting the Resolution that the Resolution will be sponsored and supported by all or none. If the Canadian delegate does not support the Resolution, in company with his colleagues, the present approach will probably have to be abandoned.

Further information of importance this morning is that United Kingdom is now prepared to support the Resolution and to use its best endeavours to get the Indian Government to accept it.

It is recommended that General McNaughton be instructed to support the Resolution providing all other delegations which participated in the drafting also support it.⁴⁷

L.B. PEARSON]

[PIÈCE JOINTE/ENCLOSURE]

Note

Memorandum

[Ottawa], April 16, 1948

BRIEF SUMMARY OF THE DRAFT RESOLUTION ON KASHMIR
TO BE PRESENTED TO THE SECURITY COUNCIL

The Resolution provides inter alia:

(a) for a Commission of five (formerly three) which will proceed at once to the Indian sub-continent and "place its good offices and mediation" at the service of India and Pakistan with a view to assisting them in restoring peace and order and assisting Kashmir to take the plebiscite;

(b) responsibilities are imposed on both parties — Pakistan for example must use its best endeavours to secure withdrawal of the tribesmen and to keep them out, India, as the tribesmen withdraw, is to withdraw its forces progressively in consultation with the Commission, to reduce them to the minimum required for the maintenance of internal order, and to dispose of the troops remaining in such a way as not to interfere with the plebiscite;

(c) India undertakes (on behalf of Kashmir) to appoint a Plebiscite Administrator who is to be nominated by the Secretary General, the Administrator as an Officer of Kashmir to be given all necessary powers including the power to appoint

⁴⁷ Note marginale /Marginal note:
Agreed St. Laurent]

electoral assistants and magistrates to deal with election offences, and the direction of local police;

(d) representation of the major political groups in the pre-plebiscitary government of Kashmir is to be provided by nomination by these groups of their representatives;

(e) the Government of India also undertakes (largely on behalf of the Government of Kashmir) to prevent, and to give full support to the Administrator in preventing, intimidation, threats or coercion of voters, and to assure freedom of speech, press, assembly and lawful entry and exit to or from Kashmir;

(f) the Administrator shall at all times have direct access to the Commission or to either Government, and the Commission in turn shall at all times have direct access to either Government, and to the Security Council.

175.

DEA/5-A (S)

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 466

New York, April 22, 1948

CONFIDENTIAL

Reference previous correspondence, Kashmir.

At the meeting of the Security Council at 2:30 p.m. Wednesday, 21st April, the joint Resolution on Kashmir was adopted paragraph by paragraph with no changes except for the redrafting of paragraph 10(e), adopted on the suggestion of the Chinese representative. Paragraph 10(e) now reads as follows:

"The Administrator should have the right to communicate direct with the Government of the State and with the Commission of the Security Council and, through the Commission, with the Security Council, with the Governments of India and Pakistan and with their representatives with the Commission. It would be his duty to bring to the notice of any or all of the foregoing (as he in his discretion may decide) any circumstances arising which may tend, in his opinion, to interfere with the freedom of the Plebiscite."

With the exception of this change, the adopted Resolution is identical with that contained in my teletype No. 423† together with the amendments contained in my teletype No. 437.†

2. In most cases the voting on individual paragraphs was 9 in favour, none against and 2 abstentions (the Soviet Union and the Ukraine). In addition to this, Syria abstained on those paragraphs to which Pakistan had expressed strong objections.

3. Prior to the meeting of the Council, it was agreed by the sponsoring delegations that each of the sponsors would explain the various clauses of the Resolution in answer to the principal criticisms made by India and Pakistan on 19th April.

Accordingly, I undertook to explain the intention of the sponsoring delegations in regard to the changing of the words "direction and control" to "direction and supervision" in paragraphs 3 and 8. The text of my remarks in this connection is contained in my immediately following teletype.†

4. After the vote had been taken on all paragraphs of the Resolution, the Council adjourned until 3:00 p.m. Friday, 23rd April. At that time the Council will take up the question of completing the membership of the Security Council's Commission on Kashmir. On the suggestion of the United States representative, it was agreed that this meeting of the Council will also consider the subject of the truce in Palestine. The President added that, if time permitted, the Council would also consider the Czechoslovak question again at this meeting.

5. Before the Meeting adjourned Zafrullah Khan reminded the Council that the adoption of the Resolution on Kashmir did not dispose of the India-Pakistan dispute. He pointed out that Pakistan's complaint in regard to Junagadh and the question of genocide still remained to be discussed. The disposal of these remaining items in the India-Pakistan dispute may also be considered at the 23rd April meeting.

6. In regard to the reception by India and Pakistan of the Council's Resolution on Kashmir, I would like to draw your attention to a report by A.M. Rosenthal in the *New York Times*, 22nd April (page 2, column 2). The last paragraph of this report reads as follows:

"Despite the fact that both Dominions objected to the Resolution on the ground that it was giving the other side much too much, Council delegates were optimistic that the New Delhi and Karachi Governments would feel bound to accept the verdict of the United Nations."

My belief is that the rather hopeful note contained in this paragraph is not without some foundation.

176.

DEA/5-A (S)

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 476

New York, April 24, 1948

CONFIDENTIAL

Reference previous correspondence, Kashmir.

At the Security Council meeting, 2:30 p.m., 23rd April, consideration was given to naming two additional members to the five-member Commission for Kashmir approved by the Resolution of 21st April. (See paragraph 4 of my teletype No. 466.) The representative of France nominated Belgium and Colombia in view of the contributions made by the representatives of these countries in regard to the Kashmir Resolution. I seconded these nominations on the understanding given

below. By a vote of 7 in favour, none against and 4 abstentions (Belgium, Colombia, the Ukraine and the Soviet Union) the Council decided to ask Belgium and Colombia to serve on the Commission. Immediately prior to the Council meeting, the United Kingdom delegation asked me to propose the nominations of Belgium and Colombia. Both Noel-Baker and Patrick of the United Kingdom gave me to understand that Colombia would welcome this nomination and that the Belgian Government had agreed to serve on the Commission. I did not agree to propose these nominations, but did agree to second them if France proposed them. As it turned out, however, the Belgian representative was without instructions on this point and reserved his Government's position in regard to serving on the Commission. The Colombian representative stated that he would transmit the Council's resolution to his Government and request them to "undertake this heavy responsibility."

2. In regard to the Junagadh question it was agreed, on Noel Baker's suggestion, to leave it to the President's discretion to call the two parties together when they are ready to discuss this matter. The President was also given discretion to call upon the six delegations who had participated in the Kashmir Resolution if he thought this would be useful in the Junagadh case. Meanwhile, if a long delay seems likely, Pakistan retains the right to ask that Junagadh be again placed on the Council's Agenda and to have it considered by the Council in the ordinary manner.

SUBDIVISION VI/SUB-SECTION VI

PALESTINE

177.

DEA/47-B (S)

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

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

DESPATCH 283

Ottawa, January 26, 1948

Sir:

I have the honour to inform you that consideration is now being given to the policy which the Canadian Delegate to the United Nations should follow in regard to the question of Palestine when this subject is discussed in the Security Council. In this regard it is of particular importance that we should have some idea concerning the attitude of the United States Government towards this question. I would be grateful, therefore, if you would approach the United States Government with a request for information concerning the United States policy in regard to Palestine.

2. It would be appropriate for you to point out to United States officials that the Canadian Delegate to the United Nations will be President of the Security Council during the month of February. It is altogether likely that the Palestine Commission will report to the Security Council during the period within which General

McNaughton is President, and he will therefore have responsibility of particular importance in relation to this question.

3. You may wish also to remind the United States Government that, during the discussions of the Palestine question in the second session of the General Assembly, the Canadian Delegation gave its support to the plan for partition with economic union only on the understanding that the permanent members of the Security Council would take whatever action might be required for putting that plan into effect. This subject was discussed privately on frequent occasions by members of the Delegation with members of the United States Delegation. It was the view of the Canadian Delegation that the responsibility of the Great Powers should be made explicit through a reference in the Resolution of the Assembly to the authority of the Security Council to deal with situations and disputes. The United States Delegation objected to the proposals of the Canadian Delegation in this regard on the ground that a specific reference to the Security Council would in effect constitute a threat against the Arab states. It would be a mistake in tactics, they said, to adopt a formula which made explicit the expectation that the Arab states would resist the settlement and that force would have to be applied to make them accept it. In both public and private, members of the United States Delegation stated that it should be taken for granted that the Arab states would accept a decision of the General Assembly, and confidentially they intimated that they were prepared themselves to take action directly with the Arab states to secure their acquiescence. Before the close of the debate, however, it became evident that many states shared the misgivings of the Canadian Delegation concerning the means by which effect would be given to the Palestine proposals. In consequence, the United States Delegation finally agreed to an amendment to the Palestine resolution by which responsibility was placed on the Security Council in the event of disturbances in Palestine which would make it impossible for the Palestine Commission to carry out its mandate. At the same time, the United States delegate, Mr. Herschel Johnson, said in a meeting of the Ad Hoc Committee on Palestine, that in the event of an appeal to the Security Council, the United States could be counted upon to fulfil its responsibilities as a member of that body.

4. It is now evident that the Arab states are determined to resist by force the plan for the partition of Palestine, and it is doubtful if the Jewish community in Palestine will be able to establish and maintain the Jewish state in Palestine unless it receives armed support from the Members of the U.N. during the year 1948. It may also be that some continuing armed support from the Members of the U.N. will be necessary for some years to come to prevent attacks on the Jewish state. In these circumstances, it is most important that the United States should indicate to other states which generally supported their position during the discussions on Palestine at the General Assembly what concrete policy they propose to adopt or what specific proposals they will suggest when the Palestine question comes before the Security Council.

5. In making those inquiries, it would be in order for you to ask for a clear indication of the policy of the United States Government in regard to methods by which the proposed settlement in Palestine should be imposed and maintained. If the United States should indicate that it is thinking in terms of an international force

made up of national contingents solely from the secondary states, you can suggest that the Canadian Government would not regard this as satisfactory nor in accord with the declaration of the United States representative (cited at the end of paragraph 3 above) that in the event of an appeal to the Security Council the United States could be counted upon to fulfil its responsibilities as a member of that body.

6. It would also be in order for you to go further in your discussions with the United States authorities and indicate quite clearly that, in the absence of a clear indication of a constructive and consistent policy on the part of the United States Government in regard to the Palestine question, that Government should not expect the Canadian Delegation to the Security Council to take any initiative in the discussion of that question or to concur in proposals on the part of the United States Delegation which do not have the degree of firmness and practicability which the Canadian Delegation to the General Assembly was led to expect from its discussions with the United States Delegation at that time.

I have etc.,

L.B. PEARSON

178.

DEA/47-B (S)

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

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

TELEGRAM WA-390

Washington, February 4, 1948

SECRET. IMPORTANT.

Your despatch No. 283 of January 26th on the situation in Palestine.

I spent an hour with Mr. Lovett this afternoon and gave him a memorandum based on the contents of your despatch. He was accompanied by Messrs. Loy Henderson and Dean Rusk.

2. The policy to be adopted by the United States delegation when the Palestine issue comes before the Security Council has not been finally determined. Our discussion covered a great deal of ground and from it emerged fairly clearly the probable position which they will take.

3. Lovett raised two points about the memorandum I gave him. The first related to the statement in paragraph 3 of your despatch that members of the United States delegation at the Assembly had confidentially intimated that they were prepared themselves to take action directly with the Arab States to secure their acquiescence in partition. Lovett said that there had not been any intention at any time of the United States intervening directly with the individual Arab States but only that their influence and prestige would be employed to give backing to the recommendation of the General Assembly. The second point related to the phrase at the beginning of paragraph 4 of your despatch to the effect that "the Arab States" will resist partition by force. He pointed out that the current resistance came from Pal-

estinian Arabs and not directly from the Arab States, although of course the Arab League was inciting resistance. The point is of considerable importance, since unless there are incursions by forces from the Arab States into Palestine (as has been the case in Greece) the problem is an internal one and no act of aggression within the scope of the Charter has been committed.

4. Lovett then discussed the legal basis of the recommendation of the Assembly, emphasizing that it was a recommendation and not a decision and that it could not be turned into a decision under the Charter by the Security Council. Rusk pointed out that the only way under the Charter in which the United Nations could become legally responsible for the enforcement of partition would be for the whole of Palestine to be placed under trusteeship and for a fresh decision to be taken to partition Palestine.

5. The present situation, they said, is that the General Assembly has made a recommendation, hoping that it would be accepted by both Arabs and Jews in Palestine. It has not, however, been accepted by the Arabs either in the Jewish or in the Arab areas under the partition scheme. The Security Council is not bound to support the recommendation, and events have shown that a majority, or at least a substantial proportion, of the inhabitants of Palestine are against it. If the Arab States are unwise enough to intervene with troops inside Palestine, the Security Council would then have to take action, as an act of aggression would have been committed, but the Council would still have no legal authority, even in those circumstances to take action to enforce partition. I remarked at this point that doubt about the constitutionality of the Palestine proposals had been frequently voiced by the Canadian delegation during the proceedings at the Assembly without enlisting much support, and Lovett said that our position then was well taken.

6. Lovett remarked that the Security Council could find the existing situation in Palestine a threat to the peace even without intervention by the Arab States, although he appeared to think that this was unlikely. He added that in that case the duty of the Security Council would be to try to find means of restoring order, but that this would not include authority to impose partition.

7. The conclusion from this is that the Assembly's recommendation is unworkable at any rate in present circumstances and that therefore an effort should be made to find some other solution. Lovett argued that the immediate objective should be to secure a cooling-off period until the whole situation could be re-examined. The best way to do this would be for the British to keep their forces in Palestine for a further period and request the General Assembly to take another look at the problem in the light of the failure of its first proposal. He thought that the question might come before another special session, to meet within a few weeks. They have not had any discussions with the British, and do not, I should judge, propose to initiate discussions. The only alternative that Lovett could see to a continuance of British occupation was the recruitment of a volunteer police force on the lines of the original United States proposal to the Assembly. This, however, presented very great difficulties especially since the volunteers in most countries would be likely to be almost all Jews, who would constitute in effect an addition to the forces of Hagana and the more extreme Jewish organizations.

8. I directed Lovett's attention to Herschel Johnson's statement that if the matter came before the Security Council the United States could be counted upon to fulfil its responsibilities as a member of that body. In reply he retraced his earlier argument as to what in fact the responsibilities of the Security Council were in the present situation. There had certainly been no promise, express or implied, that the United States would despatch troops, and he thought that the despatch of even a small force as part of an international contingent would result in a wave of anti-semitism in this country. Hence, if United States citizens were to become involved in maintaining order, they would have to be volunteers. He alluded to General Eisenhower's statement that partial mobilization would be necessary if the United States were to take over from the British their responsibility in Palestine. He also mentioned the danger that, if matters went on as they are, one side or the other in Palestine might invite and secure Russian military assistance.

9. I observed that I knew that the United Kingdom would be very unwilling to retain their forces after May 15th as there was a very strong popular demand for their withdrawal and that no more British blood should be shed in Palestine. This led him into a general criticism of the British tactics, which he said were losing them public support in the United States at an alarming rate even among people unsympathetic to Zionist aims. They were standing half-alooof from the problem of law enforcement and had departed from the hard-hitting tactics which had been successful in coping with the Arab revolt before the war. He thought that it was not asking too much of the United Kingdom that they should keep their forces there until an attempt had been made to find a more acceptable solution. There was enough truth in the charges that the British were arming the Arab States to make the position of the United States most uncomfortable in enforcing their embargo on arms to the Jews.

10. He thought the best course in the United Nations would be for the Palestine Commission itself to propose to the Security Council that there should be a further study of the position during which the United Kingdom should continue to operate the mandate. The State Department, however, was in no position to make such a suggestion to members of the Palestine Commission because, as he put it, there were Zionist spies everywhere. He wondered whether the Canadian delegation might not do this in New York, but I said at once that it would be very difficult for us to have any part in initiating a proposal for the continued British occupation of Palestine.

11. Lovett cordially agreed that there should be further consultation between us on the whole position and instructed Henderson to keep me informed of any developments. I should doubt whether the United States member will have any proposal to put forward if the matter reaches the Security Council next week, and he will be likely to play for time. You will, I expect, wish to repeat this message to General McNaughton.

179.

DEA/47-B (S)

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

SECRET

[Ottawa], February 6, 1948

THE PALESTINE ISSUE IN THE SECURITY COUNCIL

Mr. Wrong's account of his conversations at the State Department (WA-390 of February 4) makes it clear that we are faced with very delicate and difficult problems as a member of the Security Council. Our objective must be to do what we can to minimize the effects of the blow to the prestige of the Security Council and the United Nations generally. We must also try to avoid being embroiled on one side or the other in the struggle between the United Kingdom and the United States to unload on the other the responsibility for the failure of the Palestine settlement recommended by the Assembly.

2. Our objective should indeed be not merely to avoid being embroiled in such an unpleasant struggle between the United States and the United Kingdom; it must be to do what we can to keep that struggle from becoming too open and bitter. For the past three years or more the Russians have been doing their best to drive a wedge between the United States and the United Kingdom. During the past two years they have met with little success. During the next few months the situation in Western Europe is likely to continue to be so acute that a serious rift between the United States and the United Kingdom might greatly increase the danger of the Western world not being able to hold the line against Soviet expansion in Western Europe.

3. At the last session of the Assembly, the Canadian delegation was able to do a great deal to reconcile the views on Palestine of the United States and the Soviet Union. During the present crisis over Palestine, it would seem as if our role should be to try to reconcile the views of the United States and the United Kingdom.

4. It is possible that a reconciliation over at least a short period might be found in developing the United States' suggestion that what is now needed is "to secure a cooling-off period until the whole situation could be re-examined."

5. The United States may support a re-examination by another special session of the Assembly to meet in a few weeks' time "to take another look at the problem," which presumably means to make an effort to find a solution which both the Jews and the Arabs will support.

6. In any re-examination is to be made, it would seem to me much better if it were made by the Security Council and not by the General Assembly. It is important in this matter to save the face of the United Nations. For the Security Council to request the calling of a special session of the Assembly would mean a public confession by the Security Council that it was not only unable and unwilling to act under Chapter VII of the Charter (enforcement measures) but that it was also unable or unwilling to act under Chapter VI (peaceful settlement). It does not seem to me to be necessary for the Security Council to make such a public confession of weakness. The Security Council, when the Palestine dispute comes before it, could

decide to discuss it first under Chapter VI before moving to Chapter VII. This would be in accord with the general spirit of the Charter which is that the Security Council should exhaust all methods of peaceful settlement before authorizing the use of force. The Security Council could argue that, since the Charter makes it the world's supreme agency for international conciliation, the Assembly in its resolution could not have contemplated that the Security Council should renounce its obligation under the Charter to attempt conciliation.

7. If, in any event, the Security Council is going to be forced by events to discuss the possibility of either it or the Assembly finding a basis for conciliation, the damage to the prestige of the Security Council would be greater if it had first had a discussion of enforcement measures under Chapter VII and this discussion had ended in a public demonstration of the powerlessness of the Security Council to enforce the Assembly's recommendation.

8. It can also be argued that, if the Council were to first deal with the Palestine situation under Chapter VI, there would be a better chance of it reaching agreement under Chapter VII. There is certainly some indication that influential circles in the United Kingdom believe that the possibilities of conciliation had not been adequately explored at the recent session of the Assembly. These people would be more willing to support the use of force if the Security Council made every effort to conciliate and the Arabs proved completely stubborn. To a limited extent, the same might be true in France and China.

9. The Security Council might not therefore be merely bluffing if it stated to the parties to the dispute that the fact that it was first of all discussing the dispute under Chapter VI did not mean that, in the event of its efforts at conciliation failing, it was not prepared to resort to Chapter VII.

10. If the Security Council were to attempt to act under Chapter VI, it need not allow itself to be embarrassed even temporarily by questions regarding the basis upon which an attempt to negotiate, conciliate or mediate should be expected to rest. The Council could demand firmly of the disputants that they find a basis for discussion themselves, making full use of the good offices of the Security Council, or of a mediator or conciliator chosen by themselves under the aegis of the Security Council. The Council would thus try to put upon the disputants full responsibility for arriving at a *modus vivendi*. The Security Council could offer to back up the decisions of the disputants if they will agree to conciliation as an alternative to a ruinous conflict in which both would be likely to lose much more than they could gain.

11. The Security Council would presumably act under Article 33 of the Charter which provides that the Security Council, when it deems necessary, may call upon the parties to a dispute, the continuance of which is likely to endanger the maintenance of international peace and security, to settle their dispute by peaceful means. The Jewish Agency, speaking for Jews both inside and outside Palestine who support the Zionist venture, and the Arab Higher Committee and independent Arab states, could properly be considered to be "parties" to the dispute in Palestine within the meaning of Article 33 of the Charter. The use of Article 33 would give Jewish Agency spokesmen an opportunity to demonstrate the genuineness of their

assurances, given during the recent session of the General Assembly, that they intend to meet the Arabs half way. It would also give spokesmen for the Arabs a chance to develop the proposals for compromise which they produced unexpectedly at the close of the Assembly session, too late for consideration by that body. Moreover, Zionists are aware of their own need for United States military backing if attacks from neighbouring Arab States have to be resisted and understand that in the absence of that aid their position in Palestine would become perilous in the extreme; the Arab states, on the other hand, might well prefer negotiations under Security Council auspices rather than to condemn large numbers of their young men to death in a struggle likely to be long drawn out.

12. As a result of recent developments, it may be that the Members of the United Nations are faced with a choice between two disagreeable alternatives. The first alternative would be to accept the breakdown of the Assembly's plans for the future government of Palestine and allow the Jews and the Arabs to settle their differences by force of arms. The second would be for the Security Council or the General Assembly to try to find a basis for conciliating the Arab and Zionist claims through amendment of the Assembly's recommendations.

13. I suggest that our first step might be to try to find out from London and Washington whether they agree that these are now the alternatives which confront us. Should they agree that these are the alternatives (though they disagree on which of them is responsible for the mess) then we might suggest to them that a public controversy between them over who is responsible for the mess would benefit no one except the Soviet Union. Starting from that, it might be possible for them, in direct and private discussions, to work out some agreed policy before the matter is publicly debated in the Security Council. In order to get a cooling-off period, the British might take on the job of persuading the Arabs to keep quiet while the whole matter of the Palestine settlement is being reconsidered and the Americans might try a similar job of persuasion on the Jews.

E[SCOTT] R[EID]

W.L.M.K/J4/Vol. 310

180.

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

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

Ottawa, February 17, 1948

PALESTINE

The Palestine question will appear on the agenda of the Security Council on or about February 24th in the form of a special report from the Palestine Commission. This report will probably state that the Palestine Commission cannot give effect to partition in Palestine without military protection and support and that a serious civil war is on the point of breaking out in Palestine.

2. The threat of widespread disorder in Palestine is the culmination of a trend to which attention has been drawn by a long series of Commissions of Inquiry which have visited Palestine since 1921. More than a decade ago it was seen to be inevitable that the mandate would become impossible to administer unless the promise of a "national home" for the Jews in Palestine could be implemented in a way acceptable to the Arabs. Wartime persecution of the Jews and post-war pressures on Palestine have accelerated the arrival of the crisis long foreseen. By the winter of 1946-47 it was apparent that the United Kingdom, acting alone, could not bring the Arabs and Zionists to agree. Nor could it continue, in its own weakened position and under the existing pressures, to carry sole responsibility for holding the balance even between Jewish and Arab interests under the terms of its mandate from the League of Nations.

3. In asking for recommendations from the United Nations concerning the future government of Palestine the United Kingdom may have hoped to receive a proposal which would have had the effect of drawing Jews and Arabs closer together. Obviously the United Kingdom is not in sympathy with the plan actually proposed by the Assembly, and its consequent refusal to take part in implementing the plan for partition with economic union has seriously aggravated the crisis with which we are now faced. Hatreds held in check as long as the British were in control have now broken out in violence on an unprecedented scale. The Zionists feel that anything less than the translation of the "Jewish National Home" of the Balfour Declaration into the Jewish national state foreshadowed in the Assembly resolution would be a betrayal. The Arabs assert that they will fight against any combination of powers to prevent the partition of Palestine and the establishment of Jewish sovereignty in any part of that country, all of which they regard as Arab territory. The problem of protecting Jewish settlements against attack is expected to reach an acute stage as soon as the British mandate is terminated on May 15th.

4. When the matter comes before the Security Council, four courses of action are open:

(1) To accept the condition that partition is inapplicable, and refuse to act on the Assembly resolution, which is, after all, only a recommendation. This course of action would have the following disadvantages. It would make clear that a decision of the Assembly, which was opposed by only thirteen relatively weak states, could be set aside simply because certain of those states, the Arab ones, resisted it with a show of force. Inaction, moreover, would not solve the problem, since the Jews will certainly resist Arab domination in Palestine. It would leave the way open for the USSR to intervene in Palestine alone as the only state willing to use force to support a United Nations recommendation.

(2) To make preparations for the establishment of an international force in Palestine to put the partition plan into effect. A large force may not be necessary, but it would have to be well equipped and well supported. A force for this purpose might be raised in one of a number of ways:

(a) A volunteer international force, recruited, trained and equipped under United Nations control. A force of this nature could not be raised and put in the field

within six to twelve months, and would not therefore be available in time to meet the present emergency.

(b) An international force made up of contingents provided by the regular armies of member states. In order to avoid accepting Soviet participation in a force of this character, it may be proposed that small powers only should contribute. The small powers, however, are not likely to be prepared to take part in military action from which the permanent members of the Security Council stand aside.

(c) An international force in which the Great Powers participate. In the absence of military agreements under Article 43 of the Charter, the Security Council has no force of this nature at its disposition. There is no reason, however, why a special agreement should not be made to provide a force for the specific purpose of dealing with the situation in Palestine, though it would admittedly be difficult to secure this agreement. A special agreement for this purpose would, of course, be subject to acceptance and ratification in the legislatures of the states which were asked to participate in it. The principal objection to this proposal is that it would necessarily include a Soviet contingent. The presence of a small Soviet group in a genuinely international military force is not necessarily as alarming as is frequently represented, and the United States, the United Kingdom and France may agree to establish an international force in which contingents from all large powers may serve. In this case, other states, particularly the non-permanent members of the Security Council, may be expected also to contribute to this international force. The Canadian representative on the Security Council should be advised as to the attitude he should adopt if a proposal of this nature develops.

(3) To refer the Palestine question to the General Assembly for further consideration, and to recommend that a Special Assembly be called for the purpose. No further discussion of the problem in an international conference is likely to produce an agreed solution, particularly if the discussion takes place without leadership from some state which is prepared to advocate a settlement. Jews and Arabs have taken up irreconcilable positions, and public debate will not bring them together.

(4) To make a further effort at conciliation, which the Security Council might undertake under Article 33 of the Charter. This course might offer some hope of an agreed solution but only if the United States and United Kingdom together had agreed in advance as to the form of compromise they thought applicable, and were prepared to put pressure on Jews and Arabs alike to accept this compromise. An effort to reach a compromise merely by debate in public in the Security Council will be as fruitless and damaging as a similar debate in a Special Assembly.

5. The most dangerous element in the present situation is the breakdown in communications between the Governments of the United States and United Kingdom on the subject of Palestine. As far as we can tell, the two Governments have not discussed the matter with one another on any responsible level. An acrimonious public debate may break out between them at any minute. There is ample material for recriminations on both sides, and much ill feeling. No one will profit from this situation except the USSR, which would, of course, benefit greatly if the Palestine question results in a serious wedge being driven between the United States and the United Kingdom. There is a real possibility of this.

6. There is evidence that responsible groups amongst the Arabs and the Jews, and also in the United Kingdom and the United States, would welcome a modification of the plan. Before the Security Council can profitably undertake a re-examination of the plan, however, the United States and the United Kingdom must have agreed together on a course of action, including a firm decision to make the Arabs and the Jews accept what is agreed upon.

7. Canada will suffer from a bitter public controversy between the United Kingdom and United States Governments on this matter. We might therefore, informally and confidentially, ask, through the representatives of these Governments at Lake Success, if they agree that the four courses of action suggested in this memorandum are the only ones before us. Should they agree that these are the only alternatives (though they may disagree on which of them is responsible for the impasse) then we might suggest to them that inability to agree on which course should be adopted would provoke a controversy which would benefit no one except the Soviet Union. Starting from that, it might be possible for them, in direct and private discussions, to work out some agreed policy before the matter is publicly debated in the Security Council. In order to get a cooling-off period, the British might take on the job of persuading the Arabs to keep quiet while the whole matter of the Palestine settlement is being reconsidered and the Americans might try a similar job of persuasion on the Jews. There seems to be no other possible solution to this problem which, if it is *not* solved, may result in a serious threat to peace generally.⁴³

181.

L.S.L./Vol. 224

*Note du chef de la direction des Nations Unies
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Head, United Nations Division,
to Secretary of State for External Affairs*

TOP SECRET

[Ottawa], February 23, 1948

Mr. Pearson gave me a brief account over the telephone this morning of his conversations with the Americans concerning Palestine. As far as I could tell from his guarded comment, the Americans have in mind the following course of action:

(i) They will propose a resolution to the effect that the Security Council should, within the powers conferred on it by the Charter, take action to give effect to the General Assembly resolution on partition with economic union. This resolution will lead to a debate as to whether or not, in the absence of external interference in

⁴³ Ce document porte des notes marginales illisibles. Le 19 février, le Cabinet a indiqué son accord avec le rapport de Saint-Laurent, basé sur cette note, ainsi qu'avec le commentaire de King qu'il espérait :

Marginal notes are illegible. On February 19, Cabinet noted with approval St. Laurent's report based on this memorandum as well as King's observation that he hoped

"that it would be possible to hold to the understanding that the establishment of an international force by general agreement would be a condition precedent to the employment of troops for enforcement of any settlement by the United Nations."

the affairs of Palestine, the Security Council has authority to place force behind the General Assembly resolution. The United States delegation expects that this resolution will be defeated on the grounds that the Security Council has no such authority. When this resolution is defeated the United States will feel that it has done its best to secure the implementation of the plan for partition.

(ii) The United States will then propose a resolution to the effect that, if there is external interference in the affairs of Palestine, the Security Council should then take measures to deal with this situation in accordance with the powers conferred upon it under Article 37 of the Charter. The means by which action would be taken would of course have to be determined subsequently. The United States delegation considers that this resolution will be adopted, and that it will serve as a warning to the Arab states not to interfere in Palestine while further action is being taken.

(iii) A resolution will then be put forward establishing a committee consisting of the five permanent members of the Security Council for the purpose of bringing about some agreed settlement in Palestine.

I am not sure that this interpretation of Mr. Pearson's report is accurate, and I may be reading too much into what he has said. He is seeing the Americans again late this afternoon and he will 'phone me tonight to give me some further account of what he learns. In the meantime he expects that tomorrow's session in the Security Council will be taken up with procedural discussion about seating of representatives of Arab states and similar questions.

R.G. RIDDELL

182.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], February 27, 1948

UN SECURITY COUNCIL; PALESTINE

1. *The Secretary of State for External Affairs*, referring to the discussion at the meeting of February 23rd, reported that little progress had been made as yet in the Security Council.

Two resolutions were presently before the Council, one sponsored by Colombia would involve the summoning of a Special Assembly to discuss Palestine. This was not likely to be approved. The other had been moved by the U.S. representative. It proposed the constitution of a committee of the five Great Powers to consider the present situation. This would probably be voted on early in the coming week.

Meantime, the U.K. and U.S. representatives had made no progress toward an agreed course of action. The Canadian representative was continuing his efforts through informal consultation to bring them together.

2. *The Cabinet*, after discussion noted the Minister's report.

183.

L.S.L./Vol. 224

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

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

Ottawa, March 1, 1948

I am enclosing a memorandum for the Prime Minister on the Palestine question which I sent to him this morning and which I discussed with him at some length.⁴⁹ Mr. King wishes to have this matter considered by Council to-morrow.

He does not agree with the point of view which I expressed in the memorandum. He feels that though the Canadian delegation was quite right in supporting partition at the Assembly last November, nevertheless events since that time have shown that Partition cannot be implemented except by force. He does not think that the Canadian people are willing to participate in any force set up for the above purpose; that therefore we have no right to support a resolution which would advise others, the Big Five, to provide the force. For these reasons, Mr. King himself feels that the Canadian delegation should abstain in the voting on Part 1 of the U.S. Resolution by which the Security Council accepts the request made to it in the General Assembly Resolution.

Mr. King, however, thinks that we should support the Belgian amendment by which a Commission of Five would be established to attempt to find an agreed solution for the Palestine problem. This Commission, however, would not be bound in any way by the Assembly Resolution of last November.

I would be grateful to talk with you about this matter before the Cabinet meeting, if you so desire.

L.B. P[EARSON]

⁴⁹ La pièce jointe fut réécrite sous forme de note pour le Cabinet, reproduite dans le document suivant ci-après.

The enclosure was redrafted as the Memorandum to Cabinet, the immediately following document.

184.

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

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

CONFIDENTIAL

Ottawa, [n.d.]

THE PALESTINE PROBLEM

The Palestine Problem is now before the Security Council. A United States Resolution concerning it, to which a Belgian amendment has been submitted, will be discussed today Tuesday and possibly voted on the same day. The Canadian Delegate will require instructions on the attitude he is to take.

The United States Resolution

This resolution proposes that the Council accept the Recommendations of the General Assembly, which request it,

- (a) To take the necessary measures as provided in the Assembly partition plan for its implementation;
- (b) To consider whether the situation in Palestine during the transitional period until the establishment of the two new states constitutes a threat to the Peace;
- (c) To determine as such threat to the peace, breach of the peace or act of aggression, in accordance with Art. 39 of the Charter, any attempt to alter by force the settlement envisaged by the Assembly Resolution, e.g. partition with economic union.

The United States Resolution accepts these three tasks for the Security Council subject to the authority of the Council under the Charter. This would, therefore, seem to imply that the Security Council is being asked to implement partition, by force if necessary. This, however, is not the United States intention, because Senator Austin has made it clear that the Security Council has, in his opinion, no such power. It can, indeed it must, preserve the peace and prevent aggression. If a threat to that peace arises in Palestine, the United States will join with other members in deciding how to remove it, if necessary, by force. Nevertheless, the Security Council has, according to Senator Austin, no power to enforce partition itself. It can assist in implementation measures, but in doing so will not use force unless there is a breach of the Peace.

The U.S. may have difficulty in maintaining this distinction between maintaining the peace and implementing partition because of the following points:

- (1) it would be difficult, in practice, to distinguish between the use of force for police purposes and for partition purposes.
- (2) The restoration and maintenance of peace without some policy for Palestine, once peace is restored, would be meaningless.
- (3) After the mandate ends on May 15th, the U.N. Palestine Commission takes over legal control. That Commission is charged to implement partition. Interven-

tion by the Security Council, therefore, to keep the Peace is intervention to permit the U.N. Commission to implement partition.

The First Part of the U.S. Resolution, therefore, does, it seems, put the Security Council more squarely behind partition than the U.S. itself seems willing to admit in public at this time.

The Second Part of the same Resolution, however, suggests a reconsideration of "partition" as a solution to the problem. It sets up a Committee of the Five Permanent Members to inform the Council as to the situation in Palestine; to consider whether it constitutes a threat to international peace; to consult with the Palestine Commission and others concerned regarding the implementation of the Assembly Resolution and to make recommendations generally on the position. Presumably this Commission could, if it so decided, recommend some other solution than partition; it could also recommend changes to the Assembly partition scheme in an effort to make it acceptable to Jews and Arabs. It is intended to act as a conciliation Commission, but in doing so would have to accept as its starting point the Assembly Resolution, including that part which states that any effort to change the Partition Plan by force is a breach of the peace.

The U.S. Resolution, in short, puts the authority of the Security Council behind the Assembly Resolution on Partition, accepts the duty of maintaining the peace in Palestine, and sets up a Commission of Five to see if some agreed solution cannot, even at this late date, be found.

The Belgian Amendment

An amendment to the U.S. Resolution has been moved by Belgium. This amendment is really a move to delete para. (1) of the American Resolution, while accepting the rest with a small and non-controversial addition to para. (2). The Belgian amendment, however, would remove the endorsement by the Council of the General Assembly recommendation on partition.

Canadian Position

If the Belgian amendment is put forward separately as a replacement for the whole of the United States Resolution, it will have to be voted on first and if it carries there will be no opportunity to vote on the United States Resolution as a whole. A vote in favour of the Belgian amendment put in this way could be interpreted as an abandonment of the Assembly recommendation on partition. A vote against the Belgian amendment would also be misinterpreted unless it were made clear that it was not a vote against the Commission of Five, but merely a vote in favour of the appointment of that Commission as part of the United States Resolution which does other things as well.

A way out of our difficulty would be found in having the United States Resolution voted paragraph by paragraph, in which case the Belgian amendment would come up in connection with para. 2.

If the United States Resolution is voted paragraph by paragraph, a decision will have to be reached in respect of the three parts. Part 1 has been explained above. It seems very doubtful if this part will carry as the only members of the Council who seem certain to vote in favour of it (leaving Canada aside) are the U.S.A., U.S.S.R.,

and the Ukraine. Syria will vote against, and the others may abstain, though this is not certain.

A decision is required as to the Canadian position on this point.

When Part 1 is disposed of, Part 2 of the U.S. Resolution will be reached, with the Belgian Amendment (if this has not already been dealt with separately). The Canadian Delegate will presumably be instructed to vote for this Part, as amended. It represents a serious effort at conciliation which should be attempted, even if the chances for success are not great.

Part 3 of the U.S. resolution is non-controversial. It is merely an appeal to the Governments concerned, particularly in and around Palestine, to keep the peace.

There is, of course, a real danger that the Council will not be able to secure seven votes for either Part 1 or Part 2 of the U.S. proposal or for the Belgian amendment to it. In that case, the Assembly Recommendation on Palestine becomes powerless; the United Nations Commission on Palestine will presumably "fold up" and with it any hope for avoiding by U.N. action complete chaos in Palestine when the British withdraw. The consequences of this on the situation in Palestine itself and in the Middle East, on Anglo-American relations and on the future of the United Nations will be very serious. A political vacuum will be created in Palestine. Russia is the power best equipped to exploit a situation of that kind. The temptation for her to do so may prove to be irresistible.

On the other hand, faced with a chaotic situation of this kind, the Jews and the Arabs may be forced to settle their own differences on the spot. With feelings and fears as they are, however, it is difficult to be optimistic on this score.

Before the U.S. Resolution as a whole is voted on, or at some other suitable opportunity, the Canadian delegate will, no doubt, have to make an explanatory statement to the Council.

If he is instructed to abstain on the first part of the U.S. Resolution, he could say that he does so simply in order to ensure that the Conciliation Commission should not be limited in any way in its work, by anything that the Assembly has previously done. The Canadian vote is neither for or against partition or any other solution, but in favour of setting up a Commission of Five, with a completely free hand to make a last, serious effort to produce an agreed solution for the Palestine problem. Such a statement will, however, undoubtedly be interpreted in some quarters as a departure from the position the Canadian delegation previously took on partition at the Assembly.

If the Canadian Delegate is instructed to support all parts of the U.S. Resolution, any statement he makes might include the following:

- (1) an explanation of the meaning of the U.S. Resolution as we understand it. This is necessary because of wrong interpretations already given to that Resolution.
- (2) Emphasis on the wisdom of making, without delay and with a vigour not previously shown, further efforts to reach an agreed solution. It should be pointed out that this will require concessions by all concerned, including the U.S.A., the U.K. Without such concessions no agreed solution is possible.

(3) The necessity of accepting the Assembly Resolution as the starting point for an agreed solution. Some alterations may have to be made to that Resolution, but the central requirement of Jewish state in Palestine must be maintained.

(4) The abandonment of this basic solution which has been recommended by the Assembly, for any other solution not agreeable to Jews and Arabs, would be a severe blow to the prestige of the United Nations without ensuring peace and order in Palestine. It should be pointed out that it is not partition which is causing the trouble in Palestine but the abandonment of the Mandate by the U.K., the withdrawal of U.K.'s forces and the absence of any agreement between Jews and Arabs.

(5) The alternatives to partition (if no agreed solution is possible) are either a solution to be enforced against the desperate resistance of the Jews, e.g. a unitary or Federal Arab state or the Security Council dropping the whole Palestine Problem.

The first would be difficult to justify and would provoke even greater bloodshed. The second would be extremely dangerous as it would leave the Jews and Arabs to fight it out after May 15th, with whatever support they could get from any quarter. Anarchy would prevail; a tempting invitation to fish in troubled waters by any state desiring to do so!

Any Canadian statement might go on to show that if conciliation and agreement are impossible then it is the responsibility of the Commission of Five to provide the necessary forces to enable the United Nations Commission to carry out the task given it. The states on this Commission were given special rights and privileges on the Security Council. They must accept the responsibility that goes with them, and not shelve it by attempting to transfer the duty of keeping the peace to the smaller powers. Furthermore that duty is placed on them by Article 106 of the Charter until military arrangements are worked out under Article 43.

There is one further point on which the Canadian delegate will require instructions. It may be that the U.K. will carry its policy of non-co-operation to the extent of refusing to serve on the Commission of Five. China may also refuse. In that case, the United States will press us to accept membership. They will emphasize that we can play a most important mediatory and moderating role, especially as we have the confidence of the U.K. If all the Permanent Members cannot serve and we do not wish to replace one of them, I suggest that we should support a Conciliation Commission of Three, the U.S.A., U.S.S.R. and France, rather than one of Five.

In all of the above, the position of the U.S.S.R., has not been mentioned, because it has been impossible to secure any information as to what that position is likely to be. Mr. Gromyko may clear up this point on Tuesday, but in such a way as to make a new assessment of the whole situation necessary. He may well produce a simple, straightforward resolution for the formation of an international force immediately, to go to Palestine and keep the peace while the U.N. Commission establishes the Jewish and Arab States. Such a Resolution would put members of the Council, including ourselves, in a dilemma.

I have also not mentioned another unhappy development, a growing coolness between the U.S.A. and U.K. delegations on this issue. The Americans feel that the U.K. have been negative and unfriendly; have favoured the Arabs against the Jews and have obstructed the U.N. proposals by withdrawing from Palestine in a way

designed to make the implementation of those proposals as difficult as possible. The U.K. on their part feel that the present difficulties in Palestine are to a large extent the result of American Jewish intervention, encouraged, or at least not discouraged, by Washington for domestic political purposes; that the American delegation was irresponsible and rash in the way it supported partition at the last Assembly, and are now blaming the British quite unfairly because their own chickens are now coming back to Lake Success to roost.

The fact that there is much force to both sides of this argument, doesn't make the situation that is developing any more pleasant.

Canada may be in a position to play a helpful part behind the scenes in bridging the gap between the U.S. and U.K. positions on this matter. It is assumed that the government would wish its representative to do his best in this connection.

Belgian Amendment to United States Resolution

"The Security Council,

Having received the resolution of the General Assembly of 29th November, 1947, on Palestine, and having received from the United Nations Palestine Commission its first monthly report, and its special report on the problem of security in Palestine;

Resolves:

To establish a Committee of the Security Council comprising the five permanent members of the Council whose functions will be:

(a) To inform the Security Council regarding the situation with respect to Palestine and to make recommendations to it regarding the guidance and instructions which the Council might usefully give to the Palestine Commission, at a later stage;

(b) To consider whether the situation with respect to Palestine constitutes a threat to international peace and security, and to report its conclusions as a matter of urgency to the Council, together with any recommendations for action by the Security Council which it considers appropriate;

(c) To consult with the Palestine Commission, the Mandatory Power, and representatives of the principal communities of Palestine concerning the implementation of the General Assembly recommendation of 29th November 1947; to report thereon to the Security Council together with any recommendations as to the action to be taken by the Council in the matter.

Appeals to all Governments and peoples, particularly in and around Palestine, to take all possible action to prevent or reduce such disorders as are now occurring in Palestine."

United States Resolution on the Palestinian Question

"The Security Council,

Having received the resolution of the General Assembly of November 29th, 1947, on Palestine, and having received from the United Nations Palestine Commission its first monthly report, and its first special report on the problem of security in Palestine:

Resolves:

1. To accept, subject to the authority of the Security Council under the Charter, the requests addressed by the General Assembly to it in paragraphs (a), (b) and (c) of the General Assembly resolution of November 29th, 1947;

2. To establish a Committee of the Security Council comprising the five permanent members of the Council whose functions will be:

(a) To inform the Security Council regarding the situation with respect to Palestine and to make recommendations to it regarding the guidance and instructions which the Council might usefully give to the Palestine Commission;

(b) To consider whether the situation with respect to Palestine constitutes a threat to international peace and security and to report its conclusions as a matter of urgency to the Council, together with any recommendations for action by the Security Council which it considers appropriate.

(c) To consult with the Palestine Commission, the Mandatory Power, and representatives of the principal communities of Palestine concerning the implementation of the General Assembly recommendation of November 29th, 1947.

Appeals to all Governments and peoples, particularly in and around Palestine, to take all possible action to prevent or reduce such disorders as are now occurring in Palestine."

185.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], March 2, 1948

UN SECURITY COUNCIL; PALESTINE

6. *The Secretary of State for External Affairs* reported that the Palestine problem was now before the Security Council. The Canadian Delegate would require immediate instructions as to the attitude which he should adopt, particularly with respect to a United States resolution and a Belgian amendment thereto which were now under consideration.

The Under-Secretary had been asked to attend to describe to the Cabinet the background to these proposals and copies of an explanatory memorandum were circulated to all Ministers.

(External Affairs memorandum, undated — Cabinet Document 626).

7. *The Under-Secretary of State for External Affairs*, at the Prime Minister's request, explained the present position.

The first part of the U.S. resolution proposed that the Council, subject to its authority under the Charter, accept the recommendations of the General Assembly requesting the Council to take the necessary measures for implementation of partition, to consider whether the transitional situation in Palestine constituted a threat to the peace, and to determine as such any attempt to alter the proposed settlement by force.

The United States were trying to maintain the distinction between the use of force to implement partition and for the purpose of preserving the peace and preventing aggression; only in the latter circumstances had the Security Council power to act. However, in practice, this distinction would be difficult to maintain and the effect of this part of the resolution seemed to put the United States squarely behind partition.

The second part of the United States resolution proposed the establishment of a committee of the five permanent members of the Council to consider whether the situation in Palestine constituted a threat to the peace, to consult with the Palestine Commission and others and to make recommendations. In effect, this proposed a conciliation commission which would make a further attempt to find an agreed solution.

The Belgian amendment would accept the second part of the U.S. resolution but would omit the first which involved endorsement by the Council of the General Assembly recommendations on partition.

8. *Mr. Pearson* said that it seemed probable that the required number of affirmative votes could not be obtained for the first part of the U.S. resolution. Nor was it unlikely that the Belgian amendment might fail to carry. If the Belgian amendment were taken up first and approved, it could be interpreted as an abandonment of the Assembly recommendation. On the other hand, the U.S. resolution might be taken up paragraph by paragraph and the Belgian amendment considered in relation to the second part only.

Even if the Council approved the establishment of a committee of the five permanent members, both the United Kingdom and China might well refuse to serve.

9. *Mr. St. Laurent* noted that the Canadian Delegate would require instructions with respect to both parts of the U.S. resolution and the Belgian amendment. At some early opportunity he would also have to make a statement explanatory of the Canadian attitude.

There was danger that the Council would not adopt either the U.S. proposal or the Belgian amendment or, indeed, agree upon any course with the required degree of unanimity. In this event the U.N. Palestine Commission would presumably "fold up" and the result would be a political vacuum in Palestine with all that that would entail.

If the Canadian Delegate were to abstain on the first part of the U.S. resolution, this would be interpreted in some quarters as a departure from the position which the Canadian Delegation had taken in the Assembly, even though it were explained that the Canadian vote was neither for nor against partition or any other solution.

On the other hand, if the Canadian Delegate were to support all parts of the U.S. resolution, there was undoubtedly the implication that force would be used, if necessary, to give effect to partition. Even though, under the Charter, the Great Powers (in the absence of military agreements under Article 43) had special responsibility to provide the forces required to preserve the peace, the assistance of other nations, including Canada, might be invoked.

10. *The Minister of Justice* pointed out that the Canadian delegation to the Assembly had supported strongly the resolution recommending partition, particularly in relation to the responsibilities which it sought to place upon the Security Council.

11. *The Prime Minister* observed that the Assembly resolution had been adopted in the hope that partition could be brought about by peaceful means. This hope had not been realized. The changed circumstances required careful reconsideration of the Canadian position, particularly in relation to responsibility for the provision of forces.

The Canadian effort should be primarily to reconcile the views of the United Kingdom and the United States.

12. *The Cabinet*, after considerable further discussion, agreed that, prior to any final decision by the Council upon the Assembly's recommendation respecting partition, every effort should be made to reach an agreed solution of the problem of Palestine by means of conciliation and that, with this in view, the Canadian Delegate be instructed:

(a) to support the second part of the U.S. resolution (or the Belgian amendment) for the establishment of a commission of the five Great Powers;

(b) to endeavour to have the Belgian amendment voted upon before the U.S. resolution;

(c) to state that this course did not involve repudiation or abandonment of the Assembly's recommendation on partition, but rather a final attempt at conciliation; and

(d) to abstain from voting on the first part of the U.S. resolution if, in the event, it were voted upon before the establishment of a commission of conciliation on the ground that no decision should be taken on the Assembly's recommendation until the commission had been set up and its report submitted and considered.

186.

W.L.M.K./J4/Vol. 310

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

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

[Ottawa], March 6, 1948

Confirming my telephone conversation of last evening, the Security Council voted yesterday on the various resolutions before it concerning the Palestine question. The Belgian resolution was voted first, paragraph by paragraph. Each paragraph received only five votes and therefore failed to carry. Countries which voted for the Belgian resolution were, in each case, Canada, France, Belgium, Syria and China.

The United States resolution was then voted on. The first operative paragraph of the United States resolution, in which the Security Council was asked to accept responsibility for the partition of Palestine as indicated under the General Assembly resolution, was defeated. It received only five votes, as follows: U.S.A., U.S.S.R., Ukraine, Belgium, France.

The second operative paragraph of the U.S. resolution had, earlier in the day, been amended as a result of discussions between the U.S.A. and the U.S.S.R. As a result of these discussions, the United States abandoned the position that a formal Committee of Five should be set up, and accepted the Soviet idea that the Permanent Members of the Council should merely be asked to consult, without instructing them or limiting them in any way as to whom and how they should consult. A new phrase, however, was added to this part of the United States resolution, saying that consultations should be "with a view to implementing the resolution of the General Assembly."

The Belgian delegate objected to these additional words, but the U.S.A. and the U.S.S.R. supported them strongly. Without them, the U.S.S.R. would have voted against the paragraph, and this would have meant that no resolution of any kind concerning Palestine would have been passed by the Security Council.

In the event, this paragraph of the United States resolution was adopted in the following form:

"To call on the permanent members of the Council to consult and to inform the Security Council regarding the situation with respect to Palestine and to make as a result of such consultation recommendations to it regarding guidance and instructions which the Council might usefully give to the Palestine Commission with a view of implementing the resolution of the General Assembly."

Delegations voting in favour were: the U.S.S.R., the U.S.A., Ukraine, France, Belgium, China and Canada. The U.K., Argentine, China and Syria abstained.

General McNaughton was in a difficult position in regard to the vote on this paragraph. If he had abstained on the grounds that the words "with a view of implementing the resolution of the General Assembly" were added, the paragraph would not have carried, and there would have been no decision reached at all. He therefore voted for the paragraph. It should be noted, however, that consultation in regard to implementation is to be held among the Permanent Members only, and that the United States has interpreted implementation as including conciliation procedures.

I understand that, even though no formal Committee has been set up, the United Kingdom Delegation have announced that they are not willing to join the other four Permanent Members of the Security Council in consultation on this matter. I think that this is an unfortunate decision.

Additional sections of this paragraph calling on the Permanent Members to consider whether the situation in Palestine constitutes a threat to the peace and to consult with the Palestine Commission, the mandatory power and the representatives of the principal communities of Palestine, were defeated. We voted for them.

A new paragraph was adopted calling on the Permanent Members to report on the results of their consultations within ten days.

A final paragraph appealing to all governments and peoples to prevent or reduce disorders in Palestine was carried by eight votes, the United Kingdom, Syria and the Argentine abstaining.

The United Kingdom and the Argentine abstained on all sections of this resolution.

The United States resolution, as amended and minus the rejected paragraphs, was then voted on as a whole. It was approved by eight votes in favour, none against and three abstentions (Argentina, Syria and the United Kingdom).

The amended text, as finally approved, is as follows:

"The Security Council,

"Having received the resolution of the General Assembly of 29 November 1947, on Palestine, and having received from the United Nations Palestine Commission its first monthly report and its first special report on the problem of security in Palestine;

"Resolves:

"To call on the Permanent Members of the Council to consult and:

"To inform the Security Council regarding the situation with respect to Palestine and to make as the result of such consultations recommendations to it regarding the guidance and instructions which the Council might usefully give to the Palestine Commission with a view of implementing the resolution of the General Assembly. The Security Council requests the Permanent Members to report to it on the results of their consultations within 10 days.

"Appeals to all governments and peoples, particularly in and around Palestine, to take all possible action to prevent or reduce such disorders as are now occurring in Palestine."

L.B. PEARSON

187.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], March 18, 1948

UN SECURITY COUNCIL; PALESTINE

15. *The Secretary of State for External Affairs* reported upon the present position.

Consultation between the Permanent Members of the Council had apparently made no progress toward conciliation; their report would be made to the Council the following day. At that time the Council would be asked to consider whether the situation constituted a threat to the peace.

The Canadian representative would be unable to attend because of illness and the Under-Secretary of State for External Affairs would go to New York to take his place.

There was no doubt that a very serious local situation had developed in Palestine. The attitude of the Arabs had hardened; they were receiving outside assistance. The Soviet Union would support enforcement of partition and might indeed try to undertake the task alone.

16. Mr. St. Laurent added that there was a possibility that conciliation by the Security Council itself would be suggested.

17. The Cabinet, after discussion, noted the Minister's report.

188.

DEA/47-B (S)

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

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

[Ottawa], March 22, 1948

SECRET

PALESTINE⁵⁰

On Friday last the United States announced through its representative in the Security Council that it no longer regarded the Plan of Partition with Economic Union as a practicable procedure for replacing the authority of the mandatory power in Palestine following the termination of the mandate on May 15th.

2. The United States proposed instead that action should be taken to establish a temporary trusteeship for Palestine, and that a special session of the Assembly should be called for this purpose. The United States had hoped that a recommendation of the General Assembly, supported by a two-thirds majority, would be accepted, if reluctantly, by the Arabs. It has been rejected, however, by the Arab States and by the inhabitants of the proposed Arab State in Palestine. The explanation of the United States decision to abandon Partition was stated in a legal argument to the effect that since it was now clear that the whole of the Plan of Partition could not be put into effect on May 15th, no juridical authority existed for putting part of it into effect, and a legal vacuum would therefore exist on the termination of the mandate. The actual reasons, however, for the change in United States policy are probably that the United States believes that:

(1) The proposed Jewish State cannot be established without the assistance of considerable force from outside Palestine. The Arabs will not establish a state in the area allotted to them by the Assembly resolution. The plan for Economic Union cannot be made effective without Arab co-operation.

⁵⁰ C'est le document du Cabinet N° 637 qui fut discuté au Cabinet le 23 mars.
This is Cabinet Document No. 637, which was discussed at Cabinet on March 23.

(2) The United States Government does not consider that it can provide its share of the forces necessary to overcome Arab resistance.

(3) No other permanent member of the Security Council, with the exception of the U.S.S.R., is prepared to take action through the Security Council to enforce Partition.

(4) The present crisis in relations with the Soviet Union has made the United States administration seek an alternative solution to the Palestine question which will not involve the risk that the U.S.S.R. can gain control of that area.

3. It is by no means certain that the proposals for the establishment of a trusteeship will prevent disorder on a serious scale from breaking out in Palestine on May 15th, or lead to an eventual settlement. Trusteeship was considered by the United Nations Special Commission on Palestine, and was rejected because it would be resisted by both parties in Palestine rather than only one of them, and because it delayed still further the acceptance by the people of Palestine themselves of responsibility for the government of that country. It may still be resisted by both parties. Arab leaders have claimed that the mandate cannot be terminated in any way other than the establishment of an independent state. The Jews, who may now fall under the leadership of the extremist elements in Palestine, have said that they will proclaim a Jewish State and fight for its establishment. The United Kingdom may not be willing to alter its plan to surrender the mandate on May 15th and evacuate its troops before August 1st. It may be necessary, therefore, before May 15th, to mobilize forces, either through the United Nations or otherwise, to suppress both Jewish and Arab resistance to a trusteeship. In the meantime, the problem of an eventual settlement of the Palestine question remains to be settled after the trusteeship has been established.

4. The plan which the United States is now initiating is, moreover, difficult and complicated, and will require careful handling if it is to succeed. Several days' debate will be necessary in the Security Council, and a Special Assembly will then be necessary to adopt this new plan. The proposal to call a Special Assembly for this purpose may be vetoed in the Security Council, in which case the United States will have to ask for the Assembly to be called by a poll of the members. A two-thirds majority will be necessary in the Assembly to carry the plan, and a combination of Arab States and their sympathizers and the Soviet bloc could defeat it. Not until it is carried will it be possible to put in hand the administrative arrangements for the government of Palestine after May 15th.

5. The United States officials have said privately that they have foreseen all these difficulties. They plan to bring pressure on both Arabs and Jews to accept a temporary trusteeship as an alternative to the violence which will break out on May 15th if this plan fails. For this reason, they hope that the amount of force required to keep the peace in Palestine will be much smaller than if Partition were to be enforced. They will try to persuade the United Kingdom to slow down the evacuation of its troops, though not altering the dates on which it surrenders the mandate and completes evacuation. The United States proposes also to take the initiative in preparing a trusteeship agreement by which an international administration will be provided for Palestine, supported by three trustee powers, the United States, the

United Kingdom and France. The assignment of the trusteeship to these three states will be justified on the basis that they alone survive of the Principal Allied and Associated Powers of 1919. The United States itself will provide forces for the maintenance of the trusteeship agreement. United States officials are hopeful, also, that once it has been demonstrated to both Jews and Arabs that they will gain their independence only when they have agreed on a settlement in Palestine, moderate elements on both sides will work out a solution.

6. Since the United States Government seems confident that it can carry to a successful conclusion the course of action it is now initiating, it is recommended that the Canadian Delegate to the Security Council be instructed to support the United States resolution, a copy of which is attached. In doing so, he will not be acting in a manner inconsistent with Canadian policy. The Plan of Partition with Economic Union was not put forward by the Canadian Government and the Canadian Delegation to the General Assembly supported it only because it was the least unattractive of a number of disagreeable alternatives, and the only one with any chance of acceptance. Throughout the discussions at the Assembly, the Canadian Delegation maintained that the plan should not be adopted unless the permanent members of the Security Council were prepared to take the initiative in putting it into effect. By February, when the Palestine question appeared on the agenda of the Security Council, it was already clear that the permanent members of the Security Council could not agree on a course of action for that purpose, and the basic condition which the Canadian Delegation had made in supporting this plan had therefore not been fulfilled. In the circumstances, an attempt must be made to deal with the problem of alternative methods, and the Delegate to the Security Council should therefore give his support to the new course of action which the United States is now proposing. In doing so, however, he should avoid taking any initiative which might lead either the United States Delegate or any other member of the Security Council to believe that Canada would be prepared to take part in putting the trusteeship in Palestine into effect or in administering it after it has been established.

DEA/47-B (S)

189.

*Le secrétaire d'État aux Affaires extérieures
au délégué permanent aux Nations Unies*
*Secretary of State for External Affairs
to Permanent Delegate to United Nations*

Ottawa, March 23, 1948

TELEGRAM 300

SECRET. IMMEDIATE

Palestine. United States proposals in regard to Palestine were discussed by Cabinet this morning. In the absence of additional information, particularly in regard to attitude of United Kingdom, Canadian Government is unwilling to state its position in regard to United States proposals. Information is being urgently sought from United Kingdom Government.

2. Until you have received further instructions, therefore, it would be preferable for you to avoid taking part in the discussions of the Palestine question in the Security Council. If it becomes necessary for you to speak, you could make a statement along the lines of the draft contained in my immediately following teletype.† In any statement you make you should indicate clearly that the Canadian Government is at the moment not prepared to do more than admit that Partition with economic union is in present circumstances unworkable and that alternative plans should be considered.

3. We assume that no vote on any substantive question can be taken at the meeting on March 24 since no resolutions have been circulated in advance. If, nevertheless, a vote is taken before you have received further instructions, you should abstain on any proposal to which the United Kingdom has not agreed. The only exception to this rule of abstention is a proposal to call a Special Session of the Assembly. You may vote for this provided that:

(a) your affirmative vote is necessary in order to carry the resolution; and provided further that the United Kingdom has not opposed the calling of the Special Session; and

(b) the United Kingdom has not said that in its opinion the calling of the Special Session would be unwise.

4. You may, if you think it necessary, communicate to the United States delegation confidentially in advance that it will be necessary for you to abstain on any vote which is taken in present circumstances, and that further information is being sought. You should not, however, indicate that a particular effort is being made to secure information from United Kingdom government.

5. Instructions contained in this telegram will not apply if you ascertain that the United Kingdom delegation and United States delegation are in agreement in regard to a policy for Palestine. If the United Kingdom and United States delegations agree in supporting a resolution or any part thereof in regard to Palestine, you may support this resolution or such part. Ends.

190.

DEA/47-B (S)

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

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

TELEGRAM 418

Ottawa, March 23, 1948

TOP SECRET. IMPORTANT.

Palestine situation. The Palestine situation was discussed in Cabinet this morning and as a result I wish you to discuss the matter at the highest possible level in the Foreign Office and to let us have a report of your conversations as soon as possible. You may speak along the following lines:

2. We feel that in the present grave international emergency it is just not (repeat *not*) possible that the U.K. and the U.S. are going to continue to be divided on this important question especially with the present discussions going on in Washington. The U.K. must be very much concerned in keeping the Russians from securing influence or power in eastern Mediterranean. We therefore find it difficult to believe that the policy of the U.K. Government is in reality as negative as the public declarations and private conversations of its representatives would lead us to believe.

3. Canada has supported Partition with economic union, but events have changed so that this cannot now be carried into effect. It is of paramount importance that the U.K. and the U.S. should reach accord on new proposals. We hope indeed that the U.K., U.S. and France can reach agreement on a common policy.

4. It may be that the new U.S. proposals are the best in the circumstances but that for understandable reasons the U.K. would find it difficult to say so publicly. We feel, however, that since the U.K. has had a quarter century's experience in dealing with Palestine and is a country primarily concerned in what may happen in the eastern Mediterranean, we should be taken into their confidence and informed of what they feel is the best policy for countries like Canada to support in the Security Council at the present time.

5. If, for any reason, the United Kingdom Government is unwilling to answer this enquiry, or if, indeed, their policy is purely negative, we will find great difficulty in determining what useful contribution the Canadian delegation could make in the discussions on the Palestine question in the Security Council.

6. My immediately following telegram gives for your own information our instructions to our delegate in New York.³¹

191.

W.L.M.K./J4/Vol. 441

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

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

TELEGRAM 405

London, March 24, 1948

TOP SECRET. MOST IMMEDIATE.

Following from Robertson, Begins: Reference your telegram No. 418, March 23rd, Palestine situation.

I have just had a long, worrying conversation with Bevin, to whom I showed the instructions to our delegate on the Security Council and gave a memorandum based on your telegram under reference.

2. He showed me the instructions which had been sent to Cadogan after a further Cabinet meeting this morning. They were to abstain from voting on the American

³¹ Voir le document précédent/See preceding document.

proposals whether put as a whole or severally. Bevin, (and I think that there is no doubt that now he speaks on this question for the whole Government and the great majority of the House of Commons), is absolutely resolved that there can be no tampering with the timetable for evacuation. In the second place, he is convinced that United Kingdom should not use its forces to enforce a solution upon which the two parties in Palestine were not agreed. Moreover, he and his colleagues are really obsessed with the special risks and responsibilities that concurrence in any new compromise scheme may thrust upon them simply by virtue of the fact that they are the Power with troops in Palestine, and from now to May 15th are legally responsible for its Government. From these premises it is inferred in Cadogan's instructions that United Kingdom cannot vote for a truce under the American Resolution, because in fact it would be the country required to impose that truce. Similarly, they will not now vote for trusteeship, because they feel that they would, in fact, be the people called upon to enforce trusteeship against the opposition of the Jews, and this they are unwilling to do as they were to attempt to enforce partition against the opposition of the Arabs. Although United Kingdom will not vote in the Security Council, they are prepared to accept with a fairly good grace the approval of the American proposals. Their expectation was that these proposals would get 7 affirmative votes and that United Kingdom's abstention would, therefore, not have the effect of vetoing their adoption. This calculation was, I believe, made on the assumption that Canada would be supporting the American resolution. I believe I would be right in saying that United Kingdom would be relieved if this assumption turned out to be correct. Certainly if our Government decided that the least unsatisfactory course open to it was to support the American proposals while United Kingdom abstained from voting on them, such a decision would not be misunderstood here.

3. I found the Foreign Secretary very worried but frank and friendly. He feels he is in a quagmire; is fully conscious of the strategic risks of the Middle Eastern situation and of the dangers that lie in any worsening of the Palestine situation. He knows the Arab friendships which he has striven to keep may prove unreliable; and he clearly sees Russia as the third party profiting by every difference between United Kingdom and United States, and exploiting the alienation of Jewish sympathies in both countries.

4. He was sorry he could not give me a more positive and forthcoming answer to the fair and friendly question our Government put to him. All he could do was to go back laboriously over the efforts he had made for a solution, the explanations he repeatedly has given to Parliament about his policy, and his belief that the course his Government was taking was the right course for the United Kingdom to take in all the circumstances. He ended by repeating that he would fully understand our position if we decided that in our judgment the least unsatisfactory course open to us was to support the American proposals.⁵² Ends.

⁵² Note marginale :/Marginal note:
Why support any? [W.L.M.] K[ing]

192.

DEA/47-B (S)

*Le délégué permanent aux Nations Unies
au secrétaire d'Etat aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 354

New York, March 24, 1948

SECRET

The Security Council meeting continued consideration of the Palestine question on Wednesday, 24th March.

2. I had received the instructions contained in your message No. 300 of 23rd March together with the draft statement in No. 301† and copy of your message to Robertson in No. 299.³³

3. Before the meeting I consulted Cadogan and was informed that the position of the United Kingdom Government had not been changed as a result of the United States latest proposal. They intended to go ahead with their plans for laying down the mandate and the evacuation of troops and, at the present time, would have to abstain if the United States proposal were put to a vote.

4. From consultation with the United States delegation before the meeting, I learnt that they did not intend to lay down any formal Resolution at this meeting but intended to wait until members of the Council had expressed themselves on the proposals which they had made.

5. When the Council met the President called for speakers but there was no response. The Syrian representative finally spoke briefly on the subject of Easter and the christian interest in Palestine. As I had been informed that the United States delegation did not intend to take any further steps until opinions had been expressed in the Council, and in view of the obvious possibility of the Council adjourning over the Easter holiday without any clarification of the situation, it seemed to me to be imperative that steps should be taken to clarify and focus the situation; and, in particular, to express the need for those Great Powers, who had the initiative in respect of Palestine, to offer leadership in the situation.

6. I then spoke using the text given in your teletype No. 301 of 23rd March,³⁴ together with the following addition made in the light of the situation as I found it to exist. This statement, as you will observe, underlines the reservation of our position at this stage:

"Alternative plans should be considered, but there is an obvious danger, in the opinion of the Canadian delegation, that if the United Nations, and the Council in particular, is to turn from one course of action to another without some assurance

³³ Voir le document 190/See Document 190.

³⁴ Cette déclaration avait analysé la situation existante, et réservé la position du Canada jusqu'à ce que l'on ait plus d'informations sur la proposition américaine.

That statement had analyzed the existing situation and reserved Canada's position until there was more information about the US proposal.

that the greatest possible amount of agreement and co-operation will be forthcoming from the countries most directly concerned, we shall again encounter serious difficulties of implementation. Therefore, in the circumstances, the Canadian delegation is not, at the present stage, prepared to declare itself in favour of one course of action rather than another until we have seen some evidence that there is a meeting of minds on the part of the countries most directly concerned on what the best course of action should be."

7. The French delegate followed with a statement very much along the lines on which I had spoken, in which he identified himself with the point of view I had taken and he emphasized particularly the necessity for conciliation and an agreed solution. The French delegate suggested the possibility of a private meeting of the Council at which the United States might elaborate their proposals, after which the Council would be in a better position to take a decision on the holding of a special session and on the proposal for an interim trusteeship.

8. The Belgian delegate, while he did not speak in the Council, told me that the views I had expressed entirely accorded with those of his Government. He said that he had privately informed the United States delegation that, if the United States proposals were put to a vote, he would support the summoning of a special session of the Assembly but would have to abstain on the proposal regarding an interim trusteeship.

9. The Colombian delegate, who privately stressed his concurrence with the position I had stated, made some brief remarks emphasizing the primary responsibility of the permanent members and suggested that they should hold further consultations. The President replied that the consultations which had taken place had already been reported to the Council and that no further useful purpose would be served by the renewal of such consultations. He suggested that it would be better to wait until the United States had formulated specific proposals. The Colombian representative then remarked that it had been useful to have the situation clarified for the Council, and that members would now know that they could not proceed on the assumption that consultation between the permanent members of the Council on the Palestine question would serve any useful purpose.

10. Before the Council adjourned, the representative of the Jewish Agency read the statement adopted by the Jewish Agency for Palestine and the National Council for Jews in Palestine dated 23rd March, text of which has been published in the press.

11. The Council adjourned the discussion of the Palestine question until Tuesday next, 30th March. Discussion among members left me with the impression that it is generally agreed that the next move in the Council lies with the United States.

193.

DEA/47-B (S)

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

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

[Ottawa], March 30, 1948

I had a word with the Prime Minister about Palestine before his departure on Monday. He reiterated his view that the delegation in New York should continue to reserve its position in regard to Palestine until we knew more about the intentions of the United States and the attitude of the United Kingdom towards these plans. He agreed, however, that General McNaughton should be instructed to vote for a proposal to summon a special Assembly, provided that the proposal did not include any commitment in regard to the decision that would be taken when the special Assembly met.

We learned late on Monday from the delegation in New York that the United States delegation will today submit resolutions calling for a truce in Palestine and proposing also that a special session be held. I have informed General McNaughton that it would be in accordance with his instructions to vote for both of these resolutions. I attach copies of the relevant telegrams (No. 360 of March 29th from New York and No. 312 of March 29th to New York).†

L.B. P[EARSON]

194.

DEA/47-B (S)

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

New York, April 2, 1948

TELEGRAM 371

SECRET. IMPORTANT.

The Security Council meeting, Thursday 1st April, on Palestine, adopted the two draft Resolutions submitted by the United States, Documents S/704 and S/705, 30th March, texts of which were transmitted in my teletype No. 360 of 29th March.†

2. The proposal calling for a truce was put to the vote first and was adopted unanimously after the words "with grave concern" following the word "notes" in the second paragraph was deleted at the suggestion of the Ukrainian representative.

3. The representative of the United Kingdom supported this proposal with the following remarks: "I would recall that my Government have always favoured the adoption of all possible measures to bring disorder to an end and to establish better

relations between the two Communities in Palestine. Consistent with that policy, they support the idea of a truce, and I have been authorized to vote in favour of this draft Resolution. At the same time, I must make it quite clear that my Government adhere firmly to their announced dates for the termination of the mandate and for the final evacuation of British troops from Palestine. There can be no question of their retaining responsibility for civilian administration after 15th May 1948, even though it be for the purpose of ensuring the observance of a truce."

4. The draft Resolution requesting the Secretary General to convoke a special session of the General Assembly was adopted by 9 votes in favour, U.S.S.R. and Ukraine abstained. The United Kingdom voted for this Resolution with the following explanation: "My Government cannot depart from their neutral position, and they therefore still pass no judgment on the solution which the General Assembly originally worked out in November last. In view, however, of the intense disturbances which have taken place in Palestine and the failure, as we see it, of the General Assembly, when it came to its original decision, to realize that this situation may arise, and in view of the apparent desire on the part of the Security Council that the General Assembly should be given an opportunity to review its decision in the light of events, I have been authorized to cast my vote in favour of giving the General Assembly this opportunity, and I shall vote, also, in favour of that Resolution."

5. In accordance with my instructions I voted for both Resolutions.

6. Following the vote, the Secretary General said that the special session "to consider further the question of the future Government of Palestine" would be convoked 16th April.

7. After adoption of the Resolutions there was some discussion as to what further action the Council should take on the Palestine question pending the special session. In the course of this discussion I suggested that as regards the truce Resolution the President should meet with representatives of the Jewish Agency and the Arab Higher Committee and bring forward some specific proposals regarding the truce for the consideration of the Security Council. As regards the special session, I recalled that the Resolution had been sponsored by the representative of the United States and also referred to certain proposals regarding an interim trusteeship and suggested that the President should consult with the representative of the United States in order that the United States representative might be given sufficient time to develop specific proposals which could then be put before the Council.

8. Warren Austin endorsed these proposals and the President adjourned discussion on Palestine in the Council until further notice. In the meanwhile, all members of the Security Council were invited by Warren Austin to meet in the office of the United States delegation for an informal conversation for the purpose of "an informal conversation relating to proposals for a temporary trusteeship" at 2:30 p.m. Monday 5th April.

9. As regards the further work of the Palestine Commission, Gromyko expressed the view that the Palestine Commission should continue with the implementation of the Assembly Resolution until a new decision had been taken by the Assembly. Although the Council took no decision the President, expressing the consensus of

opinion; said that the Palestine Commission "cannot fail to take due notice of the manner in which events are moving under the direction of the Security Council."

10. I should like to have your views and comments regarding the informal conversations which are to be initiated by the United States delegation regarding a temporary trusteeship next Monday. In this connection I should mention that Warren Austin, in the course of his remarks said: "We should like *all* representatives on the Security Council to participate with us in the drafting of the terms of the trusteeship . . . " Ends.

195.

DEA/47-B (S)

*Le secrétaire d'État aux Affaires extérieures
au délégué permanent aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegate to United Nations*

TELEGRAM 323

Ottawa, April 3, 1948

SECRET. IMPORTANT.

Your telegram No. 371 of April 2nd, Palestine. In present circumstances, you should avail yourself of any opportunity which the United States delegation offers by which information may be secured concerning the proposals which they are preparing for a trusteeship in Palestine. You should not, however, without further instructions, associate yourself in any way with the preparation of these plans. Your attitude should be, therefore, that you will be glad to secure all information possible for the use of Canadian delegation to the special Assembly, but that you are not in a position to express views on proposals which are being made without instructions from your Government.⁵⁵

2. If United States delegation suggests that plan of trusteeship should be offered to Assembly as joint proposal on the part of a number of delegations which have collaborated in drafting it, you should ask for instructions before giving any indication of attitude of Canadian Government toward a suggestion of this nature.

⁵⁵ Un autre télégramme (N° 350†) du 12 avril suggérait que McNaughton :

A further telegram (No. 350†) on April 12 suggested that McNaughton "interpret your instructions concerning the discussion of the Palestine question in such a way that it will be possible for you to participate in a manner which you consider useful and constructive in conversations concerning both the truce agreement and the proposal for a trusteeship."

196.

CH/Vol. 2093

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

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

Ottawa, April 7, 1948

Dear Norman [Robertson]:

I am enclosing copies of four telegrams concerning Palestine as follows: No. 381† of April 5th from New York, No. 382† of April 5th from New York, No. 916† of April 6th to Washington and No. 918† of April 7th to Washington.

You will see from these telegrams that the United States seems still to be approaching the question of Palestine in an unrealistic manner, and we are very sceptical whether new proposals that have any substance to them can be produced by a process of negotiation in a special Assembly. More than ever, the situation seems to call for an agreement in advance between the United States and the United Kingdom to a course of action in Palestine which both can accept and which will strictly limit and define responsibility of the United Kingdom Government. There seems to be very little that we can do in the present circumstances in this connection. You will see from the enclosed telegrams what our views are in the Department at the moment.

In case you have not already seen it, I am enclosing also a copy of the statement which General McNaughton made in the Security Council when the United States delegation first indicated that it intended to change its policy.

Yours sincerely,

MIKE [PEARSON]

197.

DEA/47-B (S)

*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*

SECRET

Ottawa, April 8, 1948

Dear Mike [Pearson]:

The gist of the telegram I discussed with you this morning is as follows:

On February 25th the American representative in the Security Council introduced a resolution providing for acceptance by the Security Council of the General Assembly recommendation of November 29 providing for Palestine partition. The Security Council, however, refused to accept these recommendations and decided

to call upon the permanent members of the Security Council to consult as to means by which the General Assembly recommendations might be implemented.

On March 19th the American representative stated that consultations among the members of the Security Council had revealed that the partition plan could not be implemented by peaceful means, and that it was clear that the Security Council was not prepared to go ahead with efforts to implement plans in the existing situation. An immediate truce, special session of the General Assembly, and a temporary trusteeship for Palestine were suggested by the American representative at that time.

On April 1st the Security Council, by a unanimous vote, adopted the American resolution calling upon Arab and Jewish armed groups in Palestine to cease acts of violence immediately, and calling upon the Jewish Agency and Arab Higher Committee to make representatives available to the Security Council for the purpose of arranging a truce between the Arab and Jewish communities of Palestine; and emphasizing the heavy responsibility which would fall upon any party failing to observe such a truce. The Security Council also adopted by nine affirmative votes and two abstentions the American resolution requesting the United Nations to convoke a special session of the General Assembly to consider further the question of future government of Palestine.

Regarding the truce, Ambassador Austin remarked in the Security Council on March 30th that the statement made by the President on March 25 indicated urgent necessity for exerting every effort in the Security Council to arrange a truce between the Jews and Arabs of Palestine. Such a truce should be based on two fundamental considerations: First, it is urgently essential that violence and bloodshed in Palestine cease for humanitarian considerations. We must prevent anarchy and preserve international peace. Second, both Jews and Arabs of Palestine must be prepared to accept truce arrangements which would not prejudice the claims of either group. The truce should include cessation of political as well as military activities.

Regarding temporary trusteeship, the United States Government adheres to the views stated in the Security Council on March 19, reaffirmed by the Secretary on March 20 and again by the President on March 25, that temporary trusteeship should be established to maintain peace. The trusteeship would be without prejudice to the character of the final political settlement in Palestine. Trusteeship is essential to establish order inaugurated by truce and provide interim governmental machinery after May 15, without which peaceful solution of the Palestine problem cannot be found or put into effect.

On April 5, members of the Security Council with the exception of USSR, Ukraine, informally met in Ambassador Austin's office in New York to exchange views regarding trusteeship. At this time Ambassador Austin, on behalf of the United States Government, presented a working paper entitled "General Principles Which Might be Included in a Temporary United Nations Trusteeship Agreement for Palestine." It was made clear that these general principles do not commit the United States Government at this stage, and that suggestions of other members on similar tentative basis would be welcomed. General principles are as follows:

1. A temporary trusteeship agreement for Palestine would be without prejudice to the rights, claims or position of the parties concerned or to the character of the eventual political settlement.

2. The agreement should be designed to be of indefinite duration, but subject to prompt termination whenever the Arab and Jewish communities of Palestine agree upon the future government of that country.

3. The Agreement might designate the United Nations itself as administering authority. This responsibility could best be discharged by the trusteeship council. It would be undesirable for the trusteeship council to undertake day-to-day governmental functions. Administrative, legislative and judicial powers should be exercised in Palestine through a separate body called the Government of Palestine, acting in accordance with (1) the principles of trusteeship contained in the charter, and (2) such instructions as the trusteeship council might find it necessary to give in accordance with the terms of the agreement.

4. A temporary trusteeship agreement for Palestine could include many of the features developed by the trusteeship council for its draft statute for the proposed international territory of Jerusalem.

5. The Government of Palestine should be headed by a governor-general appointed by and responsible to the Trusteeship Council.

6. The Government of Palestine should include a cabinet and a democratically elected legislature, possibly in two chambers. In the event, however, that such a legislature could not be assembled or, if assembled, could not function effectively, the governor-general should have authority to legislate by order.

7. The trusteeship agreement should provide for the maintenance of law and order within Palestine. Insofar as possible, the Government of Palestine should be responsible for law and order through its locally recruited police and volunteer forces under Article 84 of the Charter. When the forces of the Government of Palestine are insufficient for this purpose, the governor-general should be authorized to call upon such states as would be specified in the agreement to assist in the maintenance of security in Palestine. A separate protocol to this trust agreement would contain an undertaking by those named to assume full responsibility on specified conditions.

8. The agreement should make it possible for the Government of Palestine to take over on a temporary basis existing arrangements in Palestine pending the establishment of the organs specified in the agreement.

9. The agreement should make specific provision for immigration and land purchase, on a basis to be negotiated in consultation with representatives of the Jewish and Arab communities of Palestine.

10. The standard of living and public services in Palestine under the temporary trusteeship should, in general, be those which can be supported by the resources of Palestine; large subsidies by the United Nations should not be anticipated. The costs of the Government of Palestine under the trusteeship regime should, in general, be met from funds available to the Government of Palestine from Palestine revenues. This principle accords with the information which has been made availa-

ble concerning the fiscal situation of Palestine under the mandate, which is to the effect that Palestine, except extraordinary security expenditures, is budgetarily self-supporting.

11. Under a United Nation's trusteeship, expenditures arising in connection with the employment of forces of members of the United Nations to assist in the defense of Palestine or in the maintenance of law and order should be defrayed by those members.

12. The United Nations would presumably wish to pay the salaries and emoluments of certain principal officers of the government, such as the governor-general and the chief justice, as an evidence of the responsibility of those officers to the United Nations.

13. If the General Assembly, on the recommendation of the Trusteeship Council, considers that funds which cannot be raised by the Government of Palestine are essential to accomplish the minimum purposes of the temporary trusteeship, those funds should be supplied, as subsidies or recoverable loans, by the United Nations as a whole on the regular scale of contributions to the budget of the United Nations. The Palestine budget should be handled by the United Nations as a separate budget, not as a part of the ordinary budget of the organization.

14. The agreement should contain adequate guarantees for the protection and preservation of the holy places in Palestine, for the settling of disputes pertaining to them and for assuring, subject to necessary safeguards of public order and security, freedom of entry into Palestine for all foreign pilgrims and persons who desire to visit the holy places.

15. The trusteeship regime for Palestine should terminate as soon as a majority of the members of each of the two principal communities in Palestine — Arab and Jewish — have agreed upon a plan of Government for Palestine. It should be a responsibility of the Governor-General to take all possible steps to bring about such an agreement.

I hope it will be possible to hear from you regarding this matter without delay.⁵⁶

Sincerely yours,

RAY ATHERTON

* Note marginale :/Marginal note:
Answered verbally, L.B. P[earson]

198.

DEA/47-B (S)

*Note du chef de la direction des Nations Unies
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Head, United Nations Division,
to Secretary of State for External Affairs*

SECRET

[Ottawa], April 9, 1948

RE PALESTINE

Mr. Atherton called on Mr. Pearson yesterday and left with him a letter outlining the general principles which the United States Government considers might be included in a temporary United Nations trusteeship agreement on Palestine. He asked for our comments and said that he would call back within the next day or two.

The document which he left with us had already been forwarded by the Canadian delegation in New York, and a number of comments had been made on it by General McNaughton and by ourselves privately. General McNaughton has been concerned because the Americans seem to expect him to take a more active part in the discussion of these proposals. We suggested to General McNaughton therefore that they say privately to the United States delegation that the kind of comments we could make at this stage might only embarrass the United States delegation if they were made in the presence of other delegations. We would be glad, however, to let the United States delegation know our views confidentially.

It occurred to Mr. Pearson that we might take the same line with Mr. Atherton, saying to him that we did not wish at this stage to ask leading questions in the presence of other delegations, but that we would be glad to let him know our views. We might then ask him a series of questions somewhat as follows:

- (1) What plans has the United States Government for giving effect to trusteeship proposal if it is not accepted by either Jewish Agency or Arab Higher Committee?
- (2) Does United States Government contemplate working out with the United Kingdom in advance of special Assembly a plan for Palestine which will define and limit precisely the role of the United Kingdom in that area?
- (3) Does the United States contemplate working out with the United Kingdom and France a general plan for security of eastern Mediterranean which would include Palestine?
- (4) Has United States Government yet worked out details of proposed protocol under which troops would be provided by specified powers for use by Governor-General of Palestine?
- (5) Does United States Government itself contemplate making United States troops available at call of Governor-General of Palestine for use under his command?
- (6) What "specific provision for immigration and land purchase" does the United States Government contemplate offering as a basis for negotiation between the representatives of Jewish and Arab communities in Palestine?

(7) How does United States Government intend to meet claim of Arab states to be "parties directly concerned" with the trusteeship agreement?

(8) What guarantees were contemplated in the United States plan for minorities under the unitary government which it was proposed to set up in Palestine?

(9) What procedure does the United States Government contemplate for the transfer of administrative responsibility in Palestine from the United Kingdom Government to the new administering authority?

(10) If truce agreement fails and fighting breaks out in Palestine on May 16th, has the United States Government any plan to meet this emergency?

Mr. Pearson would be glad to know if you would approve of his discussing the matter with Mr. Atherton in these terms.⁵⁷

R.G. RIDDELL

DEA/47-B (S)

199.

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

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

[Ottawa], April 14, 1948

SECRET

RE PALESTINE

The text of a truce Resolution, which has been prepared by the President of the Security Council in co-operation with United Kingdom, United States, French, Chinese and Canadian delegations, has been sent by General McNaughton in telegram No. 414 of April 13 attached.† The General said in the course of the discussions of this agreement that he would not be prepared to support any truce proposal which did not have the concurrence of the Mandatory Power. Members of the United Kingdom delegation participated in the preparation of this draft, and the attitude of the United Kingdom Government towards it is now being considered. The delegation in New York expects that the United Kingdom Government will support this Resolution.

You will notice that the Resolution includes the appointment of a Truce Commission to consist of the chief consular officers of those members of the Security Council which have consulates in Jerusalem. This Commission is to assist United Kingdom in supervising the truce. The delegation understands that United States, France, Belgium and Syria have consular representatives in Jerusalem.

General McNaughton approves of this draft Resolution and hopes that, subject to the concurrence of the United Kingdom in the proposal, he may be permitted to associate the Canadian delegation with other delegations which cooperated in pre-

⁵⁷ Notes marginales /Marginal notes:

I agree. St. L[aurant]

Discussed with Atherton Apr[il] 13. L.B. P[earson]

paring the draft in proposing it before the Security Council, which meets tomorrow (Thursday).⁵⁸

L.B. P[EARSON]

200.

W.L.M.K./J4/Vol. 310

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

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

SECRET

Ottawa, April 16, 1948

We received an interesting telegram from Washington (WA-1108 of April 15 attached) which gives some account of the United States position in regard to Palestine. Questions to which reference is made in this message are ones which we gave to the United States authorities as a result of a formal enquiry from Mr. Atherton concerning the Canadian attitude to the trusteeship proposal. The United States authorities had been pressing us to give some public indication of our views in regard to their proposals. Mr. St. Laurent authorized me to indicate in reply that we would be grateful to receive further information concerning their proposals, but that it might only embarrass the United States Government if we were to press for this information in public. Both our own and other delegations would probably be interested in securing information along the lines of a series of questions which we had formulated. In giving the United States these questions, we were not making a formal request for a reply, but merely indicating topics, on which we thought clarification was needed.

I have attached a list of the questions to the teletype message, for reference.

L.B. P[EARSON]

[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-1108

Washington, April 15, 1948

Following for Pearson from Wrong, Begins: Reference correspondence on Palestine and in particular your EX-972 of April 12th.†

I was unable to keep an appointment which I had with Rusk yesterday afternoon. Stone saw him instead and reports as follows.

⁵⁸ Note marginale :/Marginal note:
I agree. St. L[Laurent]

Rusk looked over the ten questions and proceeded to answer them one by one. He wished us to emphasize to you that his answers were personal and tentative. He wishes us also to say that any replies which might come forward officially through Atherton in Ottawa would probably be not as full as the ones which he was giving to us now but they would be along the same lines. I give you his answers below with the same numbering as the questions in your teletype under reference.

1. The Americans have always regarded the trusteeship proposal as an extension of a possible truce which alone could not do the job which must be done after May 15th. Rusk described it as an attempt to "institutionalize a truce" to keep public law and public services going on the termination of the mandate. The truce, he said, was fundamental — if the trusteeship had to be imposed on both parties troop requirements, on the military estimate of both London and Washington, would be quite impossible. There was, therefore, a question not only of policy involved, but also of capabilities. Should one group in Palestine accept the trusteeship and the other not, what happens would depend upon what the community itself intended to do. Rusk foresaw a possibility of degrees of acceptance in Palestine which would create sort of liquid situations which would have to be dealt with ad hoc. He emphasized several times in the course of his talk that the Americans were not sold on the trusteeship for its own sake — they regarded it merely as a piece of machinery.

2. Very confidentially the United Kingdom Government has been approached in some detail. No reply has, however, been received, but Rusk was hoping for something today. He said that one suggestion they made in approaching London was that London, Paris and Washington should together approach say twelve countries (like-minded countries) in an attempt to compose a group in which the Assembly could have confidence. This group could perhaps agree on some plan of joint action. At this point Rusk stated emphatically that the United States had no intention of underwriting Palestine unilaterally — that if the Jews and Arabs decided to fight it out, and if no plan of joint action could be evolved by some or all of the members of the United Nations (preferably a carefully selected group) then the United States would take what steps it could (guards for Consulates, evacuation of citizens, etc.) to protect its own interests in the area of conflict. In the event of conflict, Rusk envisaged Jerusalem as creating a problem of its own as distinct from the general problem of Palestine.

3. Rusk referred to the talks which have taken place here on the general problem of security in the Eastern Mediterranean (about which Stone wrote to you privately the other day). He said that the first essential to any general plan for security in this area was the settlement of the Palestinian problem which London, he added, must understand.

4. The United States has not yet worked out the details of a Protocol under which troops would be provided by specified Powers. They would contemplate this being done by the Powers willing to join the group mentioned in paragraph 2 above. They have, however, a working paper in the form of a draft Trusteeship Agreement with the United Nations as the administering authority, a copy of which has been given to Ignatieff in New York.

5: Rusk said that the United States Government would not answer this question alone, but only along with other Powers. They certainly have no intention of taking over from the British and, he again emphasized, unilaterally underwriting Palestine.

6. There are Articles in the draft Trusteeship Agreement on immigration, Article 29, and land policy, Article 31. Insofar as immigration is concerned the Americans have in mind a figure of approximately 4,000 a month for a period of two years and then a sharp reduction. The temporary nature of the proposed trusteeship makes this question difficult to answer.

7. Legal interests and legal arguments could undoubtedly be brought up to justify the claim of the Arab States. The United States, however, does not consider that proximity or race or religion necessarily give rights in this connection. Rusk thought that the "Allied and Associated Powers" had the first claim after the mandatory. The United States could not agree, he said, to see the question complicated by the creation of "a great many more vetoes." Here again he emphasized that the parties directly concerned in Palestine itself must do their share, but if they insist on fighting it out the United States has no intention of making a three-cornered war out of the thing.

8. This question is answered in the draft Trusteeship Agreement, Article 9, "fundamental human rights and freedom."

9. The legal transfer of authority, Rusk feels, could be effected by May 15th but administrative transfers would have to be made ad hoc and less rapidly. I believe that this is one of the points which they have taken up with the United Kingdom.

10. The answer to 10 is included in the answers to 1 and 2 above.

With reference to paragraph 2, Rusk wanted us to know that we were mentioned to the United Kingdom as one of the countries to which an approach might be made. His telling us this now, however, was not to be taken as an approach.

I am sending you by bag this afternoon one copy of the draft Trusteeship Agreement which Rusk gave to us yesterday. Ends.

201.

DEA/47-B (S)

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

[Ottawa], April 19, 1948

TOP SECRET

RE PALESTINE

I am attaching copies of two personal telegrams which I have recently received from Mr. Wrong (WA-1143 of April 16⁵⁹ and WA-1144 of April 17⁶⁰), which contain some account of the relations between the State Department and the Foreign Office on the subject of Palestine. I am also attaching copies of two personal telegrams which I have sent to Mr. Robertson in London on the basis of the messages from Mr. Wrong (No. 558† and No. 561†).

You will notice in Mr. Wrong's telegram the suggestion that the State Department may attempt to put together the questions of Palestine and the Security Proposals for Western Europe. This would, of course, be a form of political blackmail, and may cause so much resentment in London that it is to be hoped the United States will not find it necessary to resort to this device.

In the final paragraph of his second telegram (paragraph 6 of WA-1144), Mr. Wrong suggests that it might be useful for Mr. Robertson to discuss the question again with Mr. Bevin. I understand that when the question was last considered in Cabinet it was decided that Mr. Robertson should not approach Mr. Bevin again, and I have not, therefore, felt free to suggest such a course of action to him. I am not sure whether you would now wish to consider the possibility of asking Mr. Robertson to make some new enquiries in the Foreign Office on the subject of Palestine.

L.B. PEARSON]

⁵⁹ Ce télégramme rapportait les vues de Rusk.

This telegram reported the views of Rusk.

⁶⁰ Ce télégramme rapportait la réaction de l'ambassade du Royaume-Uni aux vues de Rusk.

This telegram reported the reaction of the United Kingdom Embassy to Rusk's views.

202.

CH/Vol. 2093

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

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

TOP SECRET. PERSONAL.

Ottawa, April 21, 1948

Dear Norman [Robertson],

I am enclosing a copy of telegram No. 451 of April 19† from General McNaughton giving an account of a conversation which Hopkins, Ignatieff and Lewis⁶¹ had with Harold Beeley⁶² on the subject of Palestine. I am not sure to what extent Beeley's views fully represent those of the United Kingdom Government on the subject of Palestine. His remarks indicate, however, that it is the considered long-term policy of the United Kingdom Government to withdraw from Palestine without making provision for a successor Government and that this policy, which Beeley describes as "non-intervention", is being followed because of the strategic importance of the relations between the United Kingdom and the Arab world. This readiness to abandon the people of Palestine to their fate after permitting a situation to develop over the years which cannot do otherwise than end in bloodshed may be perfectly justifiable in the light of the realities of power politics in the contemporary world. It is difficult, however, to reconcile this policy with the professions of concern for the welfare of the United Nations which Beeley and his colleagues reiterate, for it becomes more and more clear that the United Kingdom threw Palestine into the arena of United Nations discussions, at the same time desiring that any effort which the United Nations made to maintain peace in that area should fail. To say that the United Nations should follow a policy of "mind your own business" in regard to Palestine and at the same time place the Assembly under the obligation of recommending a solution to the problem seems to me a pretty cynical method of behaviour. The least the United Kingdom might have done was to tell some of their friends that this is what they had in mind. I know that they were distressed in November at the lack of unity amongst Commonwealth countries on this subject, and the Delegation in New York now tells me that the United Kingdom Delegation to the Special Assembly is even more concerned about the state of disarray in which the Commonwealth finds itself on this subject. I am at a loss, however, to know how the Australians, New Zealanders, the South Africans and ourselves were to realize that the United Kingdom had placed Palestine on the Agenda of the General Assembly in order that the United Nations should conclude that it would do nothing whatever about Palestine, if they did not at least tell us so. You will note that Beeley is also reported to have stated that "strengthened Anglo-Arab relations are regarded by the United Kingdom as of basic strategic importance from a long-

⁶¹ J.H.C. Lewis, conseiller de la délégation permanente aux Nations Unies.

J.H.C. Lewis, Adviser, Permanent Delegation to United Nations.

⁶² Harold Beeley, représentant suppléant du Royaume-Uni au Conseil de sécurité.

Harold Beeley, Alternate Representative of United Kingdom to Security Council.

range standpoint." If this is true, then it is difficult to understand how these relations could be strengthened by submitting the Palestine question to the United Nations for a recommendation which was bound to confirm the British pledge for a national home for the Jews. Beeley also states that it is a major United Kingdom concern that the U.S.S.R. should not gain a foothold in the Middle East. I should imagine no better way could be found of defeating that objective than allowing chaos and disorder to run rampant in Palestine. This Beeley calls, euphemistically, a "mind your own business" policy. Beeley concedes that there is a risk in this assumption that this help would be in the form of Russian troops and that the Jews would not favour this, because it would mean a general war. It is, of course, quite obvious that Russian help would be in no such form, but would be through infiltration of pseudo-refugees and other Communists from Black Sea and Bulgarian ports. This would be an infinitely more difficult problem to deal with, even for the Jews, if they did not desire such help.

In the meantime, we are perplexed to know what line the Delegation should follow in New York. We have been insisting that no solution to the problem of Palestine could be effected except by an agreement between the United States and the United Kingdom. It becomes more and more clear, however, that this agreement will not be reached, for which, I think, the blame can be about equally divided. I would judge that people who think as Beeley does on this matter will not be displeased by this purely negative result from another Assembly meeting on Palestine.

I have been giving you my personal impressions of the situation and I should be grateful for your comment. The day is long since past when it is of any importance whether the policy of the Government in regard to partition was a sensible one or not, and we are now looking for some means by which we can give our Delegation in New York reasonable instructions in the light of the new situation.

Yours sincerely,

MIKE [PEARSON]

203.

DEA/47-B (S)

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 460

New York, April 21, 1948

SECRET

Repeated to Washington.

Reference Palestine. The discussion to date at the special session of the General Assembly on Palestine has given rise to certain questions on which I should like guidance.

2. It is now evident that the majority desire that a general discussion of the situation, to develop the views of the various delegations, should precede the consideration of the United States proposal for trusteeship. It will, in consequence, be difficult for me to avoid making a preliminary statement of our attitude probably not later than tomorrow, or at the latest on Friday. I have, therefore, drafted a few suggestions regarding a possible line which I might develop at this stage, and which I submit here-under for your consideration, Begins:

3. The calling of a special session is an emergency measure recommended by the Security Council in recognition of the mounting violence in Palestine and the situation reported by the Palestine Commission to the Security Council and to the Assembly. The Council adopted the Resolution calling for this meeting of the General Assembly and the Resolution calling for a truce with Canadian support, and we adhere to the statements we have made in these connections.

4. The main issue before this meeting of the Assembly is not the ultimate political settlement in Palestine but the very grave situation which has developed in that country since the Assembly adopted its Resolution last November; the task of the Assembly is therefore to develop a basis for the further action required to meet this situation. The mandate ends on 15th May and the problem is both to determine this basis and to bring it into effect in the few weeks that remain before that date. The matter is consequently of great urgency because in the absence of a practical plan, the people of Palestine would be left to settle the matter as best they might; almost certainly this would involve extended violence and the massacre of many people including those innocent women and children. While a peaceful solution by agreement cannot and should not be ruled out, even under existing circumstances, the evidence shows that such a possibility is, for present at least, remote. Nevertheless, the Security Council has called for a truce and we should press the parties to accept and to implement it and to inform us and keep us informed as to the action which they take. To this end some machinery for mediation is required to be set up preferably immediately, but certainly by 15th May when the mandatory will have relinquished its authority.

5. With regard to the action which might now properly be taken by the General Assembly, it seems to the Canadian delegation abundantly clear that whatever plan is evolved and adopted, it must satisfy the following positive requirements,

- (a) It must be capable of being put into effect by 15th May.
- (b) It must carry conviction of its practicability.
- (c) It should be made without prejudice to the ultimate political settlement.
- (d) It must be established that the requisite degree of force will be available in its support.

6. If these requirements cannot be met, then it would be the course of wisdom for the United Nations to devote itself to such measures as would be within its capabilities. The United Nations might, for instance, endeavour to provide the mediation or conciliation machinery referred to above to be available to the contending parties should they see that their present conflict leads only to chaos and destruction. The United Nations might make special arrangements, as has been suggested by the Swedish delegate, for safeguarding the holy places in Jerusalem. The United Nations might also consider in what way the strife can be, at least, contained within the borders of Palestine.

7. The delegation of the United States has placed before the Assembly a suggestion to provide a United Nations authority to take over from the mandatory Power on 15th May on the basis of a temporary trusteeship. This proposal, in our view, merits detailed examination in the light of the facts and of the principles to which I have referred. The Canadian delegation, therefore, supports reference of this proposal to the Fourth Committee.

8. The fact that the United Nations at present lacks the machinery whereby collective military action may be taken by its members is one of the factors that has to be faced by the Assembly. The Canadian delegation has always advocated the early completion of agreements for the provision of military forces under Article 43 of the Charter and has made it clear that it will respect the obligations which it will assume in that regard. Unfortunately, no such agreements are as yet in effect and in the time available they cannot be improvised. In the circumstances, special arrangements will have to be made for enforcement. I do not know what the nature of such arrangements might be, but I should like to make it clear that, as far as the Canadian delegation is concerned, if we are to participate with others in working out proposals in the present emergency, we cannot be regarded as thereby committing the Government of Canada to the sending of forces to Palestine. The situation in Palestine is so grave that it is imperative that members should face facts and be completely realistic in their assessment of what can and what cannot be done to meet it. Ends.

9. Mr. Warren Austin, in his statement yesterday in Committee I proposed that the United States suggestions for an interim trusteeship should be referred to the Fourth Committee with a view to "perfecting" the terms of a Trusteeship Agreement. Presumably we may vote for such a reference, but the question may probably arise of the establishment of a drafting sub-Committee to "perfect" the terms of this Agreement. It would seem to me that it might be in order for us to participate, if nominated to such a sub-Committee, having made it clear in the previous general

statement that we would not be committed to any enforcement measures under such a trusteeship plan.

10. As reported in another message, the Swedish delegation raised the question of the protection of holy places in Jerusalem and suggested that this might be made the subject of a special and urgent investigation by a small special sub-Committee of Committee I. I presume that I may support this proposal, again within the terms of the general understanding expressed above.

204.

DEA/47-B (S)

*Le secrétaire d'État aux Affaires extérieures
au délégué permanent aux Nations Unies*
*Secretary of State for External Affairs
to Permanent Delegate to United Nations*

TELEGRAM 391

Ottawa, April 23, 1948

TOP SECRET

Repeat to Washington as EX-1103

Following from Pearson, Begins: Your No. 460 of April 21. Palestine.

Immediately following teletype contains text of telegram approved by Mr. St. Laurent for despatch to you with reference to your teletype No. 460 of April 21. This telegram contains Mr. St. Laurent's views in regard to the points raised in the last paragraph of the draft statement contained in your telegram under reference. Subsequent events as indicated in your telegram No. 469 of April 22⁶³ have now made the statement of views contained in immediately following teletype somewhat out of date. The points discussed are, however, of general importance, and Mr. St. Laurent considered that we should send you the telegram for your guidance. He will, I am sure, be glad to receive any comment you may care to make on the applicability of his views to the situation as it develops in New York. Ends.

⁶³ Selon ce télégramme :

According to that telegram

[the] "deterioration of the situation in Palestine in the last twenty-four hours, and in particular events in Haifa, have brought about such an increase in tension in the discussions in Committee I, that it is, in my opinion, inappropriate at this stage to intervene with comments of a general [illegible] as had been previously contemplated . . . I therefore propose instead to confine my intervention to a briefest possible explanation of our attitude to the three draft resolutions before the Committee, in order to prevent any misunderstanding of the Canadian position which might follow if we were to vote without a previous statement."

205. DE A/47-B (S)

*Le secrétaire d'État aux Affaires extérieures
au délégué permanent aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegate to United Nations*

TELEGRAM 392

Ottawa, April 23, 1948

TOP SECRET

Repeat to Washington as EX-1104

Following from Pearson. My immediately preceding teletype. Palestine.

Following is text of instruction approved by Mr. St. Laurent for despatch to you, with explanation given in my teletype under reference. Text begins:

1. Text of draft statement contained in your telegram No. 460 of April 21, has been considered here and you have already been informed by telephone that I would prefer you at this stage not to go beyond paragraph 7 of the draft statement. You will also have received suggestions for certain minor changes in first seven paragraphs.

2. Paragraph 8 of your draft statement raises following two important questions:

(i) Participation of Canadian Delegation in preparation of any new proposals which may emerge during course of Special Assembly.

(ii) Participation of Canadian Government in any measures which may be taken to implement new proposals which may be made by Special Assembly.

3. In regard to the first of these questions, it is my view that the Canadian Delegation should not at this stage give any indication that it is willing to participate in the drafting of new proposals because there is no clear indication that these efforts will produce a constructive result which can and will be put into effect. The Canadian Delegation to the Second Session of the General Assembly expressed the view that the proposals for Palestine then under consideration should not be adopted unless adequate provision were made for carrying them out. Though the Delegation was not fully satisfied that this requirement had been met, it voted for the Resolution on partition in the hope that the proposal could be put into effect without the use of extensive force and that the Security Council would be in a position to take action in the event of difficulties arising in regard to implementation. These hopes were not realized, and no useful purpose would now appear to be served by adopting in the Special Assembly another resolution on Palestine which could not be put into effect. Indications at present are that a trusteeship will be resisted even more vigorously than the partition. In the absence, therefore, of any clear indication on the part of States which have major interests in the Eastern Mediterranean and which are in a position to employ force in that area, that they are prepared to play a major part in implementing proposals which the Assembly may adopt, I do not feel that the discussions now taking place will reach any practicable conclusion. I would hope, therefore, that the Canadian Delegation could avoid taking part in the work of any sub-committees which may be set up to draft new proposals.

4. In regard to the second question, that is the participation of Canada in any measures taken to implement new proposals, I do not think that it would be possible to persuade the Canadian Parliament at present, even if we wished to do so, to approve the use of Canadian forces for the purpose of imposing a settlement in Palestine on either the Arabs or the Jews. I am not so certain what attitude the Government or Parliament would take towards proposals for joint action in respect of Jerusalem as a separate area, but I do not see what useful purpose would be served at this stage by stating that the Canadian Government would or would not give support to measures designed to maintain the peace in Palestine. I would think it sufficient, therefore, at the present time merely to indicate that the Canadian Government would have to consider what action it might take in regard to any measures which may be proposed for maintaining the peace in Palestine or any part thereof, basing its judgment on the practicability of these proposals and the degree of support given them by those in a position to implement them. Text ends.

206.

W.L.M.K/J1/Vol. 440

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 487

New York, April 27, 1948

SECRET. IMMEDIATE.

Reference your messages Nos. 391 and 392, 23rd April, on Palestine and your suggestion that I might comment on the views expressed therein, I have thought it useful to summarize the present position as I see it, particularly in reference to the discussion into which we are now entering on the U.S. working paper on the draft Trusteeship Agreement for Palestine contained in document A/C.1/277, 20th April.†

2. It seems to me that our attitude at this stage should be governed by two primary considerations (a) our responsibilities as a member of the Security Council to cooperate in the development of all appropriate measures to bring about a cessation of violence in Palestine and to prevent the situation becoming a threat to world peace, and (b) the desirability of encouraging the co-operation of the U.S. and U.K., particularly when some signs of this are becoming evident.

3. Both these considerations point to the need for action with respect to bringing about a truce as a first requirement of the situation. Both the U.S. and the U.K. supported this project in the Security Council and in Committee 1. It was emphatically endorsed by Crech-Jones⁶⁴ in his statement in Committee 1 when he said, "to

⁶⁴ Arthur Crech-Jones, représentant de la délégation des États-Unis au session spéciale de l'Assemblée générale des Nations Unies.

Arthur Crech-Jones, Representative, Delegation of United States to Special Session, General Assembly of United Nations.

my Government, a truce is of the first importance and the United Nations should take every possible step to obtain it."

4. Despite continued violence in Palestine, hopes for obtaining a truce are by no means exhausted and talks of some promise are still continuing behind the scenes, both there and at Lake Success.

5. So long as any prospects exist for success in this endeavour, it seems to me that, in common with the U.S. and U.K., Canada ought to support all efforts by the United Nations to appeal to the moderate elements in both communities. This point was emphasized in Creech-Jones' statement in Committee 1 when he said, "we, the United Nations, have the right to ask both Jews and Arabs to contribute to stability and world security by recognizing what is valid in each others' point of view and by making the mutual concessions necessary to secure a *modus vivendi*."

6. The truce has more than a transient significance as has been emphasized by both the U.S. and U.K. Not only would it facilitate the restoration of peace and order but it is very essential as a preliminary to the opening of discussions between the parties looking to a stabilization of the position. These efforts are likely to require a considerable period for their fruition and it is therefore our idea that the truce and the separate arrangements being evolved for Jerusalem and the holy places should be developed into a temporary trusteeship.

7. As I indicated in my brief intervention on Friday last in Committee 1, reported in my telegram No. 475 of 23rd April,† the proposal for this temporary trusteeship is a "related measure designed to meet the emergency". Creech-Jones' understanding of this proposal is similar. He described it, in Committee 1, as a "proposal to provide a stabilizing authority which would tide Palestine over the period from the termination of the mandate until some suitable form of Government would be agreed upon between the parties concerned."

8. The U.S. views on the essentials of such a temporary trusteeship are still very fluid but are generally directed to the ends which I have described. These ideas are necessarily flexible at this stage in view of the position of the U.K. which has not indicated any willingness to undertake obligations involving a continuance of its military commitments.

9. If (a) the temporary trusteeship is, in effect, to be simply a caretaker arrangement without prejudice to the rights, positions and claims of the parties, and (b) its principal function is to be the taking over of the essential services which can only be operated by a central authority in Palestine, and (c) its duration is to be limited to the period necessary for effective measures of mediation by the United Nations then the idea of temporary trusteeship begins to take a practical form.

10. I am coming to the view that the general line which I have indicated above constitutes the only practical alternative to paralysis of the United Nations while the Jewish and Arab groups take the law into their own hands in an attempt to settle their differences by force. It seems to me, therefore, that we should support the efforts being made, both in regard to the truce and in respect to the establishment of what Creech-Jones has referred to as a "stabilizing authority", not only for Jerusalem, but, if possible, for Palestine as a whole.

11. I agree that, in the absence of specific instructions, the Canadian delegation should avoid all action that might be construed as sponsorship or which might be held to involve the Canadian Government in the implementation of any plan. Still less should we become involved in any arrangements which appear to be impracticable. For this reason I agree with you that this delegation should avoid if possible taking part in the work of drafting Sub-Committees, at least until some of the major queries have been resolved and until the practicability of any proposed solution has been established.

12. In my view, if the practicability of a temporary trusteeship plan is established and it is adopted without prejudice to the rights and position of either party, the effect would be that the Assembly Resolution of 29th November, 1947 would be suspended and the question of the ultimate political settlement in Palestine would thereby become the subject of continued negotiation between the parties subject to eventual endorsement by the General Assembly.

13. In this telegram I have endeavoured to give you my appreciation of the general position in respect to the U.S. proposal for temporary trusteeship. In a separate telegram and in the light of my appreciation above given, I shall mention some of the main questions which arise in relation to the U.S. proposal and on which I will need early guidance because I will be expected to make observations thereon of at least a general character during the continuing debate in Committee 1.

207.

DEA/47-B (S)

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

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

TOP SECRET

[Ottawa], April 30, 1948

In a series of telegrams and telephone conversations, General McNaughton has been indicating to us that he thought his silence in New York was becoming difficult to maintain. It seemed probable, he said, that a state of war would exist in Palestine on May 15, and that heavy condemnation would lie on the United Nations, and particularly on the members of the Security Council, for having failed to take steps to prevent violence. The truce proposals had now been adopted by the Security Council; if they were to be effective it was necessary that the government of Palestine continue after May 15 on some legal basis. In this emergency, the United Nations should be prepared to consider any reasonable proposal for the continuation of government beyond May 15.

In the circumstances, we considered that the best course was to remind General McNaughton that the Government was not yet prepared to indicate its attitude towards the trusteeship proposals. If, however, General McNaughton thought it necessary to make a statement linking the truce proposals with the necessity of maintaining some kind of government after May 15, and raising a number of ques-

tions concerning trusteeship in the light of this emergency, we saw no objection to his doing so.⁶⁵ I attach a series of four telegrams in this connection as follows:

Nos. 496† and 497† of April 29 from New York,
Nos. 418† and 419† of April 30 to New York.

I am not sure, however, that General McNaughton will, in fact, make this statement. He has learned from Mr. Creech-Jones that the United Kingdom may intervene to say that the discussion of the trusteeship is obviously getting nowhere, and that the Assembly should set up some authority to mediate between the Arabs and Jews.

As you probably know, General McNaughton intends to be in Ottawa on Friday, May 7 to attend a Cabinet meeting.

L.B. PEARSON]

DEA/47-B (S)

208.

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

[Ottawa], May 12, 1948

SECRET

RE PALESTINE

Attached is a copy of telegram No. 560 of May 12† from New York giving the text of a Resolution concerning Palestine on which the United Kingdom and the United States have now agreed. This Resolution will be made public today, and may be voted on in Sub-committee in the course of the day.

This Resolution has been worked out in conversations between the United Kingdom and United States representatives, which were attended by members of the Canadian Delegation. As I understand it, our Delegation had considerable influence in initiating the conversations between the United Kingdom and United States and in keeping them going, but they have never participated in them in any formal sense and have not accepted any responsibility for the results.

The proposed Resolution will have the effect of discarding, temporarily at least, the proposal for a trusteeship. It does not relate to the final settlement in Palestine, and is designed as an emergency measure to meet the situation which will develop on May 15. It does, however, suspend the responsibilities of the Palestine Commission and by inference, therefore, abandons all further action to implement partition now.

According to the Resolution, a Committee of the five Big Powers, acting without the right of veto, will name a United Nations Commissioner for Palestine. His functions shall be confined to mediation between the two communities in Palestine

⁶⁵ Note marginale :/Marginal note:
Agreed. St. L[aurant]. May 3, 1948

for the purpose of arranging for the operation of common services, protecting Holy Places, and promoting agreement on the future government of Palestine. He shall report to the Security Council. He will be provided with a secretarial staff by the United Nations, but he will not have any force at his command. He will not assume any administrative functions, nor take over any responsibilities from the Mandatory Power.

It is General McNaughton's opinion that he should vote for this Resolution and support it in debate. I agree with these recommendations, but I am not sure that General McNaughton should express his support in terms which would suggest that the Canadian Delegation has participated in preparing this Resolution or that our support of it is particularly enthusiastic. If there is further cooperation between United States and United Kingdom Governments, the Resolution may lead to some constructive result; otherwise it may simply be another example of placing on the United Nations responsibilities which it cannot hope to fulfil successfully. I should be grateful to know what instructions we should give General McNaughton in this regard.⁶⁶

Information received since the opening paragraphs of this note were typed indicates that the United States Government has not yet concurred in the advice of the United States Delegation that it support this Resolution. The United States Delegation expects to receive the necessary instructions in the course of the day, but the Resolution will not, of course, be put forward unless these instructions are forthcoming.

L.B. P[EARSON]

DEA/47-B (S)

209.

*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-1325

Ottawa, May 18, 1948

TOP SECRET

Following for Wrong from Pearson. Palestine.

Delegation in New York reports that most significant development during last week of Special Session was renewal of discussions between United Kingdom and United States delegations. These discussions led to agreement in regard to the Resolution which was finally carried for appointment of United Nations mediator in Palestine. Resolution represented some compromise on both sides, since United Kingdom gave up wish to have mediator given certain functions as recipient of

⁶⁶ Note marginale :/Marginal note:
I agree. St. L{aurent}

authority which Mandatory was laying down, and United States gave up wish to have his functions embodied in Trusteeship Agreement.

2. Cooperation between United Kingdom and United States delegations has now apparently been discontinued completely as a result of United States action in recognizing Israel and introducing Resolution in Security Council initiating action under Chapter 7 of Charter. United Kingdom delegation was not consulted concerning either move.

3. In regard to recognition, United Kingdom High Commissioner called yesterday on Prime Minister and Mr. St. Laurent and left memorandum, text of which is contained in my immediately following teletype,† indicating that United Kingdom had no immediate intention of following United States example. Clutterbuck was given assurances by Prime Minister that Canada would not recognize Israel without prior consultation, and by Minister that matter was under serious consideration and we would require much more information before action could be contemplated.

4. In the conversation which Minister and I had with Clutterbuck, I referred to Commonwealth Relations Office telegram H.192 of May 15† and said that strictly legal analysis of position contained in telegram, and particularly in paragraph 9, did not seem to take full account of realities of situation. Clutterbuck said that he thought that this legal appreciation was one prepared before recent events, and did not imply that United Kingdom would attempt to base eventual attitude on any legal analysis.

5. In regard to United States Resolution defining situation in Palestine as a threat to the peace, United Kingdom delegation has firm instructions to give no support to this Resolution whatever, on grounds that there is no indication that United States has any firm intention to take action in support of Resolution if it is carried. Canadian delegation will endeavour to elicit from United States delegation further information as to course of action proposed if action under Chapter 7 of Charter is initiated as suggested in United States Resolution. Meanwhile, United States authorities should not count on us for any support in present circumstances in regard either to recognition or resolution in Security Council.

6. So far as I am concerned, my own impatience with the attitude and policy of both the United Kingdom and the United States toward Palestine has not been diminished by the developments of the last week. The legal argument of the United Kingdom that there is no difference between Arabs invading Palestine and Jews who may be attempting to set up a state within a United Nations resolution, does not impress me very favourably, though no doubt it is explained by the very frank observations on strategy and oil in the United Kingdom message referred to above. On the other hand, the United States revolving door policy, each push determined to a large extent by domestic political considerations and culminating in the sorry recognition episode of last Saturday, inspires no confidence and warrants little support. Ends.

210.

L.B.P./Vol. 63

*Le secrétaire général des Nations Unies
au sous-secrétaire d'État aux Affaires extérieures*

*Secretary-General of United Nations
to Under-Secretary of State for External Affairs*

SECRET AND PERSONAL

[New York], May 18, 1948

My dear Mike [Pearson],

I am writing this personal letter to you, not in my official capacity, but as from one friend to another.

I believe that we are at present faced with a critical stage in the life of the United Nations. I refer, of course, to the communication which I have received (as Secretary-General) from the Government of Egypt that they have resorted to "armed intervention" in an endeavour to settle a particular problem. From a politically realistic point of view, and discarding the innumerable legal quibbles which can be developed in connection with this problem, there can be no escape from the fact that a Member Nation has openly declared its intention of using armed force — and this must be held as direct contravention of the spirit of the Charter. As you know, there is only one case in which armed force can be used, and that is in self defence under the provisions of Article 51.

I am not so much concerned with the individual nation which has committed this act — my responsibility is in relation to the matter as one of principle. I am convinced (and this view is shared by the most responsible men to whom I have talked in the last two or three days) that if the United Nations and its Security Council fails to act effectively in this, the first incident of its kind in the history of the United Nations, then it may well become the "Manchurian incident" which can be held to have started a series of events which led to the collapse of the League of Nations.

For that reason I felt it essential that my position should be made clear to each of the five permanent Members of the Security Council and on Sunday, 16th May, I accordingly sent them a letter containing my official views. For your personal information I attach a copy of this letter.

The purpose of this letter is to ensure that you appreciate my personal views in this matter and to ask that you should do anything possible, and which you may feel proper, to ensure that the Security Council does take effective action in dealing with this matter.

I realize the complexities and difficulties of this whole Middle East problem, but if we fail to deal with this particular aspect of it effectively then I think the whole authority and the prestige of the Security Council may be undermined — and undermined to such an extent that the Governments which are presently accepting its authority in relation to problems such as Kashmir, Indonesia, the Balkans, etc., may turn from it, disregard its present instructions, and adopt independent courses of action which may well lead to major disasters.

Indeed, there is the further danger that such a series of events could end the usefulness of the whole United Nations organization.

I should very much like to have personal contact with you, but if this cannot be achieved at an early date it might be desirable for Jackson (who has just joined me) to slip up and see you informally at some convenient time.

Yours very sincerely,

TRYGVE LIE

211.

DEA/47-B (S)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures
Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-1516

Washington, May 20, 1948

TOP SECRET. MOST IMMEDIATE.

Following for Pearson from Wrong, Begins: Your messages EX-1325, 1326† and 1338† on Palestine.

I saw Rusk and Hickerson late yesterday afternoon at their request. They suggested a discussion because I had mentioned the day before to Hickerson that we were seriously disturbed by the latest twists in United States policy on Palestine.

2. One cannot get a frank explanation of the reasons for the immediate *de facto* recognition of Israel. It is clear that domestic political considerations were dominant. No suggestion, however, has been made to me by anyone in the State Department that either Canada or the United Kingdom should follow their example or that failure to do so prejudices some solution in Palestine. I am not sure myself that their recognition makes a great deal of difference. They emphasize its provisional character and the avoidance of even provisional recognition of boundaries.

3. With regard to the United States resolution defining the situation in Palestine as a threat to the peace, Rusk told me that the United Kingdom delegation had knocked this resolution on the head during yesterday's discussion, and that it seemed most unlikely to secure seven votes even if the veto were not applied. It may be amended to invoke Chapter 6 of the Charter instead of Chapter 7, in which case the United States delegation will probably abstain on the amendments and vote for the resolution.

4. They argue that the situation is certainly a threat to the peace, and that the Egyptian invasion and bombing of Tel Aviv is in fact a breach of the peace. What they are most anxious to secure is a standstill order from the Security Council. The representatives of Israel here have told them that the Jews would immediately comply with such an order. If either or both parties failed to comply, as the next step they would advocate the most effective type of economic sanctions, which would vary as between Arab and Jew to secure the maximum result. They are not prepared to commit themselves unilaterally beyond this, because they say that they cannot

lay down their policy in isolation and that action in Palestine must be multilateral. Rusk said, however, that the latest British position in the Security Council made this part of our discussion academic.

5. They have nothing more to suggest and no more resolutions up their sleeve. Unless the fighting ceases they will, however, certainly lift the embargo on the export of arms to the Jews. If no concerted action is taken, we shall then have the pretty picture of the United States supplying the Jews with arms and the British supplying the Arabs. Rusk says that the truce negotiations before May 15th were close to success when Creech-Jones told the Jews that, if they proclaimed their Provisional Government in the Jewish area, Abdullah would occupy Eastern Palestine and stop there. They seem to have heard this only from the Jewish Agency, but they regard this statement as largely responsible for preventing agreement on a truce before the end of the mandate.

6. They are bitter about the British stand. I note in telegram Q.96 of May 15th from the Commonwealth Relations Office that it is said that if Arabs and Jews came into conflict a situation would be created of which the Security Council would be asked to take cognizance as a breach of the peace. That has now happened, but Cadogan has taken a different line in the Security Council. Hickerson is most concerned about the effect of British policy towards Palestine on other matters of great importance, including the development of E.R.P. and possible action looking to a security agreement under Article 51 of the Charter. Pointed questions were asked yesterday when Lovett met the Senate Foreign Relations Committee in closed session to discuss the Vandenberg resolution.

7. I told Rusk and Hickerson that I had nothing to suggest either to them or to my own Government. I do not know whether it would do any good if some further discussions could be held, perhaps here rather than in New York, between the State Department, representatives of the delegations in New York and officers of the Embassies concerned. Rusk says that discussions between the United States and United Kingdom delegations in New York have not wholly ceased, but I should judge that relations between the delegations are severely strained. A change of milieu to Washington and direct discussion with senior State Department people (in which we might possibly participate) could conceivably remove some misunderstanding. The difficulty is that I do not know what policy should be aimed at since London and Washington are so far apart.

8. As evidence of this, Rusk referred more than once to Herbert Matthews' despatch from London in yesterday's *New York Times*, which I had not read at the time of our talk. This contains a statement attributed to a Foreign Office spokesman that the United Kingdom will not withdraw from the Arab Legion its British officers or cease its subsidy and supply of arms except in consequence of a United Nations decision that the Arabs are acting illegally. The despatch goes on to give details of British military commitments to Transjordan. This statement, coming in the midst of the Security Council debate on the United States resolution and when the fighting in Palestine is reaching serious proportions, was a shock to the State Department, because it seems to remove the last possibility of quickly finding some common ground between Washington and London.

9. In general I would say that responsible officials here, like Rusk and Hickerson, are certainly not proud of the course of action of the United States and especially of the way in which recognition was extended to Israel. Their central purpose is to find some means of stopping bloodshed in Palestine. British policy appears to them to be openly encouraging the Arabs to continue warfare. The division between the United States and United Kingdom is more acute than ever before. I do not see what Canada can do about it, and so expressed myself yesterday. Ends.

212.

DEA/8508-40

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

[Ottawa], May 25, 1943

SECRET

THE UNITED NATIONS

2. Mr. Riddell said that a decision had been taken in the Security Council on May 22 concerning Palestine. The United States had introduced a resolution with the effect of determining the situation in Palestine to be a threat to the peace and initiating action under Chapter VII of the Charter. The United Kingdom, opposed to action under Chapter VII, had introduced an alternative resolution limiting action to Chapter VI. The Canadian delegation had supported the United Kingdom resolution for a variety of reasons. No satisfactory indication had been given that the United States' delegation intended to follow up the action which it was proposing to initiate under Chapter VII, if the orders of the Security Council to cease fire were not obeyed. Mediation procedures had been started under a resolution of the Special Assembly and previous resolutions of the Security Council, and these procedures might be prejudiced if one of the parties were declared an aggressor at this stage. For these reasons the delegation had considered it preferable for the present to continue action under Chapter VI of the Charter. The two parties have been asked to comply with the Security Council cease-fire resolution within thirty-six hours, and an extension was granted at a Security Council meeting on May 24, for another forty-eight hours. There was evidence that great pressure was being put on the Arab States to comply. Advice from Palestine indicates that Arab forces from Transjordan have not yet entered any territory allotted to the Jews under the General Assembly resolution of November 29. Reports have been received that conversations between the United Kingdom and the United States have been resumed at a very high level.

213.

DEA/48 (S)

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

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

SECRET

Ottawa, May 25, 1948

PALESTINE

Yesterday I talked with Mr. Wrong on the telephone and he confirmed the very dangerous situation that was developing in Washington in respect of relations between the U.S.A. and the U.K. on Palestine; a situation which unfortunately promises to extend to other fields of Anglo-American relations unless it is corrected. Mr. Stone had had dinner with Senator Vandenberg a day or so ago, and was very much impressed by the Senator's condemnation of the U.K. policy in Palestine and the feeling in the Senate that the negative and non-cooperative attitude, as it appears to them, of the U.K. should be answered by an equally negative attitude on the part of Congress towards U.K. assistance under E.R.P. Mr. Wrong thinks also that American official and Congressional feeling on this matter will poison the atmosphere sufficiently to interfere with any Atlantic Security talks that may be contemplated. All this of course is not new, but it is depressing to have such positive confirmation of our earlier fears.

After I had talked with Mr. Wrong I thought it would be wise to get Mr. Robertson in London on the telephone. I did this, and emphasized to him the dangers of this Anglo-American rift on Palestine. I said that of course there was no suggestion of any official intervention by him as Canadian High Commissioner, but that it might be useful if he could emphasize on an appropriate occasion the danger that I have outlined above. The U.K. must, I assume, be aware of this situation, but I could see no harm, and possibly some advantage in a Canadian voice pointing it out to them in an informal and unofficial way. Mr. Robertson got the point at once and said that, as he was seeing Mr. Hector McNeil, he would take the opportunity to discuss with him the Palestine situation.

I do not know whether we can do any more than this either in Washington or in London, especially as conversations now seem to have commenced on a high level, and it is to be hoped that as a result some steps will be taken to heal the breach. Certainly no one at the present time is benefitting from that breach but the Russians.

L.B. P[EARSON]

*Le sous-secrétaire d'État aux Affaires extérieures
au secrétaire général des Nations Unies*

*Under-Secretary of State for External Affairs
to Secretary-General of United Nations*

PERSONAL AND SECRET

Ottawa, May 27, 1948

Dear Trygve [Lie],

I was grateful indeed to receive your personal letter of May 18th with the attached communication which you addressed to the five permanent members of the Security Council on May 16th. I greatly appreciate the fact that you felt inclined to discuss this matter with me on such a friendly and personal basis.

I am as distressed as you are at recent developments in Palestine and agree that the situation there and the attitude and action, or lack of action taken in regard to it by the U.N. will have a lasting effect on the future of our world organization.

The fact that the situation in Palestine is such a confused one legally leaves the way open to all kinds of technical and constitutional arguments in favour of doing nothing or doing the wrong thing, but it does not alter the fundamental position that members of the United Nations are taking armed action there contrary to the spirit and the letter of the Charter, which will cause difficulties in the future in connection with the settlement of any political problem by the United Nations. If you clear away all the superficial talk and political manoeuvring the essence of the matter as it appears to me, is simply this. On the one hand there are the British who are determined not to prejudice their relations with the Arab States if that can be avoided while not formally opposing a Jewish State. On the other hand are the Americans who are determined not to prejudice their relations with Jewish voters, but are also interested in oil and strategy in Arab countries. The conflict between these two points of view is confused by the common suspicion that the U.S.S.R. has no policy but to fish in these troubled waters. In all this confusion and noise, the ideals that were meant to inspire international action through U.N. are taking a bad beating. My own feeling, and this is a purely personal one and not to be attributed to any Under-Secretary or Canadian representative to the U.N. is "a plague on all your houses!" It is time that someone started thinking of the edifice at Lake Success. If they do not, there will be nothing left of it but ruin. The fact is of course, as you have pointed out, that practically every political problem that now reaches U.N. is coloured by and interpreted in the light of the conflict between the East and the West. Insofar as Palestine is concerned that conflict is also confused by a subsidiary one between the U.K. and the U.S. The result is certainly deplorable enough.

I wish I could see you or Jackson and have a talk about these matters. However, I am not sure when I will be in New York. I am trying to take some holidays in June on the West coast combining them with two or three speeches in Los Angeles and San Francisco together with attendance at the annual Conference of the Canadian Institute of International Affairs in Vancouver. I may be able to return via New

York or get to New York sometime later in June, when I of course, will get in touch with your office.

Meanwhile, thank you again for having written me.

Yours sincerely,

L.B. PEARSON

215.

DEA/48 (S)

*Le secrétaire d'État aux Affaires extérieures
au délégué permanent aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegate to United Nations*

TELEGRAM 506

Ottawa, June 7, 1948

SECRET

Following for your information is the text of a memorandum dated June 2, 1948 for the Secretary of State for External Affairs bringing to his attention the Resolution carried in the Security Council on Saturday May 29, 1948. Text begins:

You may wish to give consideration to the effect on the policy of the Canadian Government of the Resolution which was carried in the Security Council on Saturday concerning Palestine. This Resolution provides for the cessation of hostilities for four weeks, calls on all parties concerned to cease the mobilization and training of men of military age brought into the territories during the cease-fire, and lays an embargo on the importation of war material or fighting personnel into Palestine or any Arab State. It also makes provision for further efforts of mediation and calls upon all Governments to assist in the implementation of the Resolution.

2. This Resolution has now been accepted by both parties, subject to agreement on interpretation, and the Security Council will, this afternoon, set a date for the cease-fire. If the truce is subsequently to come into effect, the Security Council will then be under obligation, according to the terms of the Resolution, to consider whether action should be taken under Chapter VII of the Charter.

3. The only immediate effect which the adoption of the Resolution might have upon Canadian policy is in regard to foreign enlistments and the sale of arms. It appears from reports which we have received from the R.C.M.P. that Canadian citizens in considerable numbers are, in fact, leaving Canada to join the Jewish forces. The Resolution does not appear to place a specific obligation on Canada to prevent Canadian citizens proceeding to Palestine, or to bring into effect legislation such as the Foreign Enlistment Act. However, the Resolution is consistent with a decision to apply the Foreign Enlistment Act by Order in Council. Of course, should the truce be observed, there might be an end to the "civil conflict" in Palestine, which would cast doubt upon the competence of the Governor in Council to apply the act to Palestine by order.

4. A request has been received through the Canadian Embassy in Washington from the Egyptian Government for permission to purchase military aircraft from

Canada. The Egyptian Government is being informed that this type of aircraft is not now available for sale to Egypt. It is possible under existing regulations for the Department to refuse all requests for the sale of arms for use in the Eastern Mediterranean. Text ends.

5. The Security Council Resolution of May 29 was brought to the attention of Cabinet by the Minister at a meeting held June 2. In the discussion of this matter the Minister said that it did not appear advisable for Canada to take formal action immediately to apply the Foreign Enlistment Act. He expressed the hope that developments during the period of truce and further efforts by the United Nations might bring about a situation which would permit *de facto* recognition of the State of Israel; at the same time the Act might be made applicable. He indicated that, although numbers of Canadian citizens were reported to be leaving Canada to join the Jewish forces, the policy of holding up the issue of passports to applicants having this object in mind would be continued. The Cabinet noted with approval the Minister's report.⁶⁷

6. The memorandum to the Secretary of State and the views of Cabinet were brought to the attention of General McNaughton on Saturday, June 5.

216.

DEA/48 (S)

*Note du chef de la direction des Nations Unies
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Head, United Nations Division,
to Secretary of State for External Affairs*

SECRET

[Ottawa], June 9, 1948

PALESTINE

The Security Council Mediator in Palestine, Count Bernadotte, has now completed arrangements for the truce in Palestine to go into effect at six p.m. on Friday, June 11. His report, which is given in the attached teletype No. 660 of June 8,† indicates that he showed great qualities of firmness and good sense in the negotiations, particularly in the difficult task of interpreting the term "fighting personnel and men of military age." We have been informed that his proposals have already been accepted by the Arabs and will probably be accepted by the Jews before noon today.

A question may now arise concerning the sending of military observers to Palestine to assist the Mediator in implementing the truce terms. The United States regards the resolution of May 29th as an extension of the resolution establishing the Truce Commission and considers that military observers should be placed at the Mediator's disposal by the countries represented on the Truce Commission: the United States, France, and Belgium. The United States has already assigned officers for this duty and it is reported that Belgium and France have indicated their

⁶⁷ Voir les conclusions du Cabinet, le 2 juin.†

See Cabinet Conclusions, June 2.†

willingness to supply observers. Press reports indicate that the Soviet Union has also offered to send its military personnel for the same purpose.⁶⁸

R.G. RIDDELL

217.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], July 13, 1948

UN SECURITY COUNCIL; PALESTINE

9. *The Secretary of State for External Affairs* reported that the U.K. and U.S. governments had agreed upon a resolution which would define the situation in Palestine as a threat to the peace and call upon Jews and Arabs to desist from further military action. Failure to bring about a cessation of hostilities would demonstrate a breach of the peace under Article 39 of the Charter requiring further action by the Council.

The text of the draft resolution was read.

10. *Mr. St. Laurent* said that some difficulty had arisen concerning sponsorship of the resolution. Neither the U.K. nor U.S. delegations were willing to take the initiative and the U.K. government had now requested that the Canadian Delegate do so.

The force of the resolution would be largely lost if it were not proposed by the United Kingdom. In the circumstances it was proposed to reply to the United Kingdom that the government would be unable to instruct General McNaughton to put the resolution forward either himself or in conjunction with another delegate. On the other hand, it was clearly desirable that the resolution be supported and General McNaughton would be instructed to act accordingly.

In this connection a number of telegrams were read.

(Telegrams Nos. 757† and 758,† Canadian Permanent Delegate to External Affairs, July 12, 1948; telegram No. 1091,† Canada House to External Affairs, July 13, and draft telegram, External Affairs to Canada House, July 13)†.

11. *The Cabinet*, after discussion, noted the Minister's report and agreed that, in the circumstances, the U.K. government be informed that the Canadian representative could not be permitted to move the resolution; he would, however, be instructed to offer full support to such a resolution if and when it were presented.

⁶⁸ Cette note a servi de base à un rapport au Cabinet par Saint-Laurent le 9 juin.

This memorandum was the basis for a report to Cabinet by St. Laurent on June 9.

DEA/47-B (S)

218.

*Note du chef de la direction des Nations Unies
pour le secrétaire d'État aux Affaires extérieures*
*Memorandum from Head, United Nations Division,
to Secretary of State for External Affairs*

[Ottawa], July 13, 1948

SECRET

The United Kingdom Government has now decided definitely that it will not propose the draft Resolution on Palestine, the text of which I sent to you this morning. The United States delegation has therefore made a number of revisions in this Resolution and is prepared itself to put it forward. The United Kingdom delegation has accepted all the revisions except one and has agreed to support the Resolution if the United States puts it forward. The United Kingdom delegation has objected only to the inclusion of a specific reference to the Provisional Government of Israel in the revised draft, and the United States delegation may remove this reference. If not, the United Kingdom delegation will formally move an amendment in the Resolution to take out this reference to the Provisional Government of Israel.

I have spoken to Mr. Pearson who agrees that the delegation should be permitted to support the Resolution as revised. The only substantial change is the substitution for the phrase "calls upon" of the word "orders". This change is in line with a very strong recommendation made this morning by the Mediator and has been accepted by the United Kingdom delegation.⁶⁹ The question whether a direct reference is made in the Resolution to the Provisional Government of Israel does not seem to be a matter of much consequence, since the Mediator has been corresponding with this Government as such for a month. Mr. Pearson and I thought, therefore, that the delegation might be instructed to abstain on any motion which the United Kingdom makes in this regard.

I attach a copy of the revised Resolution† with the changes underlined. I should be glad if we might instruct the delegation to support this Resolution.

R.G. RIDDELL

⁶⁹ Notes marginales :Marginal notes:

This change might give rise to long debate as to whether Art[icle] 40 authorizes the making of an "order". Is it wise to make such a debate possible. St. L[aurant]
Otherwise approved. St. L[aurant]

219.

DEA/47-B (S)

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

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

TELEGRAM 466

Ottawa, September 17, 1948

SECRET. IMMEDIATE.

Following for Ritchie, Begins: Regarding news of assassination of Count Bernadotte and a member of his staff in Palestine. An official statement is being issued by the Canadian Government as contained in my immediately following telegram en clair.† A message of condolence† to Count Bernadotte's family from the Canadian Government and people is also being sent through the Canadian Minister in Stockholm.

2. It is assumed that the Council will meet in connection with Count Bernadotte's assassination. You may take this opportunity of associating the Canadian Delegation with appropriate expressions of sympathy, both in regard to Count Bernadotte and the member of his staff who was killed with him. You may also associate the Delegation with what will undoubtedly be other expressions, in emphatic terms, deploring these acts of outrage against respected representatives of the United Nations engaged upon a most important task in the interests of peace and security on behalf of the Organization.

3. It will, of course, be necessary to take immediate steps in an effort to assess the responsibility for these outrages. In this connection, it might be recalled that should it be found that these acts were committed by the regular or irregular forces of either side in Palestine, a clear violation of the Council's resolution of 19 August will have been demonstrated. In that resolution, the Council informed "Governments and authorities concerned" (among other things) "that:

(a) Each party is responsible for the actions of both regular and irregular forces operating under its authority or in territory under its control;

(b) Each party has the obligation to use all means at its disposal to prevent action violating the truce by individuals or groups who are subject to its authority or who are in territory under its control."

4. We assume that efforts will be made not only to assess responsibility but also to continue the work of mediation in Palestine. While realizing the difficulty of finding a substitute for Count Bernadotte without some delay we attach importance to having the Council take all possible measures to see that the process of conciliation is not terminated as a result of the assassination of the Mediator.

*Le secrétaire d'État aux Affaires extérieures
à la délégation à l'Assemblée générale des Nations Unies à Paris*

*Secretary of State for External Affairs
to Delegation to United Nations General Assembly in Paris*

Ottawa, September 21, 1948

TELEGRAM 17

SECRET. IMPORTANT.

Following for McNaughton, Begins: In connection with the consideration of the Palestinian question in the Council arising out of the assassination of the Mediator, you should be guided by the following principles:

(a) The truce ordered by the Security Council in its resolution of July 15th should be maintained.

(b) The Council should make all efforts to continue the work of mediation with a view to arriving at a negotiated peaceful settlement in Palestine, and to this end should expedite the appointment of a new mediator.

(c) Continuing efforts should be made to encourage the closest possible co-operation between the United States and United Kingdom Governments in maintaining the truce and in bringing their influence to bear upon Arabs and Jews with a view to arriving at a peaceful settlement.

(d) Efforts should be made to assess responsibility for the assassination of the Mediator. (The Acting Mediator, Mr. Ralph Bunche, has already instructed the Chief of Staff of the Mediator, General Lundstrom, to make the fullest investigation of the assassination.)

(e) The Canadian representative should maintain the present attitude regarding the disposition of the Arab refugees in Jewish controlled areas in Palestine, and interim aid to them. In particular, he should seek to encourage their return as far as possible, and resist attempts to make their return conditional upon other political considerations connected with a general settlement. As regards interim aid, assistance should be sought from Specialized Agencies such as the International Red Cross, the Children's Emergency Fund and the World Health Organization. (The possibility of direct Canadian assistance is still under review by the Departments concerned.)

2. Count Bernadotte's report has not yet been received here but as soon as it is available further instructions will be sent to you, if this seems necessary. Ends.

221.

DEA/47-B (S)

*Le secrétaire d'État aux Affaires extérieures
à la délégation à l'Assemblée générale des Nations Unies à Paris*

*Secretary of State for External Affairs
to Delegation to United Nations General Assembly in Paris*

TELEGRAM 146

Ottawa, October 16, 1948

SECRET. IMMEDIATE.

The discussion of the Palestine question in Committee I will be concerned, I understand, principally with the Report of the late United Nations Mediator and his proposals for a peaceful adjustment of the situation in Palestine. A detailed commentary on these proposals has been sent to you by air bag.† The following are some general considerations which might be helpful in guiding you in these discussions:

1) The delegation may express general support for the conclusions of the late Mediator which take into account the changes which have occurred since November 29, 1947, and which suggest a practical basis for a lasting settlement.

2) We are still concerned here with the matter of implementation and with what would appear to be a certain amount of wishful thinking, particularly on the part of the United States and United Kingdom, that a settlement may be effected by diplomatic efforts and "moral force". Since, however, the United Kingdom and United States have indicated that they are prepared now to cooperate in exercising influence on both sides in the direction of a peaceful settlement on the basis of the late Mediator's proposals, the delegation, in our view, should be cooperative, but not too active, in efforts which may be made to have the Mediator's conclusions embodied in a further resolution of the General Assembly. I do not think, therefore, that it would be wise for us to introduce or sponsor any resolution, although consideration might be given to association with other states in sponsorship if this seems necessary. You will, no doubt, refer to us any text of a proposal for our consideration before giving it your support.

2. I feel sure the delegation will bear in mind the importance of encouraging in every way possible agreement between the United Kingdom and the United States, enabling these two Governments to follow a coordinated policy in the Middle East as a whole, as well as in regard to the settlement in Palestine on the basis of the late Mediator's proposals.

3. It would seem desirable that the process of mediation be continued, preferably by a single individual having personal authority and having a right to claim impartiality towards both sides, such as the late Mediator. However, should the idea of a conciliation commission gain general support, it would seem desirable that members should consist of those countries capable of exercising a peaceful or conciliatory influence upon both sides in Palestine. For this reason we would prefer to have the commission consist of the governments represented on the present Truce Com-

mission. Such a formula, moreover, might prevent the re-opening of Soviet claims to participation in truce supervision and mediation.

4. As regards the question of the application of Israel for membership in the United Nations and its recognition by Canada, you should at present maintain the position decided by Cabinet, namely that in the present circumstances Canada will not support the application of Israel.

5. It is difficult to anticipate at this time all points of importance which may arise in the discussion, and you will no doubt wish to refer such matters for the consideration of the Government.

222.

DEA/47-B (S)

*Le secrétaire d'État aux Affaires extérieures
à la délégation à l'Assemblée générale des Nations Unies à Paris*

*Secretary of State for External Affairs
to Delegation to United Nations General Assembly in Paris*

TELEGRAM 187

Ottawa, October 29, 1948

SECRET. IMPORTANT.

Following for Mr. Pearson from Reid, Begins: You agreed before your departure that preliminary comments on the United Kingdom-United States draft resolution on Palestine should be prepared for your consideration. Accordingly, I submit for your consideration the following preliminary Departmental comments as set out below.

2. The area of agreement which has apparently been reached between the United States and United Kingdom delegations regarding the proposals of the Mediator for a settlement in Palestine is gratifying. Its further extension is still necessary if the full influence of the United Kingdom and the United States is to be used to the best advantage in bringing about a settlement in Palestine.

3. We note with interest the view of the United States reported in paragraph 1 (a) of Teletype No. 245† of October 21 from the Canadian Delegation that "the United Nations can only recommend a settlement in the Assembly and act in the Security Council to keep the peace." We are aware, from our discussions with Jebb here, that the United Kingdom maintains that the Council has certain legislative powers under Chapter VII. However, the paramount consideration is that United States and United Kingdom policies on Palestine should not diverge. It therefore would seem to us desirable that the United Kingdom, Canada and other countries accept, for the purposes of the Palestine discussion in the Assembly and in the Council, the interpretation of the Charter given by the United States, and, in particular, that this interpretation should be reflected as far as possible in the text of the draft resolution to be submitted to the Political Committee.

4. As regards the responsibilities of the Assembly, these should be clearly limited to recommendations on procedure, expressions of opinion, and instructions to

subordinate bodies which should not extend beyond the powers and functions of the General Assembly itself as the parent body.

5. The language of paragraphs 2, 3, 4 and 5 might be reviewed in the light of these considerations:

(a) In paragraph 2 the words following "United Nations Mediator" might be changed to read as follows: "and considers that the conclusions contained in Part 1 of that report, which are attached hereto, provide a basis for further efforts to achieve a peaceful settlement of the Palestine question."

(b) In paragraph 3 the words "in accordance with the provisions of the specific conclusions" might be changed to read "on the basis of the conclusions."

(c) The declaration in paragraph 4 must presumably be regarded as an expression of collective opinion by the General Assembly. The wording in the first clause seems satisfactory, therefore, but the words "considered as" might be omitted. The second clause containing an instruction to the Conciliation Commission should, in our opinion, avoid even the appearance of exceeding the powers of the Assembly by such reference to the Security Council as follows: after the words "Conciliation Commission" adding "subject to the directions of the Security Council."

(d) The instruction to the Conciliation Commission in paragraph 5 should more clearly reflect the fact that the Conciliation Commission, as a subordinate organ of the Assembly, can act only as a negotiating body. The words "delimiting the frontiers in Palestine based on the specific conclusions" might be changed to read "assist in arriving at a negotiated delimitation of the frontiers of Palestine on the basis of the conclusions."

6. So far as the Security Council is concerned, we recognize that even though, as we believe, the Security Council was not granted legislative power under the Charter, i.e., the power to change existing legal rights, nevertheless it can be argued, as the United Kingdom has done, that Palestine being *terra nullius*, the Council can assume legislative power in this particular instance. We do not, however, think it wise or useful to press this point, for two reasons: the United States is unwilling to accept it; and little practical purpose would be served by pressing it since the Council can attain the same practical results by acting under Articles 39 and 40. It is clear that two stages are involved:

(a) during the transition stage fighting can be prevented while negotiations are proceeding and the Council, acting under Article 40, can fix provisional demarcation lines between the opposing sides in addition to providing for truce observance, and

(b) once the parties agree on frontiers, the Council can then determine under Article 39 that any violation of the frontiers is a breach of the peace requiring the imposition of sanctions under Articles 41 and 42.

7: As regards (a) it would appear from paragraph 4 of the draft that the Conciliation Commission is to be charged not only with the heavy responsibilities of negotiating a settlement, but also with arrangements for the transition to a formal peace or armistice. If the Conciliation Commission is to be a newly appointed body selected by the Permanent Members as proposed by the United Kingdom in para-

graph 3 of the draft, it might be considered advisable to prolong the functions of the Truce Commission to assume responsibilities for the transition from the truce to peace. On the other hand, if the Truce Commission were, as we suggested in our telegram No. 178 of October 27,† to be given new responsibilities of conciliation but maintain its present membership, this consideration would not arise.

8. As regards (b), namely the maintenance of peace on the basis of frontiers established through negotiation, reference might be made in paragraph 11 to what appears to be the underlying assumption of the whole proposed resolution, namely that the frontiers will have been established by negotiation and accepted by agreement, or at least by acquiescence, and not imposed by force or through some legislated settlement. This might ease the position of the Security Council should it find it necessary, as envisaged in paragraph 11, to treat violations of frontiers as a threat to the peace, breach of the peace or an act of aggression under Article 39.

9. This underlying assumption of agreement, or at least of acquiescence, in a settlement by both sides would seem to depend upon United States and United Kingdom agreeing on a definite plan and exerting maximum pressure on both sides.

10. Subject to the above comments, the draft resolution seems to me to offer a satisfactory basis for implementing the Mediator's proposals for a settlement in Palestine, and as such should be given the support of the Canadian delegation. However, before the draft resolution is introduced in Committee, it would be desirable that the Canadian delegation should endeavour, through consultations with the United States and United Kingdom delegations, to try to reach a common understanding not only on the constitutional problems to which I have referred, but also on the ways and means of implementing the resolution if it were adopted. It seems clear at this stage that only if a clear unity of purpose on the part of the United States and the United Kingdom on the Palestine question is revealed to the General Assembly will sufficient support be forthcoming for the Mediator's proposals or any other proposals for the settlement of the Palestine problem. Ends.

223.

DEA/47-B (S)

*Le secrétaire d'État aux Affaires extérieures
à la délégation à l'Assemblée générale des Nations Unies à Paris*

*Secretary of State for External Affairs
to Delegation to United Nations General Assembly in Paris*

TELEGRAM 194

Ottawa, October 30, 1948

PERSONAL AND CONFIDENTIAL. IMPORTANT.

Following for Mr. Pearson from Reid, Begins: There are two aspects of the Palestine problem bearing on discussions in the Security Council to which reference was made in the brief talk we had just before you left on which I should like to make the following comments: These concern two principles which it seems to me the

Security Council must maintain at this time if it is (a) not to run the risk of losing any claim to exercising control over the situation in Palestine, and (b) create dangerous precedents.

2. Having once assumed responsibility, under its Truce Resolution of July 15 (and subsequent resolutions) to stop the fighting in Palestine so as to enable negotiations for a settlement to proceed, the Security Council must be enabled by the continued support of its members to ensure that fighting is not resumed pending the outcome of the negotiations. In this connection, it is sometimes said that, because the Council failed to take action to prevent Arab forces from using force to prevent the partition of Palestine, the Council should not now undertake to consider the use of its powers under Chapter VII to stop truce violations by either side. It seems to me essential that a distinction be maintained between the situation which existed *before* the Council assumed jurisdiction to prevent breaches of the peace in Palestine under Chapter VII, and the situation which has been created *since* the Council undertook, by the exercise of its authority to stop the fighting, so as to enable the process of mediation ("to promote a peaceful adjustment of the future situation in Palestine" initiated by the May 14 Resolution of the General Assembly) to be implemented. Under the Resolution of July 15 the Council assumed the obligation to declare that the failure on the part of any government or authority to "desist from further military action . . . would demonstrate the existence of a breach of the peace within the meaning of Article 39 of the Charter requiring immediate consideration by the Security Council with the view to such further action under Chapter VII of the Charter as may be decided upon by the Council." Unless the Council is now able, by the exercise of its authority, to have both sides "desist from further military action" without prejudice to any claims either party may have in respect of the plan of partition, the success it has already achieved in localizing the conflict may be nullified.

3. This brings me to my second point, namely that inasmuch as the United Nations has chosen a Mediator and staff as its instrument, under the May 14 Resolution, for the promotion of a peaceful adjustment of the situation in Palestine, and inasmuch as the Council has set up a Truce Commission and placed its reliance upon the United Nations observers on the spot for the information it requires, it is now essential that the reports and recommendations of these United Nations representatives who are on the spot should be accepted as a basis for any discussion of truce violations in the Council, and that these representatives be given every support. Charges of bias have been made against the observers by both sides and will continue to be made. However, it would seem to me that unless the Security Council by a decision withdraws its confidence from the Acting Mediator and the truce observers on the basis of an investigation on the spot, failure to accept their word against the word of interested parties will bring the Security Council discussions into a state of confusion. One of the principal points on which there appears to be conflicting evidence is the relative positions occupied at various times by the opposing forces of the two sides. Each truce violation appears to change these relative positions, and observers are not always present to determine the precise positions which the respective forces should be occupying under the truce arrangements. It would seem essential, therefore, that lines of demarcation should

be drawn between the opposing forces, pending a negotiated settlement, and that both sides, as from a fixed date, be called upon to disengage their forces and retire to determined positions to enable observer teams to occupy and patrol the demilitarized intervening areas.

4. These comments are intended to supplement my message No. 187 of October 29. Ends.

224.

DEA/47-B (S)

*Note**Memorandum*

SECRET

[Ottawa, November 16, 1948]

ANNEX B: PALESTINE⁷⁰

The Security Council continues its efforts to prevent fighting from being resumed in Palestine to enable a negotiated settlement to be reached. It will be recalled that on November 4 the Council adopted a resolution calling for the withdrawal of troops to positions occupied on October 14 when the most recent serious fighting broke out, and that failure to comply would be considered by a committee of seven, including the five Permanent Members, under Chapter VII of the Charter. The Acting Mediator was authorized to establish provisional lines beyond which no troop movements might take place. He did so on November 13, with the approval of the committee of seven, and ordered both parties to observe the new arrangements.

2. At a closed meeting of the Security Council on November 9, the Acting Mediator made the suggestion that there should be progress from a truce to an armistice, in order to create the psychological conditions necessary for negotiations and for the forthcoming discussions of a settlement in the General Assembly. For this purpose he proposed that a resolution be adopted by the Council, calling for a settlement of all outstanding truce problems in Palestine through the good offices of the Acting Mediator, and that an armistice should come into effect based on separation of all forces by broad demilitarized or neutral zones, leading ultimately to the withdrawal and reduction to a peacetime footing of opposing forces.

3. Following up the Acting Mediator's suggestions, a resolution was worked out in a series of discussions among the United States, United Kingdom and Canadian Delegations. As the views contained in the resolution represented a compromise on the part of both the United Kingdom and the United States Governments, the Canadian Delegation was requested by the Delegation of the United States and the United Kingdom to sponsor the resolution on the understanding that they would support it in the Council, in association with Belgium and France.

⁷⁰ Le secrétaire d'État par intérim aux Affaires extérieures a fait rapport au Cabinet le 17 novembre sur la base de cette annexe.

A report based on this annex was made to Cabinet on November 17 by the Acting Secretary of State for External Affairs.

4. The resolution (the text of which is attached) was submitted by General McNaughton at the meeting of the Council on the afternoon of Monday, November 15, and was immediately supported by the United Kingdom and the United States, as well as by other Delegations, with the exception of the Syrian and Soviet Delegations. The resolution was adopted at a meeting of the Council on Tuesday morning, November 16.

CANADIAN ARMISTICE RESOLUTION ADOPTED BY THE SECURITY COUNCIL
NOVEMBER 16, 1948

The Security Council, reaffirming its previous resolutions concerning the establishment and implementation of the truce in Palestine, and recalling particularly its resolution of July 15, 1948, which determined that the situation in Palestine constitutes a threat to peace within the meaning of Article 39 of the Charter;

Taking note that the General Assembly is continuing its consideration of the future government of Palestine in response to the request of the Security Council of April 1, 1948;

Without prejudice to the actions of the acting Mediator regarding implementation of the resolution of the Security Council of November 4, 1948;

Decides that, in order to eliminate the threat to peace in Palestine and to facilitate the transition from the present truce to permanent peace in Palestine, an armistice shall be established in all sectors of Palestine;

Calls Upon the parties directly involved in the conflict in Palestine, as a further provisional measure under Article 40 of the Charter, to seek agreement forthwith, by negotiations conducted either directly or through the acting Mediator on Palestine, with a view to immediate establishment of an armistice including:

1. Delineation of permanent armistice demarcation lines beyond which the armed forces of the respective parties shall not move;

2. Such withdrawal and reduction of their armed forces as will ensure the maintenance of the armistice during the transition to permanent peace in Palestine.

225.

DEA/47-B (S)

Note du sous-secrétaire d'Etat par intérim aux Affaires extérieures

Memorandum by Acting Under-Secretary of State for External Affairs

CONFIDENTIAL

[Ottawa], November 23, 1948

ANNEX A: THE DISCUSSION IN THE POLITICAL COMMITTEE AND IN PARTICULAR MR. PEARSON'S STATEMENT ON PALESTINE OF NOVEMBER 22¹

The delegates of the United Kingdom, United States and Canada have spoken in the opening debate on Palestine in the Political Committee of the General Assembly.

¹ Le secrétaire d'Etat par intérim aux Affaires extérieures a fait rapport au Cabinet le 24 novembre sur la base de cette annexe.

A report based on this annex was made to Cabinet on November 24 by the Acting Secretary of State for External Affairs.

2. The United Kingdom introduced a draft resolution to implement the proposals of the late Mediator, which embody a plan of partition based on the recognition of a Jewish state in part of Palestine and the absorption of the remainder by neighbouring Arab states. The draft resolution calls for the appointment of a Conciliation Commission of three members to take the necessary measures to put the Mediator's plan into effect. It would take over the functions of the Acting Mediator and Truce Commission, appoint a Commissioner for the Jerusalem area, draw up a plan for a permanent international regime for Jerusalem, and facilitate the repatriation of Arab refugees. It would appoint a boundary commission to establish frontiers on the basis suggested by the Mediator, giving northern Palestine and the coast to the Jewish state and permitting the Arabs to retain the eastern part of central Palestine and the southern desert. Adjustments of this plan might be made to promote agreement if the general equilibrium of the Mediator's conclusions were not altered. The Security Council would be asked to consider as a threat to the peace, breach of the peace or act of aggression any attempt to alter these frontiers by force.

3. The United States accepted this draft resolution for purposes of discussion but wished the boundaries to be based on the Assembly's partition plan of last November. No changes would be allowed in this plan unless they were fully acceptable to the Jewish State. Nevertheless, if the Jews wished to retain areas described as Arab in last year's Assembly resolution they must offer appropriate exchanges through negotiation. The emphasis placed by the United States on negotiation and agreement rather than on the delimitation of boundaries by a United Nations commission is related to the warning of the United States delegate that more thought would have to be given to the nature of United Nations guarantees of the frontier and of human rights.

4. Mr. Pearson's statement of November 22 also placed emphasis on negotiation and agreement rather than upon the imposition of a settlement by the United Nations. He urged that permanent arrangements should be effected by negotiation among those directly concerned, within the framework of the truce and mediation proceedings worked out by United Nations bodies during the past year. These negotiations, he said, should take into consideration both the resolution of the General Assembly of November 29, 1947 and the Mediator's Report, as well as the situation which now exists in Palestine under the truce. Thus the Conciliation Commission proposed by the United Kingdom would assume the character of a Commission of Good Offices.

5. The other points stressed by Mr. Pearson are as follows:

(a) Recognition of the existence of a Jewish State (one of the basic premises of the Mediator's Report) need not wait for action until the boundaries of the state are precisely and finally defined, but the United Nations has a right to expect that Israel should accept fully the principles of peaceful settlement embodied in the Charter and prove their acceptance by giving effect to the truce and armistice arrangements laid down by the Security Council. Such a recognition of Israel, upon the terms specified, would make Israel eligible for membership in the United Nations.

(b) The principle of the internationalization of Jerusalem should be re-affirmed and both parties should be called upon to cooperate in facilitating the establishment of international control in this area.

(c) The United Kingdom draft resolution provides a good basis of discussion in the Political Committee.

6. Mr. Pearson has sent a message, No. 448 of November 22, copy of which is attached,† giving the principal points of his statement. The full text is following by commercial airmail.

E[SCOTT] R[EID]

226.

DEA/47-B (S)

*Extrait d'une note du sous-secrétaire d'État par intérim
aux Affaires extérieures*

*Extract from Memorandum by Acting Under-Secretary of State
for External Affairs*

CONFIDENTIAL

[Ottawa, December 7, 1948]

ANNEX 2: PEACEFUL ADJUSTMENT OF THE FUTURE SITUATION IN PALESTINE

On December 4, the Political Committee of the Assembly approved, by a narrow majority of 25 votes to 21 with nine abstentions, a resolution providing for a Conciliation Commission of three members to assist the Arabs and Jews to reach final settlement on all outstanding questions. Jerusalem and environs is to be placed under effective United Nations control, and the Security Council is asked to arrange for its demilitarization as soon as possible. No mention whatsoever is made in the instructions to the Conciliation Commission of the basis on which the remainder of Palestine will be divided between Arabs and Jews. The Conciliation Commission is instructed to facilitate the economic development of Palestine and the repatriation and rehabilitation of refugees.

2. A noteworthy aspect of the Resolution adopted by the Political Committee is the reference, which occurs for the first time in a United Nations document, to "the State of Israel". The actual phrase which appears in the terms of reference of the Conciliation Committee which is "to promote good relations between the State of Israel, the Arabs of Palestine and the neighbouring Arab States." If the resolution is adopted by the General Assembly (for which a two-thirds majority is required) the reference to the State of Israel would amount to a recognition by the United Nations of the existence of this State.⁷²

Unless a two-thirds majority can be obtained for the resolution in the plenary session, the Assembly is likely to adjourn without reaching any decision on the Palestine question. This would mean that the Acting Mediator would continue his attempts to control the situation under the Security Council's resolution of Nov-

⁷² La résolution a été adoptée le 11 décembre par un vote de 35 pour, 15 contre avec 8 abstentions.
The resolution was adopted on December 11 by a vote of 35 for, 15 against and 8 abstentions.

ember 4 and 16 designed to keep Jewish and Arab forces apart and to transform the truce into an armistice.

E[SCOTT] R[EID]

SUBDIVISION VII/SUB-SECTION VII
COUP D'ÉTAT EN TCHÉCOSLOVAQUIE
COUP D'ÉTAT IN CZECHOSLOVAKIA

DEA/50165-40

227.

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

New York, March 15, 1948

TELEGRAM 323

SECRET. IMMEDIATE.

Reference our message No. 321 of 13th March† regarding Chilean representative's submission to the Council on Czechoslovakia.

I have learned from United States and United Kingdom delegations that they intend giving their support to having the Chilean submission put on the agenda of the Council and discussed on Wednesday, 17th March.

2. Neither delegation has decided what course of action the Council should take in any subsequent debate so far, but feel that in view of the seriousness of the charges regarding events in Czechoslovakia and the effect on public opinion, they have no alternative but to have the Council discuss the matter. As regards the possible outcome, a member of the United States delegation indicated that an appropriate objective would be an investigation regarding the charges of Soviet intervention in the coup in Prague, which he admitted might be difficult to prove in view of obvious Czech complicity. In any case, he thought that the Council should endeavour to ascertain the facts by its own investigation. Investigation, if proposed to the Council, might be vetoed by Gromyko in which case the responsibility for preventing action on the part of the Council would squarely rest on the Soviet delegation. If on the other hand, Gromyko were to walk out of the Council when the Czech question is put on the agenda, the Council would then be presumably at liberty to adopt a Resolution establishing an investigation of the charges. This action would serve to focus public opinion on the tactics of "indirect aggression" employed by the Soviet Union.

3. I would appreciate your advice as soon as possible as to the position the Canadian delegation should take on the question of admission of the Czech question to the agenda of the Council. In the circumstances I think that we should vote in form of admission of the Chilean submission to the agenda of the Council.

228.

DEA/50165-40

*Le secrétaire d'État aux Affaires extérieures
au délégué permanent aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegate to United Nations*

TELEGRAM 280

Ottawa, March 16, 1948

Your telegram No. 323 dealing with Chilean representative's submission to Council on Czechoslovakia.

It is not easy to decide what should be done about this matter. Putting this subject on the agenda against the wishes of Russia and ultimately forcing a Russian veto may possibly result in a useful political warfare victory against the Soviets, but if the Russians did not oppose its inclusion it might constitute an awkward precedent. Might they not then put United States alleged interference in Greece, Italy, etc., on the Council agenda? Furthermore, are the Americans sure that a commission investigating the charges can establish their validity? I had thought that on the surface there seemed to be little interference by the U.S.S.R. in the Czech coup. In that case an investigation would probably back-fire. It is, in fact just possible, though I suppose not probable, that the U.S.S.R. might welcome this particular enquiry on the ground that they could make, superficially, such a good case for their non-intervention. There is also the domestic jurisdiction angle. On the whole I think the Council should be careful about getting involved in an issue of this kind which may be turned against it, and I would have preferred, myself, to have restricted Council intervention to the simple question of the procedural handling of Papanek's⁷³ submission. However, it would be difficult to oppose the Chilean submission if it were supported by the U.S. and the U.K., and we may have to go along with them. From the evidence submitted, however, I am not satisfied that either the U.S. or the U.K. have sufficiently considered the consequences of this action. I may be wrong — I hope I am — but I doubt if putting this matter on the Agenda will have any useful results. If it is put on, however, I would think that we might adopt, at the beginning at least, a passive attitude during its discussion until we see how things develop.

⁷³ Jan Papanek, ancien délégué permanent de Tchécoslovaquie aux Nations Unies et représentant, délégation à la deuxième session régulière de l'Assemblée générale.

Jan Papanek, former Permanent Delegate of Czechoslovakia to United Nations and Representative, Delegation to Second Regular Session of General Assembly.

*Note du chef de la Direction européenne
pour la Direction des Nations Unies*
*Memorandum from Head, European Division,
to United Nations Division*

[Ottawa], October 15, 1948

THE CZECHOSLOVAK QUESTION BEFORE THE UNITED NATIONS

I. The General Background

The Communist Party in Czechoslovakia emerged from the elections of May, 1946, as the strongest single party, with 38% of the votes. The resignation from the Cabinet of twelve non-Communist members, after the Communist Minister of the Interior had refused to satisfy their protest against the widespread dismissal of non-Communists from the police force, gave the Communist Party the opportunity to effect the coup d'état of February 1948. Under pressure of threat and bloodshed, President Benes was compelled to accept the resignations of the twelve non-Communist members of the Cabinet and to agree to the formation of a new Cabinet controlled by the Communists. The new Government, through its control of the police and the information services and with the help of "Action Committees", was then able to face the coming election of May, 1948, without fear of suffering heavy losses.

2. On March 10th, Dr. Jan Papanek, then the permanent Czechoslovak delegate to the United Nations, handed to the Secretary-General of the United Nations a statement charging the Soviet Union with having intervened in the Czechoslovak crisis. Two days later, the Chilean representative wrote to the Secretary-General, asking that the Security Council investigate the matter and permit Chile to take part in the discussion. Both Dr. Papanek and the Chilean representative invoked Article 34 of the Charter of the United Nations which gives the right to the Security Council to "investigate any dispute or any situation which might lead to international friction or give rise to a dispute, in order to determine whether the continuance of the dispute or situation is likely to endanger the maintenance of international peace and security." Chile also invoked Article 35 (paragraph one) which states that "any member of the United Nations may bring any dispute or any situation of the nature referred to in Article 34 to the attention of the Security Council." The charges brought before the Council were that freedom and independence of Czechoslovakia had been suppressed by the Communist Party, with the cooperation of the Soviet Union, and that this fact was endangering the maintenance of international peace and security. The Council gave preliminary consideration to these charges and proceeded to discuss the means by which an enquiry might be made.

II. Dr. Papanek's Allegations

3. In his statement, Dr. Papanek claimed that every move that the Communists had made since they began their so-called cooperation with President Benes and the non-Communist elements of the country, had been a step towards the eventual

destruction of democracy internally, and towards the complete submission of Czechoslovakia to the Soviet Union in foreign affairs. He stated that the steps taken by the Communists before and after the coup d'état had followed the same pattern as had been applied by the Communist Parties in other states of Eastern Europe. The threat of military intervention by the U.S.S.R. (indicated by the presence of Soviet forces on the north-west boundaries of Czechoslovakia), the restrictions on freedom of speech and press, of travel and of emigration, the curbs on the ownership of private property, the prostitution of justice, the elimination of non-Communists from public service, the economic pressure (such as the cession of the radium mines), the prevention of Czechoslovakia's participation in the Marshall Plan, the forcible removal of leaders and members of the non-Communist political parties and the restrictions on the constitutional powers of the President: these were some of the methods employed.

III. *Outline of Discussion*

4. Though realizing that it might be difficult to establish direct evidence of the Soviet Union's complicity in the coup d'état, the United Kingdom and the United States saw no alternative but to have the Security Council examine the charges with a view to ascertaining their truth so far as that was possible. They supported the inclusion of the Chilean request on the agenda of the Security Council. All the members of the Security Council did the same, with the exception of the U.S.S.R. and the Ukrainian S.S.R. The resolution was placed on the agenda by a vote of 9-2. Mr. Gromyko then charged that the Chilean attitude was dictated by the United States, which sought to cover up its activities in Czechoslovakia, Italy and Greece, and to accelerate the passage of ERP through Congress. By a similar vote of 9-2, Chile was given the right to participate in the discussion and Dr. Papanek invited to appear before the Council. The Government of Czechoslovakia was also invited to participate without vote in the discussion, but declined the invitation on the grounds that "the discussion of internal matters of Czechoslovakia in the Security Council was contrary to the basic principles of the Charter." The Czechoslovak delegate, like the Soviet Union delegate, did not answer any of the charges concerning the pressure brought to bear by Moscow on Mr. Benes and Mr. Masaryk to bring Czechoslovakia into the Soviet sphere of influence.

5. To facilitate elucidation of the facts by the Council, Chile proposed a resolution, sponsored by the Argentine, which provided for the appointment of a Subcommittee of the Council, composed of three members, to receive evidence and statements and to report to the Security Council. The U.S.S.R. opposed this resolution on the grounds that it was substantive and not procedural. Mr. Gromyko suggested that the preliminary question whether the motion was substantive or procedural be decided in accordance with the statement of the four sponsoring powers at San Francisco on June 7th, 1945. In his opinion, this would require that the decision be taken by a majority of seven votes, including the concurring votes of the permanent members. By a vote of 8-2 (France abstaining), the motion was declared a matter of procedure; however, President Parodi (France) declared that the motion was nevertheless substantive, according to the San Francisco statement. The U.S.S.R. and the Ukrainian S.S.R. were in favour of this decision, France, the United Kingdom and the United States abstained, and the six remaining powers,

including Canada, voted against. The President's decision was upheld, as there were less than seven votes cast against it. When the Chilean resolution was brought to a vote, nine states voted for and two against. The resolution was not adopted since one of the opposing votes had been made by a permanent member. At the close of the discussion, the United States proposed that statements should be obtained from refugees for the Council, and Argentina submitted a new draft resolution calling upon the Council to entrust its Committee of Experts to obtain evidence. The Argentine motion was opposed by the U.S.S.R. and the Ukrainian S.S.R. The matter did not come to a vote, and the Council then adjourned.

IV. *The Canadian Attitude*

6. The Canadian representative at the Security Council took a strong stand against the Communist position. He regarded the Chilean resolution as procedural and considered the four power statement at San Francisco to be irrelevant. He recalled that the sponsoring powers had pledged themselves not to use the veto wilfully to obstruct the operation of the Council. He also referred to Article 103 of the Charter which provides "that in any conflict between obligations of member states under the Charter and under any other international agreement, their obligations under the Charter shall prevail." To this Mr. Gromyko replied that the U.S.S.R. "was not prepared to take lessons from the Canadian delegation and that he did not intend to listen to the moralizing of the Canadian delegation as to whether the U.S.S.R. was abusing its rights or not." General McNaughton gave the background of the seizure of power by the Communists in Czechoslovakia and stated that it was "difficult to avoid the opinion that the Communist Party gained control of Czechoslovakia with the knowledge, approval and some help at least from the Soviet Union." He considered that it was the duty of the Council to arrange that witnesses be heard to ascertain the methods by which a "minority group linked with an outside power is able to overthrow its political opponents and deprive the majority of the people of their political liberties, for this is not only dangerous to democracy but also creates a threat to international peace and security."

LÉON MAYRAND

SUBDIVISION VIII/SUB-SECTION VIII

DÉSARMEMENT

DISARMAMENT

230.

DEA/211-G (S)

*Le secrétaire d'État aux Affaires extérieures
à la délégation à l'Assemblée générale des Nations Unies à Paris*

*Secretary of State for External Affairs,
to Delegation to United Nations General Assembly in Paris*

TELEGRAM 69

Ottawa, October 1, 1948

SECRET. IMPORTANT.

With reference to Vishinsky's draft Resolution on disarmament, it is thought here that his proposal should be regarded as propaganda, and that the Soviet draft might be dealt with by amendment rather than rejected outright.

2. The obvious defect in Vishinsky's proposal is the highly ambiguous provision for international control over the implementation of measures of disarmament, and the absence of any provision for international inspection. Experience in previous discussions in the United Nations has shown that such an ambiguous reference to "within the framework of the Security Council" inevitably raises the whole question of the veto, and it is evident that the veto might be used in the Security Council to limit the effectiveness of inspection.

3. The question of adequate preliminary international inspection is a matter of first importance in our view. In connection with Vishinsky's proposal that armed forces be reduced by one third, the Soviet delegation should be directly pressed, if possible by a spokesman for a group of delegations, to declare unequivocally whether the Soviet Union is prepared to open its borders to international observer teams which might establish, both quantitatively and qualitatively, the armed forces and armaments, both existing and potential, at the disposal of the Soviet Union in its own territories, as well as territories under its control.

4. Such an inspection is clearly a necessary prerequisite, if a sound basis for progressive general disarmament is to be established. Following such an inspection, which would of course be only the first of periodic and of unannounced inspections, a formula of disarmament must be found which would be related to the needs of general international peace and security. This is an entirely different approach from the one suggested by Vishinsky, that disarmament could be effective without adequate preliminary knowledge merely by the application of an arbitrary arithmetical formula.

5. However, before any assurance is demanded of the Soviet Union that it accept international inspections of its armed forces and armaments, the other Great Powers concerned must naturally be prepared to say that they would accept similar international inspection. We assume, therefore, that you would consult the delega-

tions of the Western Powers, and particularly United States and United Kingdom, on this matter.

6. It might be appropriate also to point out that Canada, like most of the Allies in the recent war, substantially reduced its own armaments and armed forces upon the conclusion of hostilities. We had so acted in the hope that we might be able to place reliance for our own security on the undertakings to which all members of the United Nations had pledged themselves under the Charter, and on the machinery for the maintenance of international peace provided for in the Charter. No country therefore would welcome more sincerely progress towards effective measures of general disarmament than would Canada.

7. You might consider repeating our consistent position that we fully support effective measures for general disarmament, but not at the cost of insecurity for ourselves, or for other nations bent upon maintaining international peace and security on the basis of the principles and purposes of the Charter. It might perhaps be pointed out that, if the factors contributing to the present state of tension and insecurity were objectively examined by the United Nations, it would be found that the principal aggravating causes are:

(a) the overwhelming superiority of armed forces maintained and deployed by the Soviet Union particularly in Europe,

(b) the failure of the Soviet Union to cooperate in the establishment of collective forces under the United Nations on the basis of Article 43 of the Charter.

(c) the failure of the Soviet Union to cooperate in the development of proposals to establish international control of atomic energy and, the failure of the Soviet Union to respond to the majority view expressed in the Commission on Conventional Armaments that measures must be taken to strengthen the sense of security of nations before national armaments may be regulated or reduced.

8. Vishinsky has reiterated the Soviet Union's position regarding the prohibition of atomic weapons. The oversimplification of the Soviet argument in this respect will no doubt be exposed by statements such as the one made by General McNaughton on the Reports on the Atomic Energy Commission.

9. You may also wish to emphasize the importance which Canadian Delegations have always attached to the implementation of Article 43 which would enable nations to rely on measures other than their own armament for their security and would provide one important criterion for the international regulation and reduction of armaments and armed forces.

10. We realize that United States concurrence in the proposal set forth in paragraph 5 above, especially in regard to atomic bombs and installations, will be dependent on a realization by the United States that the pledge to accept effective international inspection will cost them nothing, since it is inconceivable that the Soviet Union will agree to make the pledge, or, if they make it, will agree to an international convention to implement the pledge. The Soviet disarmament resolution is pure propaganda and I do not see how we can counter it effectively unless we are prepared to meet the Soviet Union on their own ground.

231.

DEA/211-G (S)

*La délégation à l'Assemblée générale des Nations Unies à Paris
au secrétaire d'État aux Affaires extérieures*

*Delegation to United Nations General Assembly in Paris
to Secretary of State for External Affairs*

TELEGRAM 139

Paris, October 7, 1948

SECRET

Disarmament. With the referring of atomic energy to a Sub-Committee, Committee One took up today the next item on its agenda, the Soviet resolution on disarmament. General debate opened with a long speech by Vishinsky which was chiefly remarkable for the fact that it said nothing about his resolution. The first part was a historical study of disarmament proposals in the twenties and thirties which was followed by attacks on Bevin and Spaak and the usual objections to United States military and atomic policy.

2. For the United Kingdom, McNeil made a forceful and largely impromptu reply stressing,

(a) Our lack of any information about what arms and forces the Soviet Union possesses;

(b) The advantage to the Soviet Union as a heavily armed power of mere quantitative reduction such as Vishinsky's one-third;

(c) The overwhelming importance of an adequate settlement of international inspection.

3. Belgium made a general statement in reply to Vishinsky's attack on Spaak and the debate adjourned until Saturday, October 9th.

4. We propose to speak in the debate along the general lines of your telegram No. 69 of October 1st. We think, however, that we should not speak before the Great Powers, or at least the United States and France (China is rather holding back), since the resolution is in the first instance directed at them.⁷⁴ Ends.

(c) 10/11/48

⁷⁴ La déclaration canadienne à la Première Commission, faite le 11 octobre, est reproduite dans *Le Canada et les Nations Unies 1948*, pp. 217-221.

The Canadian statement to the First Committee, which was made on October 11, is reprinted in *Canada at the United Nations 1948*, pp. 215-18.

232.

DEA/211-G (S)

*La délégation à l'Assemblée générale des Nations Unies à Paris
au secrétaire d'État aux Affaires extérieures*

*Delegation to United Nations General Assembly in Paris
to Secretary of State for External Affairs*

Paris, October 27, 1948

TELEGRAM 278

RESTRICTED

Referred to London.

Disarmament. Your telegram No. 170 of October 23rd† and previous correspondence.

The Disarmament Sub-Committee, with unexpected display of energy, on Monday, October 25th voted down the Soviet proposal and by a majority vote, approved a revised Franco-Belgian Resolution, the text of which is given in my immediately following telegram.† As this will be referred to Committee One in a few days' time, your early comments would be appreciated.

2. You will note that the operative part of this revised Resolution contains the same general ideas as the previous Franco-Belgian draft together with an invitation to the Security Council to report to the assembly not later than its next session on the effect given to the present recommendation.

3. After the meeting, the United Kingdom representative advised us that he was quite satisfied with the revised Resolution approved by the majority.

4. Your suggested changes to the previous Franco-Belgian proposal, contained in your telegram under reference, were made known privately to members of the Sub-Committee on Monday. Present text has, however, been agreed upon over the week-end by parties principally concerned in the Sub-Committee. Possibility of securing adoption of drafting changes when Resolution is returned to full Committee will be kept in mind, although this may prove difficult at Committee stage.

233.

DEA/211-G (S)

*Le secrétaire d'État aux Affaires extérieures
à la délégation à l'Assemblée générale des Nations Unies à Paris*

*Secretary of State for External Affairs
to Delegation to United Nations General Assembly in Paris*

Ottawa, October 29, 1948

TELEGRAM 189

SECRET. IMPORTANT.

Your telegrams No. 278 and No. 279† of October 27. Disarmament. Following from Reid. Like the previous draft the general lines of the revised Franco-Belgium resolution seemed to us satisfactory.

2. It is unfortunate, however, in our view, that the language of the draft as it stands fails to reflect the necessity for propaganda reasons of making a clear and unambiguous answer to the Soviet proposal for a cut in armaments and armed forces. We realize that now that the Sub-committee has approved the draft, it may be difficult, if not impossible, for you to offer amendments in Committee stage. However, every effort should be made at least by a statement to present to the public mind the contrast between the Soviet proposal and that of the Western powers. The Soviet proposal, obviously made in bad faith, is based upon an arbitrary mathematical ratio of one-third. The Western Powers, on the other hand, propose a universal and thorough-going system of regulating and reducing all armaments and armed forces based upon cooperation between all nations and starting with, not an arbitrary figure of one-third, but full information on existing armaments and armed forces checked and verified by effective international inspection.

3. This is the consideration which prompted my remarks contained in paragraph 10 of our message No. 69 of October 1.

4. I expect that the Minister will be in Paris before the resolution is discussed in the Political Committee and you will no doubt have an opportunity to discuss this with him.

5. The drafting of the resolution appears to have been based upon insufficient realization of the fact that the disarmament discussions in Paris have no significance except as an engagement in the present propaganda battle. Our impression from here is that the Western Powers have been beaten hereto in this engagement. It is, I suggest, of some considerable importance that in the last phase of the discussions on disarmament in Paris, some of the ground which has been lost should be recovered.⁷⁵

⁷⁵ Le texte de la résolution sur le désarmement votée par l'Assemblée générale des Nations Unies le 19 novembre est reproduite dans *ibid.*, p. 221.

For the text of the resolution on disarmament passed by the General Assembly of the United Nations on November 19, see *ibid.*, page 219.

SUBDIVISION IX/SUB-SECTION IX
FORCE DE GARDE DE L'ONU
UN GUARD FORCE

PCO/Vol. 116

234.

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

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

[Ottawa], October 16, 1948

SECRET

UNITED NATIONS GUARD FORCE

The Secretary of State for External Affairs has the honour to report that the Third Session of the General Assembly of the United Nations will be giving consideration to a proposal by the Secretary-General that a United Nations Guard Force be created to perform protective, control and administrative functions on behalf of the Security Council and the General Assembly.

2. The assassination of Count Bernadotte and the killing of other United Nations officials in Palestine have given impetus to the Secretary-General's proposals. The Secretary-General has now recommended to the General Assembly an initial Guard Force of eight hundred men of whom three hundred would be permanently mobilized, with five hundred in reserve living in their own countries but ready for service on short notice from the Secretary-General. This force, according to the Secretary-General's proposals, would be armed with light personal weapons only, (revolvers, rifles, carbines or light automatic rifles). It would be recruited in accordance with the principles established in Chapter XV of the Charter for the appointment to the staff of the Secretariat.

3. It is not the intention that this Guard Force should be considered in any way a substitute for the Armed Forces which Member States of the United Nations are obliged to place at the disposal of the Security Council in accordance with Article 43 of the Charter. The duties of the proposed United Nations Guard Forces would be not combative, but protective and administrative. The essential duty of the Guard Force would be to provide protection to the personnel and property of missions of the United Nations established by the Security Council or by the General Assembly. In the case of elections or plebiscites, supervised by the United Nations, the Force may act to supervise polling places and to prevent fraudulent voting. A proportion of the Force would also include experts in transport and communication, who might be called upon to operate such technical services where these are not provided by national or local authorities.

4. The Chiefs of Staff Committee has estimated that the annual per capita cost on the basis of Canadian prices and Canadian rates of pay and allowances would be \$5,000. The Secretary-General has provided an estimate of \$4,000,000 to finance the initial force. If the above proposal for a Guard Force is approved in principle by

the General Assembly, this estimate will be followed by the submission of detailed estimates to the General Assembly.

Recommendation

5. The Secretary of State for External Affairs therefore has the honour to recommend:

1) That the Canadian Delegation be authorized to support the proposal of the Secretary-General to recruit and to maintain a United Nations Guard Force, not exceeding 1,000 men in the first year, to perform protective, control and administrative functions on behalf of the Security Council and the General Assembly on the understanding that,

(a) the Guard Force is recruited and maintained under Articles 97-101 of the Charter, as personnel of the Secretariat and not in any sense as a combatant force under Articles 42 and 43 of the Charter,

(b) the Secretary-General will be fully responsible for such recruitment which may be facilitated by Member Governments in whatever way they may see fit, provided that recruitment should take into account the need for equitable geographic distribution, as well as the need for the efficient operation of the service,

(c) the Secretary-General, should make proper provision to meet financial obligations in regard to the force, including pay, allowances and pensions both to the individuals and their families.

2) That the Canadian Delegation be authorized to support a proposal to provide that the necessary funds be placed at the disposal of the Secretary-General through the United Nations budget for the current year to finance such a force, not exceeding 1,000 men in the first year.⁷⁶

L.B. PEARSON

⁷⁶ La note fut présentée au Cabinet le 20 octobre par le secrétaire d'État par intérim aux Affaires extérieures. Le Cabinet approuva les recommandations et des instructions furent envoyées à la délégation aux Nations Unies à Paris (Télégramme N° 168 du 23 Octobre). La question était placée assez bas à l'ordre du jour de l'Assemblée générale, si bien que son examen fut reporté à 1949. The memorandum was presented to Cabinet on October 20 by the Acting Secretary of State for External Affairs. Cabinet approved the recommendations and instructions were sent to the Delegation to the United Nations, Paris (Telegram No. 168, October 23). The question was low on the agenda for the General Assembly, so consideration was postponed until 1949.

3^e PARTIE/PART 3

CONSEIL ÉCONOMIQUE ET SOCIAL ET INSTITUTIONS SPÉCIALISÉES
 ECONOMIC AND SOCIAL COUNCIL AND SPECIALIZED AGENCIES

SECTION A

CONSEIL ÉCONOMIQUE ET SOCIAL
 ECONOMIC AND SOCIAL COUNCIL

SUBDIVISION I/SUB-SECTION I

POLITIQUE
 POLICY

DEA/5475-DB-40

235.

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

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

[Ottawa], July 19, 1948

ELECTION OF ONE-THIRD OF MEMBERS TO THE FUNCTIONAL
 COMMISSIONS OF THE ECONOMIC AND SOCIAL COUNCIL

At the Seventh Session of the Economic and Social Council, elections will be held to fill vacancies on the following functional Commissions of the Council: Economic and Employment, Transport and Communications, Human Rights, Status of Women, Fiscal, Statistical, Social, and Population.

You will recall that at the Third Session of the Economic and Social Council in 1946, elections were first held for membership to the functional Commissions of the Economic and Social Council. The term of office for Members of all Commissions is three years. However, for the initial period, one-third of the Members were elected to serve for two years, one-third for three years and one-third for four years. The Commission on Narcotic Drugs is an exception, for its initial Members were all elected for three years. On that occasion, Canada was elected to serve for three years on the Statistical Commission, the Commission on Narcotic Drugs and the Population Commission, and for four years on the Social Commission. Consequently, the elections to be held at the Seventh Session of the Economic and Social Council will take place while Canada is still a member of those Commissions to

which it was elected in 1946. For this reason, it might not be appropriate for us to seek election to any additional Commissions.⁷⁷

It is likely, however, that the Canadian Delegation will be asked whether Canada is willing to accept membership on any of the Commissions for which elections will be held. In view of our continuing membership on four Commissions of the Council, I should be grateful for your advice as to whether the Delegation should at this time accept membership on any additional Commissions of the Council.⁷⁸

A communication has been received from the Indian Representative to the United Nations requesting Canadian support for India's re-election to the Transport and Communications Commission and the Fiscal Commission, and its candidature for membership on the Social Commission. A similar request has been received from the High Commissioner for South Africa concerning the re-election of South Africa to the Social Commission. It is proposed, if you agree, to advise Mr. Wilgress of these communications and to instruct him to use his own judgment concerning them.⁷⁹

L.B. PEARSON

236.

DEA/5475-B-40

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

*Deputy Minister of Welfare
to Acting Under-Secretary of State for External Affairs*

Ottawa, November 23, 1948

I have had it in mind for some time to write to you with regard to a number of matters arising out of my experience as a member of several delegations of the Economic and Social Council. I am prompted to do this at the present time in the light of the decision which has now been reached, that Canada is not to be a member of the Council during 1949.

I would like to say, first of all, that I am thoroughly in accord with our decision not to stand for re-election at this time. I think it would have been particularly unfortunate if we had made a decision to stand for re-election at the same time that two Latin-American countries, Peru and Chile, were also seeking re-election. While we are fully justified in refusing to accept the principle that only the great powers are entitled to re-election to the various organs of the Council, I believe that in this particular instance our action in standing aside for at least one year in order to allow some rotation of membership on the Council will in the long run rebound to Canada's advantage.

⁷⁷ Notes marginales par Saint-Laurent, le 21 juillet /St. Laurent wrote the marginal notes in this document on July 21:

⁷⁸ I agree

⁷⁹ I do not think we should.

⁷⁷ I agree

Having said this, I should go on to say that I think we should definitely plan to resume our membership on the Council after one year's absence. In other words, we should make a decision as soon as possible with respect to our intentions to stand for reelection at the end of 1949 for the three-year period 1950-1952 inclusive. As a corollary of this, I think it follows that we should also make a point of demonstrating our continued interest in the work of the Council during the year 1949 when we are not actually members of the Council. I felt that Belgium created a good precedent in this connection in arranging for Mr. Rolland Lebeau of the Belgian Delegation to attend Council sessions in the capacity of an observer during the year when Belgium was not a member of the Council. I feel that it would be very much worthwhile for Canada to make a similar arrangement, and I am certain that if this were done, Canada's continued interest in the work of the Council would be noted and appreciated.

In order to carry out my suggestion, I do not think that it would be necessary for any special representatives to be sent down from Ottawa unless it were thought advisable that a representative of the External Affairs Department itself should attend the Council meetings for this purpose. I would think that under ordinary circumstances representation for the first Council session at Lake Success could be arranged through the permanent Canadian Delegation in New York, while with respect to the second session of the Council next year which takes place in Geneva, representation could no doubt be arranged through one of the overseas offices of External Affairs in Europe.

Finally, I believe that it would be of additional advantage to Canada during her absence from the Council if she were to demonstrate her interest in practical terms by placing one or two small, but useful items on the Council agenda for discussion at the two sessions in 1949. Personally I have always felt that one of the greatest weaknesses of the Canadian contribution during its three-year term on the Council has been the fact that it has not at any stage put forward on its own initiative constructive proposals for Council discussion. I think it is correct to state that we have not at any time placed an item on the Council agenda. Our contribution has consisted chiefly of constructive, objective contributions to the debates which arise on items placed on the agenda by other Council members. In other words, it has been largely a second-hand contribution.

I think there are a number of matters which Canada could properly take responsibility for placing on the Council agenda, even during the year when she is not actually a member of the Council. These items need not be controversial items: they should probably concern themselves with questions relating to better methods of Council organization and the establishment of sound principles of administration.

I have in mind two specific suggestions by way of illustration:

(1) When the Population Commission was originally set up in September, 1946, it was thought necessary to arrange for liaison representatives to be present at Population Commission meetings from the Social Commission, the Statistical Commission and the Economic and Employment Commission. I think experience has shown that these liaison officers have proven to be unnecessary. There are, of

course, important inter-relationships between all Commissions of the Council, but there is no more justification for providing these special liaison arrangements for the Population Commission than for any of the other Commissions of the Council.

It so happens that Canada has acted on a number of occasions as the liaison representative from the Economic and Employment Commission to the Population Commission. I think, therefore, that subject to confirmation of my views from Canadian representatives on the Population Commission and on the Economic and Employment Commission, it would be worthwhile proposing to the Council at its next session that we revise the original Council resolution which established the Population Commission and dispense with these liaison arrangements that I have mentioned. I think that if we take the initiative on this point, it will demonstrate our concern with tidy administrative arrangements, and also our concern that no opportunity be lost to eliminate unnecessary expense.

(2) The second point that I have in mind relates to the relationships between the Regional Commissions and the United Nations.

At the VIIIth Session, Mr. Sidney Pollock raised a very important question regarding the budgetary relationships between Regional Commissions and the United Nations. He actually presented a resolution on this subject, but it was lost in the shuffle and did not receive the attention that it merited.

The point is this: under the existing arrangements between the United Nations and the Regional Commissions, the practice is for the United Nations to bear the costs of the administrative budget of the Regional Commissions. It is not, however, committed to bear the cost of the operative budget of such Commissions. Unfortunately, there are no clear lines of demarcation between administrative and operating costs, and our experience with the Regional Commission for Asia and the Far East, during the debate on the establishment of a Bureau of Flood Control in the Far East, pointed out to members of the delegation the dangers inherent in the continuation of the present situation unless there is clarification of what constitutes administrative costs and what constitutes operating costs.

Mr. Pollock or I could elaborate further on this point if necessary, but I think I have said enough to indicate to you the nature of the suggestions which I am putting forth.

In conclusion, I would like to repeat that I feel certain that an indication of continued interest by Canada in the work of the Economic and Social Council during 1949 will do much, not only to ensure our re-election at the end of the year, but will also do much to maintain Canada's position in the minds of other Member States as being one of the nations which has contributed most to the development of the Council's work since its inception.

GEORGE F. DAVIDSON

237.

DEA/5475-B-40

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

*Acting Under-Secretary of State for External Affairs
to Deputy Minister of Welfare*

[Ottawa], January 6, 1949

I refer to your telephone conversation of today's date with Mr. A.A. Day⁸⁰ and to your letter of November 23, which has been under study in this Department, regarding the advisability of sending a Canadian observer to the sessions of the Economic and Social Council which will be held while Canada is not a member.

Though I feel that it is perhaps too early to take a final decision as to when Canada should stand for re-election to the Council, I agree that we should send an observer to its sessions and should, moreover, give careful consideration to introducing one or more useful items into the agenda. I understand from Mr. Day that you are in accord with Mr. Ignatieff's view that we should postpone action in this matter in order to give further thought to the development of an important item for the ninth session.

Enclosed is a copy of our note of today's date to the Canadian Permanent Delegation to the United Nations,† confirming the arrangement by which Mr. Grande of the Canadian delegation will be assigned to full time work as an observer at the eighth session.

ESCOTT REID

SUBDIVISION II/SUB-SECTION II

CONFÉRENCE SUR LA LIBERTÉ D'INFORMATION ET DE LA PRESSE
CONFERENCE ON FREEDOM OF INFORMATION AND OF THE PRESS

238.

DEA/5475-W-1-40

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

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

[Ottawa], January 29, 1948

CONFIDENTIAL

The question of appointing a suitable delegation to the United Nations Conference on Freedom of Information and of the Press is one that requires immediate attention as the Conference is scheduled to commence in Geneva on the 23rd of March, and a good deal of preparatory work needs to be done before that time.

⁸⁰ De la Direction des Nations Unies.
Of UN Division.

In an informal discussion with members of the Department, Mr. G.V. Ferguson, Editor of *The Montreal Star*, who was Rapporteur of the United Nations Sub-Commission on Freedom of Information and of the Press, although not an official representative of Canada, expressed the view that the delegation should consist of representatives of the working press, radio and film interests of Canada. The resolution of the Economic and Social Council concerning delegations stated that they should include in each instance persons "actually engaged or experienced in press, radio, motion pictures and other media for the dissemination of information." The resolution of the Economic and Social Council calls for a delegation of five delegates, five alternates and as many advisers as necessary.

Two main alternative types of delegation are possible:

- (1) A full sized delegation representative of the media of information in Canada;
- (2) A smaller delegation headed possibly by one of our diplomatic representatives, accompanied by one or two press representatives, and representatives of the Canadian Broadcasting Corporation and National Film Board.

The appointment of a delegation on the lines of the first alternative requires that careful attention should be paid to the inclusion of such groups in the newspaper field as the Canadian Press, the Parliamentary Press Gallery, the Canadian Daily Newspaper Association, the Canadian Weekly Newspaper Association, the Canadian Women's Press Club, the Periodical Press and possibly the British United Press as well. In the film field, I think that the National Film Board would be sufficient and possibly someone like Mr. J.J. Fitzgibbon of Famous Players. In radio, it would be necessary to have representatives from both the C.B.C., and the private radio organization of the Canadian Association of Broadcasters. In the latter case, the inclusion of Mr. Clifford Sifton in the delegation might cover both press and private radio interests.

At the technical level, there should be someone from the government information side, a legal adviser, and a Secretary and an Assistant Secretary.

Attached is a list of names which have been suggested, based on the assumption that a delegation of this kind is approved by the Government.

The main advantages of a delegation of this kind are that it would place responsibility for freedom on information directly on the publishers, editors and correspondents of this country, and that it would go far to meet the legitimate interest of the media representatives in the subject under discussion. Reports from the Embassy in Washington are that the United States delegation is to be built up on these lines, with prominence being given to representatives of the media rather than to government participation.

The disadvantages of a delegation of this kind seem to be three-fold. In the first place, the task of selection is undoubtedly a difficult one and there will inevitably be complaints from groups and individuals wishing to be included. Secondly, it is unlikely that the results of the Conference will justify the expenditure of a great deal of time and money. Finally, a delegation, the majority of whose members will be wholly inexperienced in the temper of present-day international discussions, may come away from the proposed Conference with a feeling that all international discussions are a waste of time.

The alternative to a delegation consisting in the majority of acknowledged leaders in the press, radio and film field of Canada would be an inter-government representation confined to the C.B.C., the National Film Board and the advisory level, and is worthy of exploration. It would presumably take the form of a much smaller delegation headed possibly by our Minister in Switzerland, with two representatives from the press of Canada and representatives of the C.B.C. and the National Film Board.

When a decision is reached in principle as to the character of the delegation, the question of its composition can then be examined.⁸¹

L.B. PEARSON

239.

PCO/Vol. 2

Note du secrétaire du Cabinet pour le Cabinet
Memorandum from Secretary to Cabinet to Cabinet

Ottawa, February 23, 1948

CONFERENCE ON FREEDOM OF INFORMATION AND OF THE PRESS;
CANADIAN REPRESENTATION

The Cabinet at the meeting of February 6th, 1948 agreed that the Canadian delegation to the Conference on Freedom of Information and of the Press should be of a representative character, including members from outside the government service; a recommendation would be submitted accordingly by the Secretary of State for External Affairs.⁸² The following names have now been submitted for consideration as members of the Canadian delegation:⁸³

⁸¹ Note marginale :/Marginal note:

It will have to be a delegation representative of the media of information in Canada. 6-2-48.
St. L[aurant]

⁸² Voir les conclusions du Cabinet du 6 février; cette option fut préférée à celle d'une représentation par des fonctionnaires.

See Cabinet Conclusions, February 6; this option was favoured over representation of Canada by officials.

⁸³ La décision du Cabinet (Conclusions du Cabinet du 24 février) fut la suivante :

The decision of Cabinet (Cabinet Conclusions, February 24) was that

"the delegation should consist of seven or eight members and that its composition should be settled by the Minister [Secretary of State for External Affairs], in consultation with the Prime Minister."

La délégation se composait de Jean Désy (Ministre en Italie) et des personnes suivantes : Arthur Ford (Rédacteur-en-chef, *London Free Press*); W. Arthur Irwin (Rédacteur, *Maclean's* magazine); Lorenzo Paré (Correspondent à Ottawa de *l'Action Catholique*); et Daniel C. McArthur (Rédacteur principal, CBC News Service). Ils étaient conseillés par : Max Wershof et Campbell Moodie (Haut-Commissariat à Londres) et George Hambleton (Direction de l'Information). L.A.D. Stephens (Légation à Berne) servait comme secrétaire de la délégation.

The delegation consisted of Jean Désy (Minister in Italy) and the following: Arthur Ford (Editor-in-Chief, *London Free Press*); W. Arthur Irwin (Editor, *Maclean's* magazine); Lorenzo Paré (Ottawa correspondent, *L'Action Catholique*) and Daniel C. McArthur (Chief Editor, CBC News Service). They were advised by: Max Wershof and Campbell Moodie (High Commission, London) and George Hambleton (Information Division). L.A.D. Stephens (Legation, Berne) served as Secretary.

Head of Delegation:

M. Jean Désy

Delegates:

Mr. Arthur R. Ford
Mr. Victor Sifton
Mr. A.D. Dunton
Mr. Ross McLean

Alternate delegates:

Mr. B.K. Sandwell
Mr. R.M. Fowler
Mr. R.A. Farquharson
Mr. Lorenzo Paré
Mr. Charles Clark

In the event that the individuals suggested above should not be able to accept, others who might be included in the delegation are:

Mr. J.W. McConnell
Mr. I. Norman Smith of the *Ottawa Journal*.

In view of the time factor, and the difficulty which competent representatives of the press would find in absenting themselves from Canada for the period required, as early an approach as possible to the individuals is suggested.

A.D.P. HEENEY

*Le rédacteur du journal The Montreal Daily Star
au sous-secrétaire d'État aux Affaires extérieures*

*Editor, The Montreal Daily Star,
to Under-Secretary of State for External Affairs*

Montreal, June 21, 1948

Dear Mr. Pearson,

I have gone through the Final Act of the Geneva Conference on Freedom of Information.⁴⁴ It contains five Resolutions which remit matters to the existing Sub-Commission on Freedom of Information. The last one, No. 39 recommends to the Economic and Social Council that the Sub-Commission's life should be extended for three years and that it should be given funds with which to set up a full-time staff within the U.N. Secretariat. There are one or two considerations I would like to suggest to you.

Chief among these are the problems of Sub-Commission personnel and the expense of the proposal. I do not think it would be prudent for the Canadian delegation to the Economic and Social Council to accept these Geneva recommendations without a good deal of critical examination. What is being suggested is virtually a permanent, substantial addition to the U.N. budget, and it would be well to inquire what the cost would be, what the members' nations would get for their money, and whether the Sub-Commission as it is now set up is the best possible vehicle to entrust with the proposed expenditure of funds.

First as to personnel. The Sub-Commission was on the whole fortunate in its original membership in that it contained a good number of members actively engaged professionally in the field of communications, or who were serious students of the information agencies. It weakened itself, however, by its own policy of accepting alternates and giving them full voting powers. The Economic and Social Council might therefore usefully compare the original membership with the membership which actually did the work. If the Sub-Commission's life is to be extended, the Council might seriously question the existing practice of alternates. By way of example, it might be pointed out that the original delegate from the United Kingdom never showed up and, so far as I can tell, does not propose to. This is Mr. R.J. Cruikshank, a top-flight British journalist. His place was taken by Mr. Archie Mackenzie, who did an excellent job but never was, and never will be, a

⁴⁴ George V. Ferguson avait été Rapporteur pour la première session de la Sous-commission sur la liberté de l'information et de la presse tenue à Lake Success (du 19 mai au 4 juin 1947). Une déclaration sur les droits, les obligations et les usages fut formulée par la Sous-commission à sa deuxième session (du 19 janvier au 3 février). Cette déclaration était basée sur un projet soumis par Ferguson. George V. Ferguson had been Rapporteur of the first session of the Sub-Commission on Freedom of Information and of the Press held at Lake Success (May 19-June 4, 1947). A statement of rights, obligations and practices was formulated by the Sub-Commission at its second session (January 19-February 3). That statement was based on a submission by Ferguson.

professional worker in the field which the Sub-Commission is supposed to be expert in. The Czech representative was Mr. Lev Sychrava, now in "retirement" following the Communist coup d'état last February. Who will take his place? The Panamanian delegate never appeared at the Sub-Commission's first session and an alternate turned up at the second. He was a decent chap, Senor Iluica by name, who was a lawyer with apparently some political columning to his credit. He contributed nothing and eventually disappeared before the meeting was ended. The Philippine delegate, Senor Lopez, performed useful work at the first session, was sent to Manila by his Government before the second was half over, and was replaced by a character who was by profession a judge and contributed nothing but confusion. The original Uruguayan delegate, though not outstanding, knew about radio (which nobody else did). He did not appear at the second session and was replaced by a good liberal-minded lawyer who voted right (from my point of view) but was handicapped by lack of knowledge.

There is nothing I know of to prevent the Sub-Commission's quality deteriorating still further. If it is to become more expensive and have quasi-permanent form, its composition can stand looking into rather closely.

Our delegate's attention might be called to Resolutions Nos. 3, 6, 24, 36 and 39 of the Conference Final Act, all of which load duties upon the Sub-Commission. I think it would be valuable if the Economic and Social Council studied these resolutions all together, and, if the decision is made to keep the Sub-Commission in being, to consolidate them into a much shorter working agenda.

Some of the resolutions contain quite useful suggestions. It might be possible for instance for the Sub-Commission to draw up an international code of honor and recommend the composition of an International Court of Honor. It might be possible to draw up a definition of what news personnel could qualify as a foreign correspondent and also define what facilities he might have and what conduct he should be expected to maintain himself. It might be possible also to study the creation of government and semi-government information agencies.

It is when Resolution No. 39 is studied that I take alarm. This opens the door wide to a prolonged free-for-all between East and West and I doubt very much if it will serve any other very useful purpose. The different sections of this Resolution are the headings of very wide subjects indeed, for instance 3 (a) 1, 2, 3 and 5; or 3 (d) 1 and 2. If these are to be retained, it seems to me that the Sub-Commission might be given some lee-way to draw them together, modify their wording and discuss them in a very limited form. I don't suppose this is practical, since the Conference was an official one and the phrasing of the resolutions represent the agreement of sovereign bodies, not lightly to be disregarded. But you will observe in many of the clauses the fine hand of the Soviet propagandist, turning the handle of the door to open it his way. For instance 3 (d) 2 uses a phrase which recurs throughout the Conference recommendations:

"The promotion of the dissemination of true information to counteract Nazi, fascist or any other propaganda of aggression or of racial, national and religious discrimination."

If the Sub-Commission is to embark on discussions of Nazi or fascist propaganda, I would like to see a wording other than "any other propaganda of aggression" to enable it to discuss Communist propaganda. It is the essence of the western case that *totalitarian* propaganda is destructive to the cause of real freedom of information. It does not matter whether it is Nazi, fascist or Communist: a state monopoly of information is per se evil. Sooner or later this point will have to be brought out and formally endorsed.

The weakness of the West's case is the refusal to admit abuses in its own information media. This weakness was apparent in the American presentation at Geneva. The readiness of the Sub-Commission to discuss those abuses was its strength. But, in the course of its discussion, it never got down to real grips with the evils of the state monopoly though you will find a phrase or two about it in a Sub-Commission document on the general concept of free information which I made sure of getting in myself.

If I might venture a suggestion, it would be this: that the Economic and Social Council should maintain the Sub-Commission in life but only for the purpose of (a) studying the results in practice of the three draft conventions passed by the Conference and (b) dealing with the matters suggested in the Resolutions other than No. 39. If its activities were thus limited, no full-time staff and no additional funds would be needed.

If, on the other hand, the Council has to go further than this — that is to say, if it has to embark on Resolution No. 39 (and as this was sponsored by the United States, I fancy this is inevitable), the Canadian line might be that the Sub-Commission's terms of reference be sharply restricted and the scope of No. 39 cut down. To do a good job on these present, sweeping terms would require a vast staff. How, for instance, could the Sub-Commission study the adequacy of news available to the various peoples of the world, 3 (a) 2 and 3, without combing over the whole performance for a period of three or six months? The Chicago Commission, with a lot of money to spend, set out to study the coverage by the American Press of the San Francisco conference, — a relatively small job. This project, I hear, has bogged down. It was found to be too difficult.

Yet, if the staff were not vast and the funds illimitable, it would be grossly unfair for the Sub-Commission to pass interim judgments which might receive publicity.

In other respects Resolution No. 39 directs the Sub-Commission to studies which it has already made as competently as it ever will. A friend who was at Geneva has written to me, as a matter of fact, to say that Geneva produced no issue which had not been already discussed at length at Lake Success. The Sub-Commission has, I think, done its most useful job. It would spend much time beating over old straw. You will discover, in our second report which contains a statement on the general concept of freedom of information, that we offered it as an "interim" statement. But nothing will ever be done that will be much better. For that reason, it might be as well to pitch in on the line that a start in international co-operation has been achieved at Geneva and that what is important is to study the effect of the conventions drafted there.

There is incidentally no particular reason — unless they are constitutional — why Canada should not accept the three draft conventions, with the reservations wisely suggested by our own delegation to the Conference.

Yours sincerely,

G.V. FERGUSON

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*Note de la Direction de l'information
au chef de la Direction de l'information*

*Memorandum from Information Division
to Head, Information Division*

Ottawa, June 24, 1948

Mr. Ferguson's letter to the Under-Secretary raises important points regarding the U.N. Sub-Commission on Information which should be most carefully considered by the Canadian delegation to the Economic and Social Council.

1. *Sub-Commission Personnel.* The wide field opened to the Sub-Commission under the Geneva Conference decisions and the highly technical nature of the problems make it essential that the Sub-Commission should be composed of members with professional experience in information. Alternates, if permitted, should also be of expert standing.

2. When the United States proposal to continue the Sub-Commission for three years came before the Fourth Committee, France proposed that five permanent experts should be added to the Sub-Commission and the Sub-Commission would then be known as the International Council of Information. The United States declined to accept the French proposal on the ground that it would introduce a new type of organism — namely the permanent expert — into the United Nations. The U.S.S.R. delegate also proposed that the life of the Sub-Commission should be extended to two rather than to three years. Both the French and the U.S.S.R. proposals were lost in Committee.

3. *Task of Sub-Commission:* Resolution No. 39 (to which Mr. Ferguson takes exception) was submitted by the United States delegation. In its report on the Geneva Conference, the United States delegation makes this reference to the resolution:

The United States delegation also sponsored a resolution, which was adopted by a large majority, recommending the continuation with expanded but carefully guarded terms of reference of the United Nations Sub-Commission on Freedom of Information and of the Press in order that there would be continuing machinery at work in this complex field (Resolution 39 of the Final Act); a world focal point is needed if the impressive start made by the Geneva Conference is to be carried forward. At the same time, the Delegation insisted that no continuing governmental machinery, UN or otherwise, should have the authority to pass upon the accuracy

of news reports or exercise control over news matters or expressions of opinion in the political field.

4. As indicating the possible attitude of the Soviet delegation in the Economic and Social Council, it may be worth noting that on April 8, 1948, in the Fourth Committee of the Geneva Conference, the Soviet delegate, Mr. Roschin, agreed in principle that the life of the Sub-Commission should be extended. Mr. Roschin held however that some of the functions of the Sub-Commission suggested by the United States proposal were outside the competence of the Economic and Social Council and of the United Nations itself. Thus, it was suggested in the United States proposal that the Sub-Commission should supervise the execution of provisions of international agreements but it did not belong to the United Nations to supervise the implementation of such agreements. In articles 62 to 65 of the Charter, Mr. Roschin argued, there was no mention of any supervisory function attributed to the Economic and Social Council.

5. Resolution No. 39, as Mr. Ferguson points out, does impose some rather extraordinary and ill-defined tasks on the Sub-Commission which, to carry out properly, would involve considerable expenditure. It would therefore be an act of prudence for the Canadian delegation to urge in the Economic and Social Council that in its work, Sub-Commission should give priority to the more concrete problems such as measures to facilitate the work of foreign news personnel. At the same time, in view of the attitude of the Canadian delegation at the second session of the General Assembly, in regard to incitement to new war, the question of Fascist "or other propaganda of aggression" can hardly be ignored. Indeed resolution 3 of the Geneva Conference, which was adopted unanimously, recommends that the Sub-Commission "should consider appropriate means by which means taken to give effect to the resolution may be implemented."

G. H[AMBLETON]

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DEA/5475-W-1-40

*La délégation à l'Assemblée générale des Nations Unies à Paris
au secrétaire d'État aux Affaires extérieures*

*Delegation to United Nations General Assembly in Paris
to Secretary of State for External Affairs*

TELEGRAM 467

Paris, November 24, 1948

RESTRICTED

There may be introduced in Committee III a resolution providing for a further Conference on Freedom of Information to meet in New York at the end of March "for the sole purpose of reviewing the three draft Conventions contained in annex one of the Final Act of the first conference." The draft Conventions approved by this Conference would then be referred to participating Governments for ratification and a report would be submitted to the next session of the General Assembly for its information.

2. We are not happy at the prospect of this new conference as we feel that despite the United States idea that it should take place in one committee room and that delegations should be restricted to one delegate, one alternate and one adviser (all on a technical level) it would be difficult in practice to keep it so simple. We are now considering whether it would not be preferable to ask the Economic and Social Council to complete the examination of the draft Conventions and report back to the next General Assembly. This would involve a further delay of six months before the Convention could be submitted to Governments, but would avoid the summoning of a special conference. The United States feels that to refer the question to ECOSOC would give the Soviet further opportunity for propaganda speeches and would needlessly complicate and delay final action.

3. We should be glad of your views, especially on whether the press in Canada is likely to be critical of our non-support of another conference or of a stand in favour of referring the whole matter to ECOSOC.

4. We are repeating this telegram to London with a request for comment.

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*Le secrétaire d'État aux Affaires extérieures
à la délégation à l'Assemblée générale des Nations Unies à Paris*

*Secretary of State for External Affairs
to Delegation to United Nations General Assembly in Paris*

TELEGRAM 296

Ottawa, November 26, 1948

Repeated to London No. 1996.

Reference your No. 467 of November 24. Conference on Freedom of Information. We share your misgivings at the prospect of a new Conference in March but have discussed this with George Ferguson in Montreal. Ferguson does not repeat not feel that there would be any strong reaction from the press in Canada on whatever action may be taken, whether for a new Conference or for reference again to ECOSOC.

2. It is Ferguson's view, however, that whatever opinion there may be in Canadian press circles on this matter would favour a new Conference on Freedom of Information which would be attended largely by working journalists. He feels that the earlier Conference, largely composed of journalists, enjoyed the confidence of the press both in Canada and in the United States, and that present United States support for a new Conference probably reflects United States press views.

3. Ferguson is, however, quite sure that this is a matter of no repeat no great interest to Canadian press circles, a view which is endorsed by Rae.

4. I am happy to leave the final decision to your judgement.

SUBDIVISION III/SUB-SECTION III

DROITS DE L'HOMME
HUMAN RIGHTS

244.

PCO/Vol. 116

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

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

[Ottawa], July 7, 1948

ECONOMIC AND SOCIAL COUNCIL — SEVENTH SESSION

The report of the Third Session of the Commission on Human Rights, held May 24th to June 18th, will be discussed at the Seventh Session of the Economic and Social Council. The work of the Commission at its Third Session was confined to a revision of the draft International Declaration of Human Rights. The draft International Covenant on Human Rights, which will be a binding document when accepted, had been considered in detail by a drafting committee of the Human Rights Commission, and the Commission did not have time to consider it further.

In Canada, the Special Joint Parliamentary Committee on Human Rights and Fundamental Freedoms discussed the unrevised declaration and considered briefs presented by various Canadian organizations. In its report to Parliament on June 25th, the Committee made general recommendations and asked that the Government, in presenting its views to the United Nations, have in mind the views of members of the Committee as reported in the record of proceedings and evidence.

If you agree, the Canadian Delegation to the Economic and Social Council, in accordance with the report of the Parliamentary Committee, will state that the Declaration would be more effective if shorter and more direct, and will comment favourably on the draft declaration submitted by China as being of an appropriate length yet embodying all the essential principles. The delegation will support the deletion of redundant articles from the present draft. It will also support the elimination, as far as possible, of articles such as those on social security, which give a detailed definition of governmental responsibilities. The Committee feels that these articles have no place in a declaration of human rights. The Canadian Delegation will also attempt to give effect to the opinion of the Committee that the name of God should be embodied in the first article of the Declaration. It is probable that only the Declaration will be considered at the Seventh Session of the Council and the Canadian Delegation will support postponing discussions on the Covenant until it is further revised by the Commission on Human Rights.

The general instructions to the delegation will be supplemented by a detailed account of the Committee's views on each article.

ESCOTT REID

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*La délégation à l'Assemblée générale des Nations Unies à Paris
au secrétaire d'État aux Affaires extérieures*

*Delegation to United Nations General Assembly in Paris
to Secretary of State for External Affairs*

TELEGRAM 92

Paris, October 1, 1948

RESTRICTED

Third Committee. In general debate on draft Declaration of Human Rights, Maybank⁸⁵ made short statement of our position today. He emphasized our endorsement of general objectives, said we would put forward detailed suggestions for revision later on, emphasized that "property and civil rights" were, in Canada, under provincial, not federal, jurisdiction, and finally deplored E.C.O.S.O.C.'s failure to examine the draft Declaration at its seventh session, adding that Committee Three will consequently have to consider the draft Declaration with more than usual care. Text follows by bag.

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*Le secrétaire d'État aux Affaires extérieures
à la délégation à l'Assemblée générale des Nations Unies à Paris*

*Secretary of State for External Affairs
to Delegation to United Nations General Assembly in Paris*

TELEGRAM 110

Ottawa, October 8, 1948

CONFIDENTIAL. IMMEDIATE.

Your telegrams Nos. 92, 98 paragraph 4,† and 109.† Declaration of Human Rights.

It is understood that the Western Powers and in particular the delegation of the United States may press for the adoption of a Declaration of Human Rights based on the draft referred by the Economic and Social Council to this session of the Assembly.

2. I have discussed this matter with the Acting Prime Minister. Although it would be difficult for us to oppose actively the adoption of a declaration strongly supported by the United States and the United Kingdom (or indeed to oppose the adoption in principle of such a declaration) we would not, repeat not, wish to be responsible in any way for its adoption in its present form at this session of the General Assembly. Some of our principal objections to the present draft have been

⁸⁵ Ralph Maybank, MP, secrétaire parlementaire du ministre de la Santé et du Bien-être National; délégué suppléant à la troisième session (première partie) de l'Assemblée générale des Nations Unies.

Ralph Maybank, MP, Parliamentary Secretary to Minister of National Health and Welfare; Alternate Delegate, Third Session (First Part), General Assembly of United Nations.

indicated in the commentary which is available to the delegation. In general, we are inclined to agree with the Parliamentary Committee that a shorter declaration along the lines of the Chinese proposal (UN document E/C.N.4/A.C.1/18)† would be preferable to the present draft.

3. A Declaration of Human Rights must be regarded either as a genuine attempt to set down the common understanding of the expression "Human Rights and Fundamental Freedoms" as it appears in the Charter, or alternatively, it must be designed as an instrument of propaganda, in the present cold war between the Soviet and western worlds. The present draft seems to us to be inadequate for either purpose.

4. It is our view that you should attempt first of all to secure a complete revision of the present draft along the lines of the original proposal submitted by China in the Human Rights Commission. Such a revision would have to exclude Soviet amendments if it were to be satisfactory to the western world from a propaganda point of view. This could only be done if five or six of the principal non-Soviet delegations were immediately to meet together informally and hammer out an agreed simple Declaration and then press it through the Assembly as a statement of the creed of the western world. All attempts by Soviet States to amend it would have to be voted down. Such a Declaration might be a useful weapon in the cold war.

5. If complete redrafting does not appear practicable, we think that the principle of having a declaration might be approved by the Assembly, but that the text should be referred to a body of competent international jurists, preferably the International Law Commission, for study and report to the next session of the Assembly. You will no doubt be aware of the resolution passed recently by the Canadian Bar Association strongly favouring such a reference before any final action is taken by the Assembly.

6. If, finally, it is not possible either to redraft the present Declaration or to have it referred for further study to an expert body, it is our view that in the absence of instructions to the contrary, you should abstain from voting for the adoption of the draft in its present form, explaining that the present Declaration is so ambiguous in some of its articles as to raise genuine doubts regarding the meaning and effect of its provisions. You might also indicate that under the constitutional arrangements in Canada, as a federal state, the field of human rights is one in which the provinces of Canada are directly concerned, and that accordingly, the Canadian delegation feels particularly anxious that, even though the Declaration will not have an absolutely juridical force, its terms should not be such as to invite disputes in their interpretation.

7. Before being forced into a position where you would have to abstain, I hope you will have time to consult us and to make recommendations to us on the line which you think you should take in the light of the circumstances as you see them.

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*Le secrétaire d'État aux Affaires extérieures
à la délégation à l'Assemblée générale des Nations Unies à Paris*

*Secretary of State for External Affairs
to Delegation to United Nations General Assembly in Paris*

TELEGRAM 117

Ottawa, October 8, 1948

PERSONAL AND CONFIDENTIAL. IMMEDIATE.

Following personal for Chevrier from St. Laurent, Begins: You will have had my telegram No. 110 of October 8 containing the views of Pearson and myself on the draft Declaration of Human Rights. I regret that we did not take an earlier opportunity of commenting on this matter. However, I feel sure that you will agree that the adoption of the Declaration in its present form at this session of the Assembly might prove to be a source of embarrassment to the Government, particularly if the Canadian delegation were to take an active part in its adoption. It might, indeed, merely serve to provoke contentious even if unfair criticism of the Government. I realize that the approach indicated in our telegram under reference might place the delegation in some difficulties, especially with the United States delegation. In particular, we would not wish to be on record as opposing in principle the adoption of a declaration of human rights. We do, however, have real apprehensions concerning the adoption of a declaration in terms that may be open to criticism on juridical and political grounds and which might serve to provoke contention in the domestic as well as in the international field. I am particularly concerned about the use which could be made of text of articles 17, 18, 19 and 22 as an undertaking not to discriminate against communists because of their political views and of article 27 as obliging a state to provide higher education to everyone at the cost of the state if he cannot pay for it.

2. I therefore request that you keep in close touch with us on this matter.

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*La délégation à l'Assemblée générale des Nations Unies à Paris
au secrétaire d'État aux Affaires extérieures*

*Delegation to United Nations General Assembly in Paris
to Secretary of State for External Affairs*

TELEGRAM 165

Paris, October 11, 1948

CONFIDENTIAL

Your telegram No. 110, Declaration of Human Rights.

Complete redrafting as suggested in your paragraph 4 is clearly impracticable. All principal delegations are committed to trying to put through something along the lines of the present draft declaration. The Chinese delegation have stated pub-

licly that they will not put forward their short version since there is such great support for the document before the Committee.

2. It is barely possible, however, that the Committee might become so bogged down in confused and tedious debate that at a later stage it might welcome a short and simple version like the Chinese. We will not overlook this possibility and will discuss it, when the time comes, with other delegations.

3. Reference to a body of international justices, such as the International Law Commission, suggested in your paragraph 5 is a possibility if the debate continues to be unproductive.

4. As regards the final alternative — abstention — I am hopeful that we will have an opportunity to consult you before a final decision has to be taken.

5. At the present time, the Committee has done nothing more than decide to omit consideration of the preamble for the time being and to discuss Article 1. At the next meeting, on Monday, October 11th, there will probably be a vote on an amendment to Article 1 introducing the name of the deity, which we will support. This gives an indication of the slowness that characterizes the Committee's activities.

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*Le secrétaire d'État aux Affaires extérieures
au président sortant de l'Association du barreau canadien*

*Secretary of State for External Affairs
to Immediate Past President of Canadian Bar Association*

CONFIDENTIAL

Ottawa, October 28, 1948

Dear Mr. [John T.] Hackett, K.C., M.P.,

I understand that, as immediate Past President of the Canadian Bar Association and as Chairman of the Association's Committee on Legal Problems of International Organization for the Maintenance of Peace, you will be meeting in the next few days with the corresponding officers of the American Bar Association. In the circumstances, it has occurred to me that you might find it useful to be informed of the attitude which the Canadian Delegation is under instructions to adopt in Paris in respect of the draft International Declaration on Human Rights. The following is background information which I am happy to give you for your confidential use.

You may wish to know in particular that the Canadian Delegation is under special instructions to have full regard to the terms of the resolution adopted by the Canadian Bar Association at its recent meeting. The Legal Adviser of the Department was present during the discussions in Montreal, and the Delegation was fully apprised of the views of the Canadian Bar Association before leaving for Paris. Moreover, supplementary advice, almost in the terms of the resolution in question, was subsequently sent to the Delegation.

An opportunity has not yet been afforded to the Delegation to make public its view that, before final action is taken by the United Nations, the draft Declaration

ought to be thoroughly examined, not only on points of substance but in all its juridical aspects. To this end, we have in mind a reference of the problem, if possible, to the International Law Commission. This body is now being set up by the General Assembly and may be expected to consult with representative Bar Associations, including the Canadian Bar Association. We would not wish to oppose in principle the adoption of an International Declaration (as distinct from a Covenant) on Human Rights. However, the meaning and effect of any such Declaration should be as clear as possible, and the draft Declaration, in this respect at least, is unacceptable.

You may have learned that the Third Committee in Paris is finding heavy going in discussing the draft Declaration clause by clause. It is conceivable, therefore, that the present discussions will be inconclusive. In any event, an opportunity would, I should think, present itself, before the conclusion of the present deliberations in Committee, to make the Canadian position clear.

It is my impression that the United States Delegation may continue to press urgently for the adoption of a Declaration at this Session of the General Assembly. Indeed, as you may be aware, the United States Delegation, through Mrs. Roosevelt, has expressed disappointment that the Third Committee has undertaken a re-examination of the draft Declaration article by article. In these circumstances, it may be difficult for us to prevent a vote on the acceptance of a draft Declaration more or less in the present form. The Canadian Delegation is aware, however, that the Government does not wish to be responsible in any way for its adoption as presently drafted. Indeed, the present intention is to abstain from voting, should the matter be pressed to this point, and to explain that the present draft is so ambiguous in some of its articles as to raise genuine doubts as to their meaning and effect.

I hope that this confidential information may be of some assistance to you during the forthcoming discussions with your United States colleagues.

With best wishes,

Yours sincerely,
L.B. PEARSON

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*La délégation à l'Assemblée générale des Nations Unies à Paris
au secrétaire d'État aux Affaires extérieures*

*Delegation to United Nations General Assembly in Paris
to Secretary of State for External Affairs*

TELEGRAM 365

Paris, November 9, 1948

PERSONAL AND CONFIDENTIAL

Following for St. Laurent and Claxton from Pearson, Begins: Reference previous correspondence regarding our general position on Human Rights Declaration, in particular your No. 217 of November 8th⁸⁶ and your No. 117 of October 8th.

2. It is now evident from the debate in Committee III, and from informal conversations held by Maybank, that a proposal to refer the Declaration of Human Rights to the International Law Commission or a similar body would be overwhelmingly defeated. The only probable support for such a procedure would be, rather embarrassingly, from South Africa: Nearly all other delegations — including the United Kingdom and the United States — are anxious to get the Declaration approved by this Assembly.

3. Accordingly, I feel that it would be unwise for us to submit a formal proposal for reference to the International Law Commission and get decisively defeated. On the other hand, it is equally evident that the Declaration which will finally emerge from Committee III will contain some of the features found objectionable in the original text by the Parliamentary Committee and by the Canadian Bar Association, and which are referred to in your No. 110 and No. 117. In particular, Articles 20 to 23 inclusive are certain to contain clauses which raise questions of provincial jurisdiction in Canada.

4. Accordingly we propose to adopt the following course of action: To make a general statement regarding Articles 20 to 23 (probably within the next two or three days) emphasizing our constitutional position regarding provincial jurisdiction and our consequent inability to vote in favour of these articles. At the end of the debate in Committee III, when the examination article by article has been completed, we propose to make a further statement. This would be to the effect that we originally planned to put forward a proposal that the Declaration be referred to the International Law Commission. We would then say that from the course of debate in the Committee, and from informal conversations, it was evident that such a proposal would not be approved. Accordingly we did not wish to take up the time of the Committee by advancing a proposal certain to be defeated. We were, however, still of the opinion that the Declaration in its present form contained clauses which needed further detailed examination and, accordingly, we would abstain from vot-

⁸⁶ Le télégramme suggère que :

In the telegram it is suggested that

"your specific recommendation might be referred for Cabinet consideration on Wednesday, November 17."

ing on the Declaration as it now stood. We might also refer back to Maybank's statement of 1st October deploring the Economic and Social Council's failure to examine the Declaration at its 7th Session. Finally we might again refer to our jurisdiction problem with specific reference to Articles 20 to 23.

5. When the Declaration came before the plenary session we could again explain our abstention, in similar terms, if this appeared necessary. In this way we would have made our case clear, at each stage of discussion, and our position on the Declaration as a whole would be fully on record.

6. In view of this proposed modification in our position — i.e., not to submit a motion that the Declaration be referred to the International Law Commission — I would appreciate your passing on the substance of the above to Hackett, for his confidential information, and with particular reference to my letter to him of October 28th. Ends.

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DEA/5475-DP-40

*Le secrétaire d'État aux Affaires extérieures
à la délégation à l'Assemblée générale des Nations Unies à Paris*

*Secretary of State for External Affairs
to Delegation to United Nations General Assembly in Paris*

TELEGRAM 267

Ottawa, November 18, 1948

PERSONAL AND CONFIDENTIAL. IMMEDIATE.

Following for Pearson from Claxton, Begins: Reference your 365 of November 9. International Draft Declaration of Human Rights.

I regret that it has not been possible to reply sooner to your message which particularly related to the discussion in Committee III on Articles 20 to 23 inclusive. Mr. St. Laurent and I felt, on further reflection, that it was desirable to consult our Cabinet colleagues on this matter particularly as these and other articles in the Declaration raise for Canada important questions of jurisdiction.

2. I note that in your statement of Monday, November 5, relating to Articles 20 to 23, you emphasized the constitutional position in Canada. It is assumed that before the end of the debate you will make it abundantly clear that the jurisdictional difficulty is applicable not (repeat not) only to these articles. You will no doubt agree that similar problems arise in respect of other articles in the Draft Declaration; for example, Articles 14 to 18 inclusive.

3. I further note that you now propose not (repeat not) to introduce a formal resolution referring the draft Declaration to the International Law Commission, but to say in the course of your remarks that this would be desirable. I quite agree with this stand. It may be possible that such a suggestion, if made during the discussions in Committee III, might plant a seed which would bear fruit and lead to this idea being taken up by other delegations. I note that you propose to speak again at the end of the debate in Committee III when the examination of the draft, article by article, has been completed.

4. As to the draft Declaration as a whole, it is our feeling that, having made sufficiently clear our position in respect of the federal-provincial problem in the field of human rights, and having also taken the position recommended by the Canadian Bar Association about the advisability of referring the whole Declaration to the International Law Commission for further study, we should, in the final vote on the Draft Declaration in Plenary meeting, abstain (repeat abstain).

5. I have delayed writing to Mr. Hackett pending receipt of your reaction to the foregoing observations. Ends.

252.

DEA/5475-DP-40

*La délégation à l'Assemblée générale des Nations Unies à Paris
au secrétaire d'État aux Affaires extérieures*

*Delegation to United Nations General Assembly in Paris
to Secretary of State for External Affairs*

TELEGRAM 461

Paris, November 23, 1948

PERSONAL AND CONFIDENTIAL. IMMEDIATE.

Reference your No. 267, 18th November, Draft Declaration of Human Rights.

Paragraph 4 of your telegram under reference deals with our final vote on the Draft Declaration as a whole. As you point out, there are strong arguments in favour of our abstaining, but I wonder if our position would not be equally clear if we voted in favour of the Declaration as a whole, while making the reservations referred to in your No. 267 and in paragraph 4 of my No. 365. Whether we abstained or voted for the Declaration our reservations would be on the record in either case. Yet by abstaining we might find ourselves in a rather undesirable minority — including principally the Soviet bloc and South Africa (for different reasons). It is clear from the discussion in Committee III up to date that the great majority of other delegations wish to see the Declaration approved at this session of the Assembly, and there is every indication at present that, although almost every delegation regards the Declaration as unsatisfactory in certain features, it will be approved by a large vote.

2. I realize that I suggested that we abstain on the final vote. It was not possible at that time, however, to foresee that in abstaining we would be associated only with the minority group I have mentioned above. You may, therefore, wish to consider whether or not it would be more desirable for us to vote in favour of the Declaration, at the same time explaining our reservations. You may wish to consult the Prime Minister in this connection and possibly also the Cabinet as a whole. In any case, it now appears that Committee III will complete its discussions of the Draft Declaration during the present week and for this reason I would appreciate your comments as early as possible.

253.

DEA/5475-DP-40

*Le secrétaire d'État aux Affaires extérieures
à la délégation à l'Assemblée générale des Nations Unies à Paris*

*Secretary of State for External Affairs
to Delegation to United Nations General Assembly in Paris*

TELEGRAM 294

Ottawa, November 25, 1948

PERSONAL AND CONFIDENTIAL. IMMEDIATE.

Following for Pearson from Claxton, Begins: Reference your No. 461 Draft Declaration of Human Rights.

The Cabinet yesterday had a long discussion of the attitude which should be taken on this subject. As you know, Articles 20 to 23 inclusive deal with matters which, in large part, lie within the jurisdiction of the provinces and this is also true of a good deal of the rest of the declaration. The provinces are jealous of their rights: Alleged encroachments by the federal government on the jurisdiction of the provinces were matters of major issue in the provincial elections in Ontario and Quebec this year. In the field of human rights the provinces' attitude would be quite correct. We must, therefore, make it abundantly clear in every statement that any attitude taken will not (repeat not) constitute any interference whatever with the jurisdiction of the provinces. To prevent later misrepresentation, all the sentences in such statements should be made up so as to prevent part of a sentence being taken from its context in a manner which might give some basis for a distortion of the attitude taken.

2. Quite apart from the question of provincial jurisdiction, the Cabinet holds strongly to the view that the language is sometimes so lacking in precision as to make some articles incapable of application. For example, unless Article 28 is given a very broad interpretation and application, Article No. 19, conferring the right to public employment irrespective of political creed, must be read as requiring the employment of Communists in the government service, while Article 16 would permit the unrestricted activities of sects like Jehovah's Witnesses.

3. A third objection to the declaration is based on the feeling that the cause of human freedom and happiness is not (repeat not) advanced by the adoption of resolutions which many of those voting have no intention of carrying out. Many of us believe that no (repeat no) resolutions should be adopted by the United Nations unless the nations voting for them have the serious intention of carrying them out.

4. You will appreciate that this matter is important from the point of view of further proceedings in the House of Commons. If we vote for the declaration, some private member might introduce a resolution incorporating the text or expressing approval of the declaration which might put every Member of Parliament in the position of having to take a stand on every Article in the declaration. Many of us think that such resolutions are contrary to the whole spirit of British institutions.

5. For these reasons a large number of the Cabinet would have been disposed to have authorized you to abstain after stating our position again on the constitutional

question and making a brief statement in favour of the general principles expressed in most of the articles of the Declaration. However, your cable as to the probable course of the voting led us to feel that, if it turns out as you expect, that is, if all but the Soviet bloc and South Africa vote for, and if also there is no further change in the situation which would justify a reversal in this position, you should vote for (repeat for) the declaration after making a statement along the following lines.

Statement begins:

(1) When the Declaration of Human Rights was being considered in committee, article by article, the Canadian Delegation made plain its general attitude, which was that it was in general agreement with the main principles expressed in the declaration, but that it would abstain from voting for certain articles, particularly articles 20 to 23 inclusive, because while these have aspects which can be dealt with by the federal Parliament, they also deal with matters which, under the constitution of Canada, lie within the jurisdiction of the provinces of Canada rather than of the Parliament of Canada. The Canadian Delegation now wishes to reiterate its position and make it abundantly clear that, while it is in general agreement with the principles set out in the declaration, it is not within the competence of the Parliament of Canada to take action to implement articles 20 to 23, insofar as the matters to be dealt with lie within the jurisdiction of the provinces, and that its vote, which it is now going to give in favour of the declaration as a whole, must be taken as expressing agreement with the main purposes of the declaration as a statement in the most general terms of what might be desirable as long-term objectives rather than as a blueprint for an immediate legislative programme.

(2) This delegation takes the view that many of the articles contain statements of human aims and aspirations which cannot be dealt with effectively by legislation here or anywhere else, and that consequently, there is some question whether they should be the subject of declarations by deliberative or legislative bodies. Moreover, we believe that some of the articles are open to more than one interpretation. For example, Article 19 giving the right to public employment to people irrespective of political creed, is only admissible if Article 28 is interpreted and applied so as to make it clearly understood that Canada will not (repeat not) hold open all branches of its civil service to employment by individuals who belong to organizations which have as their principal object the destruction of all the free institutions which this declaration of rights is intended to preserve and extend.

(3) We believe that Canada is second to no country in the world in the freedoms enjoyed by her people — freedom of speech, freedom from want, freedom from fear and freedom of worship. We believe that, in the relations of her two main races and in her acceptance of the people of other races, Canada has a proud record. Canada's regard for human rights is not merely a matter of passing resolutions but of day-to-day practice of convictions which are held from one end of the country to the other.

(4) It has already been intimated in Committee that we had hoped that the draft declaration might have been referred for careful examination by a body of international legal experts, such as the International Law Commission, before final action by the General Assembly. We still think that this would have been a wise course.

(5) Despite these reservations, it is our belief that a vote against this declaration might be misunderstood and misrepresented. Accordingly, there being no other statement on human rights before us, we propose to vote in favour of the declaration as a whole as containing principles and aspirations which are generally desirable, but we cast this vote having made it again clear that it must not be taken as an indication that the Parliament of Canada has jurisdiction over or will do anything in relation to those numerous aspects of this whole question which, under the Constitution of Canada, properly fall within the jurisdiction of the provinces of Canada. Statement ends.

6. As you will gather, we regard this as a matter of importance and difficulty and would be glad, if you have time, if you would send us a further detailed report on the general situation and the text of what you propose to say when the matter comes to a vote both in the committee and before the Assembly.

7. Further, we wonder whether it would not (repeat not) be desirable for you again to discuss privately with friendly nations the possibility of taking action to postpone consideration of this declaration by the Assembly at its present session. Apparently the declaration in its present form does not (repeat not) please anyone. We do not (repeat not) see that it would have any great political usefulness either internationally or internally in any country. Many of them must feel as we do that the language and scope of the declaration are thoroughly objectionable for numerous reasons and that the adoption of the declaration in anything like the present form may do more harm to the cause of the United Nations and of freedom than if no (repeat no) declaration were adopted at all.

8. In dealing with this you will of course feel free to use in your judgment the best means to ensure the result indicated here. However, if the resolution goes to a vote, whether you vote for it or abstain, a declaration along the lines of that stated above should be made both in committee and in the Assembly and made in a form which will prevent anyone from representing our action as an invasion of the provincial field.

254.

DEA/5475-DP-40

*La délégation à l'Assemblée générale des Nations Unies à Paris
au secrétaire d'État aux Affaires extérieures*

*Delegation to United Nations General Assembly in Paris
to Secretary of State for External Affairs*

TELEGRAM 525

Paris, December 2, 1948

PERSONAL AND CONFIDENTIAL. IMPORTANT.

Your telegram No. 294 of November 25th. Human Rights.

I have made further enquiries here and I am confident that, if we vote against the draft Declaration of Human Rights in its present form, we shall be amongst the minority, which I indicated in my telegram No. 461 of November 25th. I have also come to the conclusion that there is no possibility of persuading the Assembly to

take action to postpone consideration of this declaration at its present session. We could not secure the support of either the United Kingdom or the United States for such a proposal, and without their acquiescence it would be difficult to persuade other states to agree. We have also encountered the argument that the International Law Commission, though it might appropriately consider drafting points in regard to the Declaration, could not properly decide upon the principles to which expression should be given, and even if our suggestion for referring the document to the Law Commission were accepted, the Assembly would first have to give at least provisional endorsement to the draft Declaration.

2. I have therefore prepared a redraft of the statement contained in your telegram under reference. In doing so, I have attempted to deal with our constitutional difficulties in Canada in relation to the provinces as one of a number of difficulties which have occurred to us. In dealing with the question of Federal-Provincial relations, I have tried to make the point that the Federal Government will not in any circumstances invade Provincial jurisdiction in the field but to avoid implying that in general there is nothing that the Federal Government can do, constitutionally or otherwise, about international obligations which happen to lie within the field of Provincial jurisdiction. I quite appreciate the danger of giving any impression that we are infringing or even ignoring Provincial jurisdiction in the field of Human Rights. At the same time, you will agree, I am sure, that it would be unwise to do anything to confirm the extreme view that the Federal Government can never accept any international obligation or sign any international agreement which may deal with matters which under our constitution require Provincial action for implementation.

3. My present intention is to have our representative in Committee Three abstain when the full draft Declaration of Human Rights is put to the vote and, subsequently, in plenary session, to vote for the Resolution, making a statement along the lines shown in my immediately following telegram.†

255.

DEA/5475-DP-40

*Le secrétaire d'État aux Affaires extérieures
à la délégation à l'Assemblée générale des Nations Unies à Paris*

*Secretary of State for External Affairs
to Delegation to United Nations General Assembly in Paris*

TELEGRAM 337

Ottawa, December 3, 1948

PERSONAL AND CONFIDENTIAL. IMMEDIATE.

Following for Pearson from Claxton, Begins: Your telegrams No. 525 and 526 of December 2. Human Rights. I have discussed the text of your proposed statement on Human Rights with the Prime Minister.

2. We agree generally with the line you propose to take. There are, however, one or two modifications we would like to suggest particularly for purposes of emphasis.

3. The third sentence of your paragraph 3 should, Mr. St. Laurent suggests be revised as follows: "Obviously many of the clauses of this draft Declaration lack the precision required in the definition of positive obligations and the establishment of enforceable rights." If this substitution is made the words "for example" should be inserted at the beginning of the fourth sentence of your paragraph 3.

4. Having regard to the strongly worded resolution of the Canadian Bar Association and to the text of the letter which you sent to Mr. Hackett, it might be desirable to insert after the words "preserve and extend", in your paragraph 3, the following "It had been our view that some of these difficulties might have been removed had this document been reviewed by a body of international jurists, such as the International Law Commission, before final action was taken by the General Assembly, although the general desire to expedite this important matter appears to have made such a reference impracticable."

5. In the last sentence of your paragraph 3 presumably the expression "in any country" was a typographical error and was intended to read "in our country".

6. We have thought it desirable to delete the third sentence of your paragraph 5, which refers to provincial legislation in the field of human rights. Saskatchewan has an enactment on this subject. Ends.

256.

DEA/5475-DP-40

*La délégation à l'Assemblée générale des Nations Unies à Paris
au secrétaire d'État aux Affaires extérieures*

*Delegation to United Nations General Assembly in Paris
to Secretary of State for External Affairs*

TELEGRAM 560

Paris, December 7, 1948

SECRET

Following for Claxton from Pearson, Begins: Committee Three voted on the Human Rights Declaration this morning at 3:00 a.m. There were no votes against. South Africa was absent and there were seven abstentions — the Soviet bloc and Canada. There was considerable surprise at this association of Canada with the Slavs. It certainly is regrettable that it had to occur but in view of the messages from Ottawa, we felt that we had no alternative. I hope that no misunderstanding arises in Canada over the situation. We will, however, make an explanatory statement at the plenary session and as agreed, change our vote in favour of the resolution.⁸⁷ I don't like this procedure either, but again, there seems no alternative. Ends.

⁸⁷ Le Cabinet en fut informé le 8 décembre.
Cabinet was informed on December 8.

257.

PCO/Vol. 206

*Le secrétaire d'État aux Affaires extérieures
à la délégation à l'Assemblée générale des Nations Unies à Paris*

*Secretary of State for External Affairs
to Delegation to United Nations General Assembly in Paris*

TELEGRAM 355

Ottawa, December 7, 1948

PERSONAL AND CONFIDENTIAL. IMMEDIATE.

Following for Mr. Pearson from Mr. Claxton, Begins: Reference my message 337, December 4, Draft International Declaration of Human Rights.

2. I think that you should know that the Prime Minister received a message today from Hackett communicating the following message which he has received from Judge Ransom of the American Bar Association:

"There seems to be still a chance that the considerably changed Universal Declaration of Human Rights can be held over until April meeting of General Assembly here if any influential government urges that course to enable its lawyers and the people to see and study the document before it is promulgated. I am sure that American Lawyers will feel much more favourably disposed towards the Declaration if they feel it has not been rushed through with too much haste. The American Bar Association is making further effort for the deferring of action. Amended Declaration will evidently come to the Assembly Wednesday and a decision will be made almost immediately whether to hold it over or press for adoption by Friday night."

3. Hackett added that he would appreciate it if the Prime Minister could see fit to suggest to you to do all you can to defer adoption of the Draft Declaration until the next meeting of the General Assembly. He added also that he felt that Canadian lawyers generally would be very much disturbed if the Declaration were adopted right away, and this was the view also held by the United States legal profession.

4. I note from your 560 of December 7 that Committee III voted on the Declaration on December 7. I realize how you must have felt about Canada abstaining in company with the Soviet Bloc. I do feel, however, that this further message from Hackett underlines the importance of adopting a cautious attitude to this Declaration, and also the wisdom of including in your statement the reference to the International Law Commission, contained in paragraph 4 of my message 337. I realize at this late hour, particularly in view of the alignment revealed in Committee III, it would be impossible for you to take any other position than the one you propose to take in plenary meeting, i.e., to vote for, repeat for, the Declaration.

5. It seems to us that the only hope of preventing a vote on the Declaration this week would be for the United States delegation to propose that the Declaration be referred to the International Law Commission for polishing and that the Commission be instructed to report to the Assembly before April 1, 1949, so that the Assembly could adopt it early in April.

258.

DEA/5475-DP-40

*La délégation à l'Assemblée générale des Nations Unies à Paris
au secrétaire d'État aux Affaires extérieures*

*Delegation to United Nations General Assembly in Paris
to Secretary of State for External Affairs*

TELEGRAM 579

Paris, December 9, 1948

RESTRICTED. IMMEDIATE.

Your telegram No. 359 of December 8th. Human rights.

Character of reaction to our abstention on draft Declaration on Human Rights was not unforeseen, and we have tried to indicate to you in earlier telegrams impression which we were likely to make in this connection.

2. We have told certain press representatives here privately that we will vote for the resolution in the plenary session. It is possible, however, that the item will not be reached until tomorrow.

3. My immediately following telegram† contains text of statement on Declaration on Human Rights as I intend to make it in plenary session. You will notice that I have incorporated changes as suggested in your telegram No. 337 of December 4th, and that I have also strengthened the concluding paragraph.⁸⁸

259.

DEA/5475-DP-40

*La délégation à l'Assemblée générale des Nations Unies à Paris
au secrétaire d'État aux Affaires extérieures*

*Delegation to United Nations General Assembly in Paris
to Secretary of State for External Affairs*

TELEGRAM 611

Paris, December 13, 1948

RESTRICTED

Reference correspondence on Human Rights Declaration.

In the final roll-call vote on the Declaration in the Assembly at the 183rd plenary session, it was adopted as a whole by 48 votes to none with the abstentions of Honduras, Saudi Arabia, South Africa, and the six members of the Soviet Bloc.

2. Previously, the Assembly had rejected four Soviet amendments and adopted a United Kingdom amendment. The United Kingdom amendment substitutes for Article 3 of the draft which read, "The rights set forth in this declaration apply equally to all inhabitants of trust and non-self-governing territories" a new second paragraph to Article 2 reading as follows; "Furthermore no distinction shall be

⁸⁸ On peut lire le texte de la déclaration telle qu'elle a été faite dans : Canada, Ministère des Affaires extérieures, *Le Canada et des Nations Unies 1948*, Ottawa : Imprimeur du Roi 1949, pp 250-252. For the text of the statement as made, see Canada, Department of External Affairs, *Canada at the United Nations, 1948*, Ottawa: King's Printer 1949, pp. 247-9.

made on the basis of political, jurisdictional, or international status of the country or territory to which a person belongs, whether it be independent, trust, non-self-governing, or under any other limitation of sovereignty.

3. A separate vote by show of hands was requested only for some of the Articles on which we had abstained in Committee. Such a vote was requested on Article 27 of the draft beginning "Everyone has the right to education" and on Article 28 beginning "Everyone has the right freely to participate in the cultural life of the community." We abstained on these two articles.

SUBDIVISION IV/SUB-SECTION IV

FONDS INTERNATIONAL DES NATIONS UNIES
POUR LE SECOURS DE L'ENFANCE
UNITED NATIONS INTERNATIONAL CHILDREN'S EMERGENCY FUND

260.

PCO/Vol. 66

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

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

Ottawa, January 16, 1948

CONTRIBUTION OF \$200,000 TO THE NATIONAL COUNCIL OF THE UNITED
NATIONS APPEAL FOR CHILDREN IN CANADA FOR THE PURCHASE IN CANADA
OF SUPPLIES REQUIRED BY THE INTERNATIONAL CHILDREN'S EMERGENCY
FUND FOR THE RELIEF NEEDS OF CHILDREN IN WAR-DEVASTATED AREAS

On 11th December, 1946 the General Assembly of the United Nations adopted a Resolution on the subject of relief needs after the termination of UNRRA [United Nations Relief and Rehabilitation Administration]. Part of this Resolution directed the Secretary-General to consider ways and means of collecting and utilizing voluntary contributions from persons and organizations throughout the world to help meet these needs. This Resolution of the General Assembly was considered by the Economic and Social Council and has resulted in the establishment by the Council of the "United Nations Appeal for Children," a world-wide campaign to secure funds to supplement government contributions to the International Children's Emergency Fund. A special office of the United Nations Secretariat has been set up to deal with the United Nations Appeal for Children and an International Advisory Committee has been established to assist in this work. A Special Committee of the Economic and Social Council has also been formed to ensure that the intentions of the Council with regard to the Appeal are carried out. Canada is represented on this Committee.

2. National Committees for the Children's Appeal have now been established in thirteen States and are about to be formed in twelve other countries. In Canada, a voluntary National Council for the Appeal has been established and a joint campaign is planned, for the month of February, with the Canadian Council for Reconstruction through UNESCO. The campaign is to be entitled "Canadian Appeal for Children." Sixty per cent of the proceeds of the campaign are to be allocated to the Canadian Council of the United Nations Appeal for Children and the remainder to the Canadian Council for Reconstruction through UNESCO.

3. A request has been received from the Chairman of the Executive Committee for U.N.A.C. in Canada, on which are represented the Canadian Congress of Labour, Trades and Labour Congress, the Canadian Federation of Agriculture, and the Co-operative Union of Canada, as well as a number of other important organizations, for a government contribution of \$200,000 to the United Nations Appeal. Since the funds collected during the campaign by the Committee for U.N.A.C. are to be placed at the disposal of I.C.E.F. for the purchase in Canada of essential supplies to meet the needs of children in war-devastated areas, the requested grant would appear to be an extension of the policy already approved in allocating \$5,000,000 to the I.C.E.F. Such a grant would seem also to correspond with the purpose for which the fund for post-UNRRA relief was established. As a government endorsement of the campaign, a grant of \$200,000 to the children's campaign would undoubtedly be of considerable assistance and would serve as an encouragement to the labour, agricultural and co-operative groups which have taken primary responsibility for the Appeal in Canada.

Recommendation:

It is therefore recommended that the sum of \$200,000 be granted to the Canadian National Council of the United Nations Appeal for Children on the understanding that this sum will be made available to the United Nations Children's Emergency Fund for the purchase in Canada of necessary supplies for the relief of children in war-devastated areas.

It is further recommended that an Order-in-Council be passed granting this \$200,000 from funds available for post-UNRRA relief in Vote 908 of Appropriation Act. No. 5, 1947.⁸⁹

LOUIS S. ST. LAURENT

⁸⁹ Approuvées par le Cabinet le 5 février / Approved by Cabinet, February 5.

261.

PCO/Vol. 110

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

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

Ottawa, March 3, 1948

CANADIAN APPEAL FOR CHILDREN — ESTABLISHMENT OF A NATIONAL
SUPERVISORY COMMITTEE

The Secretary of State for External Affairs has the honour to report that the Executives of the Canadian Council for Reconstruction through UNESCO and of the United Nations Appeal for Children have requested that a National Supervisory Committee for the Canadian Appeal for Children be established, the Chairman to be nominated by the Secretary of State for External Affairs.

2. The Committee will be composed of representatives of Labour Organizations, of Agriculture, of Cooperatives, of Industry and of Education, and it is the wish of the two Executive Committees that these representatives be approved by the Canadian Government.

3. It will be the function of the National Supervisory Committee to ensure that all proceeds collected by the Canadian Appeal for Children are expended in accordance with the announced purpose of the Appeal, and to ensure further that all campaign expenses are warrantable and properly accounted for.

4. It is the already established intention to put sixty per cent of the total funds collected at the disposal of the International Children's Emergency Fund for the purchase in Canada of relief supplies for children in areas devastated by war. The National Supervisory Committee is to ensure that the remaining forty per cent of the funds is devoted to the purchase in Canada of educational supplies, scientific equipment, food and clothing for the reestablishment of educational facilities in war-devastated areas.

Recommendation:

5. The Secretary of State for External Affairs therefore recommends that a National Supervisory Committee be established under the chairmanship of a nominee of the Secretary of State for External Affairs, composed of representatives of Labour, Agriculture, Cooperatives, Industry, and Education, to exercise general supervisory control over the campaign expenditures and the ultimate disposal of the funds collected in the present Canadian Appeal for children.⁹⁰

⁹⁰ Approuvée par le Cabinet le 4 mars/Approved by Cabinet, March 4.

SECTION B

ORGANISATION DES NATIONS UNIES
POUR L'ALIMENTATION ET L'AGRICULTURE
FOOD AND AGRICULTURE ORGANIZATION

262.

PCO/U-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-2678

Ottawa, November 18, 1948

CONFIDENTIAL. IMPORTANT.

Following is text of letter to the Right Honourable J.G. Gardiner, from the Acting Secretary of State for External Affairs, Begins:

"My dear Colleague, on October 29th, 1948, Cabinet approved the representation of Canada at the fourth session of the Food and Agriculture Organization to be held in Washington, D.C., commencing November 15, 1948. As there are some aspects of the agenda which have an international political character, I venture to make the following comments.

Saudi Arabia has applied for membership in F.A.O. For general reasons it is the view of this department that this application should be supported in conformity with our general view that specialized agencies should be as representative as possible.

The Government of Israel has applied for membership, but Canada has not yet recognized the "State of Israel". It would, therefore, seem advisable that, pending further developments in the discussion of Palestine in the General Assembly, support should not repeat not be given at the Food and Agriculture Conference to the application of Israel.

The Holy See has applied for recognition as a permanent observer. There would be no objection to a request for the Holy See to have an observer. The presence of an observer does not commit the Government which he represents. It is possible, however, that there may be some objection raised to the inclusion of the word "permanent" in the designation, as it would seem to indicate that the Holy See had no intention of becoming a member at any time in the future.

It seems unlikely that a definite decision will be made at this year's session concerning a permanent site. However, we should, I think, avoid indicating any preference until further opportunity has been provided to consider the relative merits of the various proposed sites. For all practical purposes, the possible sites appear now to be limited to Washington, Rome and Copenhagen.

I understand that consideration is to be given to revising the scale of contributions in order to bring the effective levy up to the budget estimate of \$5,000,000. At the present time we contribute 4.13% or \$190,000 toward a total assessment of

\$4,600,000. This is higher than the percentage contribution which we make to other international bodies of which we are members. Our share of the budget of the United Nations is 3.2%. As the United States Congress has indicated that its present contribution of \$1,250,000 is a maximum there may be an effort to increase our share to about \$212,700 or 4.25%. A number of countries seem to have contributed little but token payments and it seems to me that the shares of these countries might well be increased, and pressure brought upon delinquents to pay up at once.

A satisfactory basis for contributions might be that inter se they should bear the same relationship as the contributions of the same countries to the United Nations. As all members of the United Nations are not members of F.A.O. the total of the percentages of their contributions to the United Nations might be something like 80%. In order to bring this figure up to 100% it would (on this assumption) be necessary to increase each share by 25% e.g., Canada's 3.2% share of the United Nations budget would become 4% of the F.A.O. budget.

In any revision of the scale of contributions it will, of course, be desirable to keep our share of the cost as low as is reasonably possible. In general, we have sought to relate our contributions to those of the United States. If contributions were based on national income our share would be comparatively small, as Canada's national income is only one-eighteenth of that of the United States. I am, therefore, suggesting the above as considerations which you may wish to keep in mind when such discussions are taking place. Yours sincerely. Brooke Claxton." Text ends. Message ends.

SECTION C

ORGANISATION INTERGOUVERNEMENTALE CONSULTATIVE
DE LA NAVIGATION MARITIME
INTERGOVERNMENTAL MARITIME CONSULTATIVE ORGANIZATION

263.

DEA/8794-A-40

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

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

Ottawa, September 10, 1948

The United Nations Maritime Conference, held in Geneva from February 19th to March 6th, 1948 at which duly authorized representatives of the Canadian Government were in attendance, drafted a Convention of the United Nations Intergovernmental Maritime Consultative Organization. This Convention provides for the establishment of an Intergovernmental Maritime Consultative and Advisory Organization whose principal purpose is to provide machinery for cooperation among the governments on shipping matters, encourage the removal of discriminatory and restrictive practices, and facilitate the exchange of information and consideration of

merchant shipping problems. The Interdepartmental Committee on Merchant Shipping Policy has considered the terms of this Convention and has recommended that the Canadian Government accept the Convention of the Intergovernmental Maritime Consultative Organization and approve its ratification.

At the Geneva Conference a Preparatory Committee consisting of representatives of twelve states was established to act as an Interim Committee until the Convention comes into effect, to arrange that the Intergovernmental Maritime Consultative Organization is brought in relation with the United Nations and to make all necessary preparations for the first meeting of the Assembly. The Preparatory Committee held its first meeting at Geneva on March 6th, 1948. Canada has been elected to the Chair for the second meeting which is to be held at Lake Success probably early in November. The Interdepartmental Committee on Merchant Shipping Policy on July 22nd, 1948, recommended that the Canadian Government formally accept the Chairmanship of the Second meeting of the Preparatory Committee and that the Canadian Delegation to this meeting should be selected from the Departments of Transport and External Affairs and the Canadian Maritime Commission.

It is therefore recommended that the Canadian Government -

(a) execute and deposit with the Secretary-General of the United Nations an instrument of acceptance of the Convention of the United Nations Maritime Consultative Organization;

(b) formally accept the Chairmanship of the second meeting of the Preparatory Committee;

(c) name Canadian delegates to the Preparatory Committee, such delegates to be selected from the Departments of Transport and External Affairs and the Canadian Maritime Commission.⁹¹

L.B. PEARSON

264.

DEA/8794-A-40

*Le ministre des Transports
au président de la Commission maritime canadienne
Minister of Transport
to Chairman, Canadian Maritime Commission*

CONFIDENTIAL

Ottawa, November 24, 1948

Dear Mr. Clyne,

In the place of more formal instructions to you as head of the Canadian delegation to the second meeting of the Preparatory Committee of the Intergovernmental Maritime Consultative Organization opening in Lake Success on November 30th, I am writing you this personal letter for your guidance.

⁹¹ Approuvée par le Cabinet le 16 septembre./Approved by Cabinet, September 16.

As the Preparatory Committee is largely the delegate of the Organization itself and as its functions appear to be fairly well circumscribed, it is difficult to formulate any very detailed information, but the position of the Canadian government on some matters likely to be discussed may be stated.

The government have no additions to suggest for the conference agenda nor have they any name to submit for the post of Executive Secretary.

In drafting the agreement between the Intergovernmental Maritime Consultative Organization and the United Nations and in drafting an annex to the United Nations convention on privileges and immunities, you should be governed by the general principles which have already been followed in dealing with the other specialized agencies of the United Nations. In this connection Canada has ratified the United Nations Convention on Privileges and Immunities with the reservation that Canadian citizens employed in Canada by the United Nations would not be given tax exemption. The same reservation is made in the Privileges and Immunities Act (11 George VI, Chapter 69). This Act can be made applicable to any specialized agency of the United Nations by the passage of an order-in-council. You should therefore assume that the government would not be willing to ratify the Annex on Privileges and Immunities of a specialized agency which goes farther in its provisions than the Privileges and Immunities Act.

As regards the scale of financial contributions to the Intergovernmental Maritime Consultative Organization, you should be guided by the memorandum of the Department of Finance on the subject, copy of which is attached.†

I am informed unofficially that the Netherlands may be putting forward a candidate for the post of Executive-Secretary. The Canadian Government have no special instructions on this point and I would suggest that you use your discretion in supporting the candidate who seems most fit to hold the post. If by any chance a candidate should be put forward whose nationality makes you in any way dubious about the support that should be given him, you would be well advised to communicate with Ottawa before giving such support.

You should keep the government informed of the committee proceedings if for some reason they extend beyond the expected period of a few days, and you should seek direction from the government on any important question of policy which is raised unexpectedly. For this purpose, communications should be addressed to the Secretary of State for External Affairs, and may be transmitted over the facilities of the Consul General in New York.

This letter has been discussed with the Acting Secretary of State for External Affairs who concurs in the views it contains.

Yours sincerely,

[LIONEL CHEVRIER]

265.

DEA/8794-A-40

*Le président de la Commission maritime canadienne
au ministre des Transports*

*Chairman, Canadian Maritime Commission,
to Minister of Transport*

Ottawa, December 15, 1948

Dear Mr. Chevrier,

I have the honour to refer to your confidential letter dated November 24th containing informal instructions to me as Head of the Canadian Delegation to the second meeting of the Preparatory Committee of the Intergovernmental Maritime Consultative Organization at Lake Success on November 30th and December 1st, 1948.

I propose to describe briefly and chronologically the work of the Preparatory Committee and later to refer in some detail to the specific instructions to the Canadian delegation.

The Preparatory Committee of the Intergovernmental Maritime Consultative Organization held its second session at Lake Success, New York, on November 30th and December 1st, 1948. The Preparatory Committee had been appointed by the United Nations Maritime Conference which had met in Geneva in February, 1948. All members of the Preparatory Committee were represented at Lake Success. The member nations were:

Argentina	Belgium	France	India	Norway	United Kingdom
Australia	Canada	Greece	Netherlands	Sweden	United States

There was a total of 36 delegates and technical advisers present at the meeting. Also present were two representatives of the United Nations Secretariat. The Canadian Delegation consisted of myself, as head of the delegation, Mr. L.C. Audette, Commissioner, Canadian Maritime Commission, delegate and alternate head of the delegation, Mr. Norman Wilson, Department of Transport, delegate and Mr. S.P. Wheelock, Department of External Affairs, secretary of the delegation.

Before the formal meeting of the second session was convened, the Canadian Delegation held informal meetings with Mr. B. Lukac, who had been acting as Executive Secretary to the Preparatory Committee, and also with the Assistant Secretary General of the United Nations, who was responsible for providing the facilities of the United Nations at Lake Success for the use of the Committee. In addition, the Canadian Delegation held informal preparatory discussions with the Delegations of the United Kingdom, the United States, France, the Netherlands and Norway.

The meeting itself was characterized by informality, co-operation and the will on all sides to proceed with efficiency and despatch. The Preparatory Committee was able, in the short space of a day and a half, to discharge all the obligations which had been laid upon it by the Geneva meeting and to deal with every item on its proposed agenda and one or two additional matters as well.

Canada had been appointed to the Chairmanship of the Preparatory Committee and therefore, as senior Canadian delegate, I took the Chair at the beginning of the session and presided throughout. The Committee was greatly assisted in its work by Mr. B. Lukac, who had acted as its Executive Secretary in the interval since the Geneva meeting.

The Preparatory Committee, as its name implies, was mainly concerned with making arrangements for the first meeting of the Assembly of IMCO, and with suggesting agenda, rules of procedure, a budget and a scale of contributions thereto, and the preparation of agreements relating IMCO to the United Nations and its Specialized Agencies, so that the first Assembly would have concrete suggestions to which to turn its attention. The Preparatory Committee also was charged with the duty of making arrangements to carry out its own activities in the period which must elapse between now and the date when the first meeting of the Assembly can be called.

In general, the preparation of draft documents for the use of the Assembly followed lines already made familiar by the preparatory work of other Specialized Agencies of the United Nations. It is at present envisaged that IMCO will not be a large organization in terms of secretariat and staff, and every effort was made to ensure that the proposed arrangements would be as simple, as informal and as inexpensive as possible.

A draft agenda was adopted for the use of the first meeting of the IMCO Assembly (Appendix I). There was considerable discussion with regard to the draft agenda. It includes twenty-one items which were discussed one by one. Furthermore, it was understood that if any nation wished to add to the proposed draft agenda it should communicate additional items to the Executive Secretary. The Chairman was empowered to call another meeting of the Preparatory Committee if in his opinion such suggestions required consideration by the Committee as a whole.

Draft rules of procedure (Appendix II) were prepared overnight by a sub-committee composed of Mr. Fruen of the Netherlands, Mr. Peachey of Australia, a member of the French delegation and Mr. Davis of the U.N. Secretariat, and were approved. A draft agreement between IMCO and the United Nations (Appendix III) was approved for consideration by the first meeting of the IMCO Assembly. A draft agreement with the International Labour Organization (Appendix IV) was placed before the Committee and it was decided that such agreements were beyond the terms of reference of the Preparatory Committee and should be held over until the permanent organization was established. It was agreed that the Committee's secretariat should draft financial and staff regulations, following the standard pattern about to be established by the United Nations and its Specialized Agencies, and submit these draft regulations in writing to members of the Preparatory Committee.

The Preparatory Committee adopted a budget (Appendix V) for submission to the organization. The Draft Budget suggested that the annual cost should not exceed £20,000. This sum makes provision for a Secretary-General and a Secretary of the Maritime Safety Committee, each to have a deputy and adequate clerical and

secretarial assistance. Provision was also made for rental of premises and expenses incidental to the running of an office, together with travelling expenses and those of translation. A reserve was included for contingencies.

The Preparatory Committee agreed to the adoption of the proposal made by the Netherlands Delegation (Appendix VI) suggesting to the first Assembly that contributions by members should be on an equal basis. This decision was reached in view of the small total of the budget and the extreme difficulty of establishing criteria of interest and ability to pay in relation to maritime matters. The scale of contributions was one of the few items on the agenda which could not be agreed to unanimously. It was adopted by 8 votes for, with 2 (India and Australia) against, and 2 abstentions (Canada and Argentina). The Committee agreed further that, if, in the opinion of the Assembly, certain nations should not, on the basis of equity, be required to make an equal contribution, such nations should be allowed to contribute one-half of what would otherwise have been an equal contribution, the deficiency to be made up by other contributing members.

The Preparatory Committee adopted a draft resolution submitted by the Netherlands delegation (Appendix VII) requesting the Executive Secretary to invite the Governments whose delegates had signed the Convention of IMCO, and other interested Governments, to take such steps as might be necessary to become parties to the Convention as soon as possible. Norway and Sweden abstained from voting on this resolution. Norway expressed the opinion that such an invitation would not come with good grace from a Committee of twelve members, only one of whom had, as yet, taken the necessary action.

At this point in the proceedings, the delegates reviewed the status of the IMCO Convention vis-à-vis their respective Governments. Canada was the only signatory to the Convention which so far has accepted it. Other countries which indicated that early acceptance might be expected were France, Greece, Netherlands, United Kingdom and United States. Other members of the Preparatory Committee were not prepared to commit their Governments at this time, although subsequently the Norwegian and Swedish representatives advised me in confidence that their governments would be likely to accept the Convention.

The Committee made arrangements for secretarial assistance, for its own budget and also to obtain from the United Nations, a loan to finance its expenses on a reimbursable basis (Appendix VIII). It agreed that this loan should not exceed in total \$50,000. Mr. Lukac was requested to continue as Executive Secretary of the Preparatory Committee until the first meeting of the Assembly.

The Committee considered the Convention on the Privileges and Immunities of the Specialized Agencies of the United Nations and the annex to the special Convention dealing with this subject. United Nations Secretariat was good enough to circulate a copy of the annex to the Convention on the Privileges and Immunities of the Specialized Agencies of the United Nations relating to the World Health Organization and to the International Civil Aviation Organization. (Appendix IX). The United Kingdom delegation submitted a draft annex to the special Convention on the Privileges and Immunities of the Specialized Agencies of the United Nations which was adopted by the Committee. (Appendix X).

The Chairman was authorized to convene the first session of the Assembly of IMCO within three months from the date on which the Convention of the organization comes into force. It was not envisaged that any meeting of the Preparatory Committee would be necessary until immediately prior to the first meeting of the Assembly. If, however, matters of sufficient importance should arise, it would be in the Chairman's discretion to call another meeting of the Preparatory Committee earlier than that date.

Dealing now with the instructions given to the Canadian Delegation, I might make the following observations:

During the discussion of the Annex to the United Nations Convention on Privileges and Immunities (Appendix X), the Canadian Delegate made it quite clear that Canada's acceptance of the Annex and of the Convention on Privileges and Immunities would be subject to the reservation that exemption from taxation imposed by any law in Canada on salaries and emoluments should not extend to a Canadian citizen residing or ordinarily resident in Canada.

The discussions of a scale of contributions by members to the budget of the organization placed the Canadian Delegation in a somewhat difficult position. The Netherlands Delegation first proposed that the budget should be shared equally by all members. This was strongly supported by the British and the French. Australia and India voiced some objections to this suggestion and after discussion, the Netherlands proposal was modified by the addition of a provision that if, in the opinion of the Assembly, certain nations should not in equity be required to make an equal contribution, they might be allowed to contribute one-half of what would otherwise have been an equal contribution, any deficiency being made up by the other contributing members.

Considering that the budget is only in the neighbourhood of £20,000 and considering that the number of members must be at least 21 and may well be 40 or more, Canada's share might vary between a maximum of five per cent and a minimum of two and one-half per cent. In actual figures, the Canadian contribution may vary between \$2,000 and \$4,000. The amount of money involved led the delegation to believe that it would be unwise to stress its objection; furthermore, if the number of nations participating in the organization exceeded 25 or 30, the Canadian position would probably be improved by the equal division of costs. It was, moreover, understood that this was a mere proposal for the budget, and referred to the first two years of the organization's existence only. The whole budgetary position would have to be debated on the floor of the Assembly at its first meeting. Even if this budget were accepted for the first two years the organization would review the situation at the end of that time and after all the facts were known. In view of all the above considerations, the Canadian Delegation did not vote against this proposal, but did abstain in view of the instructions it had received.

The position of the Netherlands, strongly supported by the United Kingdom and France, was that the difficulties of working out a scale of contributions based on criteria of interest and ability to pay were so formidable and the contributions relatively so small that common sense dictated this course of action. The Indian member believed that matters of principle were involved and said that he could not

agree to abrogate these principles in the face of an argument based on practicality. The United States representatives were prepared to go along, although they had obviously come prepared to accept criteria which would have involved the United States in a much higher proportional share of the expense. Australia voted against the Netherlands proposal on the grounds that it imposed a disproportionate share of the expenses on the smaller nations. The Argentine delegation abstained from voting without comment.

At the conclusion of the meeting of the Preparatory Committee the delegates of all nations present expressed satisfaction with the work which the Committee had been able to accomplish.

I have, etc.

J.V. CLYNE

SECTION D

ORGANISATION INTERNATIONALE POUR LES RÉFUGIÉS INTERNATIONAL REFUGEE ORGANIZATION

266.

DEA/5475-T-40

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

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

[Ottawa], April 17, 1948

SIXTH PART OF THE FIRST SESSION OF THE PREPARATORY COMMISSION, INTERNATIONAL REFUGEE ORGANIZATION MEETING IN GENEVA BEGINNING MAY 4TH

At the request of the Deputy Minister of Mines and Resources, who wished this Department to provide the delegate to the next session of PCIRO, we have asked Mr. Wilgress in Berne whether he would be able to undertake this duty. Mr. Wilgress has now replied that he would be glad to represent Canada at the forthcoming session. The Department of Mines and Resources is providing an adviser for Mr. Wilgress from its Immigration staff in Germany.

It is therefore recommended to your consideration that the Canadian delegation to the forthcoming session consist of Mr. D. Wilgress with Mr. J.D. McFarlane²² as adviser.

²² Surintendant de district (district de l'Est), direction de l'Immigration du ministère des Mines et des Ressources.

District Superintendent (Eastern District), Immigration Branch, Department of Mines and Resources.

This is perhaps an opportune occasion to consider whether Canadian delegations to routine and recurring conferences of this nature need to be referred invariably to Cabinet for approval. I am attaching a copy of a memorandum which I sent to the Secretary to the Cabinet last April in which he concurred. It was our understanding that Canadian delegations to *important* international conferences should be approved by Cabinet. Since between now and the end of this year Canada is to be represented at some forty or forty-five international conferences, it is suggested that for the relatively unimportant meetings the recommendation of the Minister of the Department concerned together with the concurrence of the Secretary of State for External Affairs would provide adequate authority. I shall, of course, refer all recommendations concerning Canadian participation in international conferences to you for approval and if it is your wish I shall also indicate whether it seems appropriate to refer the particular delegation for Cabinet approval.

I recommend therefore that for the forthcoming session of PCIRO beginning in Geneva on May 4th you concur in the recommendation of the Department of Mines and Resources and that this matter be not referred but be simply reported to Cabinet.⁹³

L.B. P[EARSON]

267.

DEA/5475-T-40

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

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

[Ottawa], May 3, 1948

INTERNATIONAL REFUGEE ORGANIZATION — POLICY DECISIONS
AT FORTHCOMING SESSION

General Pope has informed us (despatch No. 507, attached)† that at the forthcoming IRO session, the United Kingdom representative will urge:

a) support for a policy aimed at removing from care and maintenance into work in Germany as many Displaced Persons as possible, since resettlement in Germany is the most practicable solution in the near future for the majority of these Displaced Persons;

b) closing down on acceptance of further admission of D. P.'s into camps;

c) that able-bodied D. P.'s who refuse reasonable offers of work in Germany be removed from care and maintenance in camps.

This proposal will probably be strongly resisted by France, Belgium and the Netherlands who will not favour a more or less compulsory addition (of roughly

⁹³ Note marginale :/Marginal note:
Agreed. St. L{aurent}

270,000 workers) to the temporary or permanent German working population. It will probably be supported by the United States, Australia and New Zealand who are likely to agree that repatriation and overseas settlement will prove an inadequate solution to the problem within a reasonable time.

The Department of Mines and Resources has been consulted. The Director of Immigration supports the British proposal provided that this policy is supported by the United States representative who may feel that such a policy may have an adverse effect on the willingness of the United States Congress to accept a fair share of the D. P.'s.

General Pope has further informed us (telegram No. 120 attached)† that the United States will urge PCIRO to put under its protection the recent and continuing flow of Czech refugees of whom 8,000 have already arrived in the United States Zone, and 200 more are arriving daily. The United Kingdom will probably oppose this reversal of the policy adopted at the last session to accept no more refugees into the camps after February 1st. The United States representative will likely argue that the Western Powers are morally and politically bound to afford Czech refugees all possible assistance and that the freeze order and date-line of February 1st makes provision for "hardship cases".

Recommendation

The attached draft telegram† to Mr. Wilgress who will represent Canada instructs him to support the British proposal that PCIRO effect establishment of all possible D. P.'s in Germany; and to support the American proposal that PCIRO care and maintenance be extended to Czech refugees.⁹⁴

The Director of Immigration concurs in this draft and subject to the approval of his Minister this telegram will be despatched if you approve.

L.B. P[EARSON]

268.

DEA/5475-T-40

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

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

[Ottawa], July 29, 1948

INTERNATIONAL REFUGEE ORGANIZATION — ELECTION OF EXECUTIVE COMMITTEE

The General Council of I.R.O. is to meet for the first time in Geneva on August 23rd provided that one more state ratifies the constitution.

⁹⁴ Note marginale :/Marginal note:
Agreed. St. L[aurant]

The General Council will elect the Executive Committee of P.C.I.R.O. and it is certain that Canada will be nominated in view of our support of I.R.O. and of our acceptance of large numbers of displaced persons as immigrants.

The Executive Committee will meet normally twice a month, so that members of this Committee will be occupied fairly continuously with P.C.I.R.O. matters. It is suggested that Mr. Wilgress or his Deputy might be able to undertake this duty and that routine matters connected with it could effectively be handled by the proposed new mission in Geneva.

If you agree, I shall instruct Mr. Désy, who is to represent Canada at the forthcoming Session, that we are prepared to accept election to the Executive Committee and that the Canadian representative in the event of our election will be prepared if necessary to serve as Chairman or as Vice Chairman.⁹⁵

L.B. P[EARSON]

269.

DEA/5475-T-40

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

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

[Ottawa], August 4, 1948

I agree with your comments on a memorandum which I sent you concerning our possible election to the Executive Committee of the International Refugee Organization that we should not take on any more than our share of these duties. I think, however, that there are special reasons which make it desirable for us not to refuse membership on this particular Executive Committee if we are elected. We are one of the largest contributors to I.R.O. and we will be one of the most important countries on the receiving end of refugees. From both points of view, therefore, it is desirable, I think, that we should share in the control over the Organization. Otherwise we might be asked to do things which would create embarrassment for the Government here. The fact that we now have an office in Geneva and that Mr. Wilgress and Mr. Renaud are both at Berne should make it not too difficult to undertake these duties if they come our way.⁹⁶

L.B. P[EARSON]

⁹⁵ Note marginale :/Marginal note:

We have done quite a lot so far and all our people are already overloaded with like duties and responsibilities. We must not become shirkers but if others are available should be glad to let them have all such new offices as we can decently avoid. Perhaps this is one of them. St. L[aurant]

⁹⁶ Paraphé par St. Laurent/Initialed by St. Laurent.

SECTION E

UNION INTERNATIONALE DES TÉLÉCOMMUNICATIONS
INTERNATIONAL TELECOMMUNICATIONS UNION

270.

DEA/8981-J-40

*Le ministre du Commerce et de la Reconstruction et des Approvisionnements
au secrétaire d'État aux Affaires extérieures*

*Minister of Reconstruction and Supply
to Secretary of State for External Affairs*

Ottawa, April 21, 1948

My dear Colleague:

A meeting of the International Telegraph Consultative Committee (C.C.I.T.) is scheduled to convene at Brussels, Belgium, on Tuesday, the 11th of May next.

It has not been our policy to send representatives to meetings of this Committee, but it is considered necessary that Canada should be represented at the forthcoming meeting for the following reasons:

(a) Many matters pertaining to International Telecommunications of vital importance to Canadian Carriers will be discussed, and the conclusions arrived at will form the basis for discussion with respect to such matters at the next International Telegraph Conference which is scheduled to convene in Paris on May 2nd, 1949.

(b) The American delegates to the Telecommunications Conference in Atlantic City last summer officially expressed the hope that the United States of America would sign the next Telegraph Regulations, in which case it would be expedient for Canada to do likewise.

(c) The United States is sending a strong official delegation to the C.C.I.T. meeting, and they will be supported by representatives of the American Telecommunication Companies, who are experts in their respective fields of telecommunication.

(d) The Canadian Telecommunication Companies are unanimous in their demands that Canada should be officially represented at the C.C.I.T. meeting, and that they should be permitted to attend in the capacity of advisors.

I propose, therefore, to notify the International Bureau at Berne, and at their request, the Department of Posts and Telegraphs, Belgium, that my Deputy Minister, Mr. C.P. Edwards, head the Canadian Delegation. He will be accompanied by Mr. W.E. Connelly, Superintendent of Radio, and a traffic expert of each of the

Canadian Telecommunication Companies; Canadian Marconi Company, Canadian Pacific Telegraphs, and Canadian National Telegraphs.⁹⁷

Yours very truly,

C.D. HOWE

271.

DEA/8981-J-40

*Note du sous-secrétaire d'État par intérim aux Affaires extérieures
au secrétaire d'État aux Affaires extérieures*

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

Ottawa, October 7, 1948

CANADIAN DELEGATION TO THE HIGH FREQUENCY BROADCASTING
CONFERENCE OF THE INTERNATIONAL TELECOMMUNICATIONS UNION

At the Plenipotentiary Telecommunications Conference held in Atlantic City in 1947, plans were made to convene a High Frequency Broadcasting Conference in Mexico City on October 22nd, 1948. This Conference will prepare a high frequency assignment plan which will allot to all the Member States of ITU the short-wave frequencies over which they may broadcast.

The Atlantic City High Frequency Broadcasting Conference appointed a Planning Committee of five countries, namely, India, Mexico, the United Kingdom, the U.S.A. and USSR, to meet in Geneva from March 22nd to May 22nd, 1948, and later in Mexico City on October 1st with the following terms of reference: "to prepare a draft high frequency assignment plan and to suggest the most effective means of implementing it." The Planning Committee of the High Frequency Broadcasting Conference has issued a report containing the results of this Geneva session, but while it has produced a sample plan and certain alternative proposals by members of the committee, the committee, as a whole, has made it quite clear that neither the assignment plan nor the alternative proposals are recommended by the committee.

Two main problems exist for the Conference to solve: one, to reduce the actual requirements submitted by Member States since these requirements considerably surpass the existing facilities, i.e., frequencies, and the other, to establish a plan for allotment. This plan for allotment will have to be based upon some system of priorities, and it is there that the most controversial point of the conference will arise. At the meeting of the Planning Committee in Geneva, the USSR suggested that a plan should be adopted which would allot assignments in the following proportions: internal broadcasting, 80%-85% and international broadcasting, 15%-20%. Another proposal came from India, that a frequency assignment plan should be established on the basis of such factors as the area and population of a country and

⁹⁷ Saint-Laurent donna son accord dans une lettre à Howe en date du 27 avril.† (DEA/9083-40).
St. Laurent concurred in a letter to Howe dated April 27†. (DEA/9083-40).

its colonies, the number of languages, both official, state or main, and the geographical position of the country.

As you know, short-wave broadcasting has become one of the most effective means for the distribution of information and propaganda. Our own international service on the Canadian Broadcasting Corporation presently carries out extensive broadcasting to all parts of the world, and in particular, to Western Europe. Although there will be a brisk struggle between all nations concerned for their share of frequencies, it is felt that the USSR (who can count the International Telecommunications Union amongst the very few specialized agencies to which it belongs) will endeavour to have adopted a plan which would give to the Soviet Union a preponderance of frequencies to operate into Central and Western Europe.

The decisions of the High Frequency Broadcasting Conference, as you can see, carry widespread political implications. I would accordingly recommend that Mr. T.A. Stone, Canadian Minister to Washington, serve as Chairman of the Canadian Delegation. I have consulted with Mr. Wrong on this, and he was agreed to release Mr. Stone for the duration of the Conference. I would also recommend that Mr. Cole, Chargé d'Affaires in Mexico, be added as a Delegate, Mr. Sicotte of his staff be nominated to serve as Secretary of the Delegation, and Mr. Blanchette of his staff be nominated as an Adviser. The remainder of the Delegation, as recommended by the Minister of Transport, would consist of Mr. Acton of the Department of Transport as a Delegate and Mr. Mather of the Department of Transport as an Adviser, Dr. Frigon, General Manager, C.B.C., Mr. Manson, Assistant General Manager, C.B.C., Mr. Richardson and Mr. Johnson, Radio Engineers, C.B.C., as Advisers.

If you agree with this composition of the Delegation, I would be grateful if you would sign the attached letter of credentials.

E[SCOTT] R[EID]

272.

DEA/8981-J-40

*Note de la Direction économique
pour le chef de la Direction économique*

*Memorandum by Economic Division
for Head, Economic Division*

[Ottawa], November 30, 1948

CANADIAN REPRESENTATION ON THE PROVISIONAL FREQUENCY BOARD

In connection with your proposed talk with Mr. Dawson of the Department of Transport, who is to replace Mr. Coffey as Canada's representative on the Provisional Frequency Board, you asked me to outline some of the political considerations which might arise during the Conference and on which this Department might advise Mr. Dawson.

It is difficult to ascertain in advance the exact nature of any problems which may have strong political implications. You will recall Mr. Coffey ran into trouble on two points: one concerning the question of co-operation between ITU⁹⁸ and ICAO, on which it appeared that the latter organization were somewhat distressed at Mr. Coffey's seemingly personal animosity; the other concerning the question of the continuation of the work of the Provisional Frequency Board. You will recall Mr. Coffey tended to agree with that group (which included the USSR) who wished to disband the Board because it was not making sufficient progress. I do not believe there is likely to be any future points similar to the ITU-ICAO proposition. However, I believe we can expect, from time to time, that the Russians will make concerted attempts to disband the Board.

The PFB works within the framework, and on a general set of principles, established at the 1947 ITU Conference in Atlantic City. The specific job of the PFB is to allot individual frequencies to member states, bearing in mind these general principles. The USSR has never approved of these principles as established at Atlantic City, but rather they have favoured a system of allocation which would be made on priority of possession in 1939. In reality, this amounts to a "first come first served" theory. The world telecommunication picture has altered considerably since 1939, and any such system would certainly be to the disadvantage of those countries, such as Canada, which have expanded their facilities in the intervening years. As a result, the USSR delegates have consistently hampered and obstructed the working progress of the Board. Their disagreement with the general principles established at Atlantic City has provided a nice buffer for their actions, but I believe the real cause goes deeper, to the desire of the USSR to eventually destroy and break down all specialized agencies and committed bodies of the United Nations. Practical necessity, for the time at least, forces the USSR to remain in the ITU, so it would not be likely that they would withdraw from the organization, despite the heat of their protests.

It might be wise to remind Mr. Dawson that the Conference in Mexico City is endeavouring to make a similar attempt to allocate high frequency or shortwave broadcast bands. It would be useful for us to be able to prepare, from time to time, reports concerning general methods being adopted by the USSR delegations at both these meetings. It might be that Mr. Dawson, in addition to his technical reports to the Department of Transport, might find time occasionally to prepare a brief statement for our own Department concerning the general activities of the USSR delegation, subsequent reactions of other delegations, and the general atmosphere which was currently pervading the PFB. This would be the sort of thing that he would best discover through informal and non-committal chats with other delegations. In this way, we might be forewarned and forearmed of certain situations that are likely to arise at the Board.

Generally speaking, our political approach to the ITU has been very close to that followed by the United Kingdom and the United States, although we have of

⁹⁸ International Telegraph Union.

course, of necessity, always protected our own interest, from the economic point of view.

I have tentatively advised Mr. Dawson that you will see him on Wednesday, December 1st. If you would care to set a definite hour, I will see that he is available.

O.G. S[TONER]

SECTION F

ORGANISATION DES NATIONS UNIES POUR L'ÉDUCATION,
LA SCIENCE ET LA CULTURE
UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION

273.

DEA/5582-AIC-40

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

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

[Ottawa], September 21, 1948

CANADIAN DELEGATION TO THIRD SESSION OF UNESCO GENERAL CONFERENCE

At its extraordinary session on September 15th the General Conference of UNESCO decided that its Third Session would be held in Beirut commencing November 23rd. It is anticipated that the Conference will last for three and half weeks. The composition of the Canadian Delegation is now, therefore, a matter of urgency.

You may recall that on May 28th a memorandum was submitted to Mr. St. Laurent outlining the respective advantages of (a) a delegation composed entirely of government officials and (b) a composite delegation of government officials and representatives of the various co-operating bodies in Canada. Mr. St. Laurent indicated at that time that he would favour a delegation of officials, kept as small as possible, even at the cost of not being fully represented on all the sub-commissions of the Conference.

In a letter of September 16 copy of which is attached,† Claude Lewis of the Canadian Arts Council has enquired whether it is intended to select the delegation to the Third Session in consultation with the co-operating bodies. Mr. Lewis has drawn attention in his letter to Article IV, paragraph 1, which stipulates that delegates "shall be selected after consultation with the National Commission, if established, or with educational, scientific and cultural bodies." It is judged that letters similar to that from Mr. Lewis will be received from other co-operating groups in the near future.

The advantages of a delegation composed entirely of Government officials are:

(a) We would avoid the necessity of selecting representatives from among private bodies.

(b) Administrative problems would be eased.

(c) There would be no argument within the delegation on the question of a National Commission.

The selection of such a delegation would, however, cause renewed protests from the co-operating bodies in Canada.

The advantages of a composite delegation of Government officials and representatives of a co-operating body are:

(a) It would be more representative of educational, scientific and cultural life of the country.

(b) There would be less chance of protest from the co-operating bodies.

(c) Its selection would be an appropriate way of rewarding the co-operating organisations for the assistance which they have given the Department in UNESCO matters.

I should be grateful to learn whether you consider that the basis for the selection of the delegation to the Third Session should be re-examined, or whether we should proceed to select a délegation on the basis of the principles approved by Mr. St. Laurent.⁹⁹

E[SCOTT] R[EID]

PCO/Vol. 116

274.

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

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

[Ottawa], October 26, 1948

Dear Mr. Doré,

I am very grateful to learn that you have found it possible to accept my invitation to lead the Canadian Delegation to the Third Session of the General Conference of the United Nations Educational, Scientific and Cultural Organization commencing at Beirut on November 17th. Your knowledge of UNESCO activities and your experience in international conferences will be of great value to us at this conference.

The delegation to the conference is composed of officials of the Public Service and of the Canadian Broadcasting Corporation. The principal reason which has led the Government to adopt this basis of selection is that the agenda of the conference

⁹⁹ Pearson fut d'accord pour une déléation entièrement composée de fonctionnaires.
Pearson agreed to a delegation composed entirely of public servants.

is related to the conclusion or the continuance of existing projects. I have felt therefore that, as far as possible, those attending the conference should be familiar with the current work of UNESCO.

Three members of the delegation have had previous experience at UNESCO conferences. Dr. John E. Robbins, who as you know is Director of the Education Branch of the Dominion Bureau of Statistics, was a member of the delegations to the Paris and Mexico City conferences. Dr. Robbins' interests are in the field of education and social sciences. Mr. A.W. Crawford, Director of Counselling and Training, Department of Veterans' Affairs, represented Canada in the Educational Sub-Commission at Mexico City. Mr. Charles Jennings, General Supervisor of Programmes of the Canadian Broadcasting Corporation, is a member of the UNESCO Programme Committee which is now meeting at Paris. Mr. Felix Desrochers, General Librarian of Parliament, whom I understand you know already, has not previously attended UNESCO conferences. However, his experience in the field of library work and in cultural matters generally will I am sure be very helpful to the Canadian Delegation. The Secretary of the delegation is Mr. J.C.G. Brown of the Department, who has handled UNESCO matters for more than a year.

A commentary,[†] containing detailed examination of the various matters which will be considered at the conference, is at present being prepared in the Department and will be ready to go with the members of the delegation proceeding to the Conference from Ottawa. I enclose a copy of a memorandum of general instructions for the guidance of the delegation.

You will note that this statement is on the whole rather critical of UNESCO, and that it indicates certain misgivings which the Canadian Government feels concerning the manner in which this organization has conducted its affairs in the past few years. I have thought that a frank indication of the general way we regard UNESCO would be helpful to you at this time.

The Government, as you know, has so far given UNESCO rather reserved support. I may say to you frankly that this reserved attitude is to be attributed mainly to the failure of UNESCO to inspire confidence in its administrative competence, and to its lack of a sense of reality in assigning priorities to its main projects.

This confidence may be won only if UNESCO were to guard against assuming responsibility for projects which more properly belong to other Agencies, and if administrative practices of the Organization were rendered more efficient. You will find that these observations of a general character will be dealt with in fuller detail in the commentary which follows.

I am sure that the Canadian Delegation, despite its small numbers, will make an effective contribution, under your leadership, to the development of the future activities of UNESCO on practical and efficient lines.

I wish you and the members of the delegation every success.

Yours sincerely,

[L.B. PEARSON]

[PIÈCE JOINTE/ENCLOSURE]

*Note**Memorandum*

[Ottawa], October 27, 1948

GENERAL INSTRUCTIONS

Members of the Canadian Delegation will be aware that UNESCO, since the last General Conference in Mexico City, has frequently been the object of severe and on occasion satirical criticism from a number of sources varying in their degrees of objectivity, goodwill and precise information. But even although much of the criticism directed against UNESCO has been based on prejudice and incomplete knowledge, it is undoubtedly the case that of all the Specialized Agencies UNESCO suffers from the worst press, and has succeeded least in capturing public imagination and in convincing world opinion of the validity of its objectives and effectiveness of its procedures.

2. The principal accusations against UNESCO, in which it must be confessed there is apparently some justice, are probably as follows:

a) The administration is inefficient and excessively large in proportion to the demonstrable or the projected achievements of the Organization. An examination of the budget statement for 1949 reveals an unusually high ratio of expenditure for administration and for exceptionally generous salaries and allowances.

b) The energies and resources of the organization have been dissipated in an excessive number of projects to the detriment of the educational and social reconstruction of war-devastated areas.

c) The Organization has a very ill-defined field of operations and is prone to undertake projects more appropriate to other Specialized Agencies or to existing international bodies (e.g. Copyright, Child Welfare, Implementation of U.N. Resolutions, Rylean Amazon).

d) The Organization has made excessive demands, usually through elaborate questionnaires, on the governments of its Member States for information exceedingly difficult to assemble and equally obscure in intention. Some of the information required is readily available, in a different form, in governmental publications which should be known to an alert Secretariat.

e) The Organization has so far failed to convince world opinion that its indisputably desirable objectives of international cooperation and community in the arts, the sciences, and the humanities can be achieved by its present and projected activities. A contributing factor may be that, in its public relations, the Organization has tended to ignore the history of intellectual cooperation throughout the last four centuries which could give a valid basis for the Organization's philosophic thesis. Too many both of UNESCO's advocates and critics can now see only an elaborate organization attempting to effect this cooperation by the promotion of multi-farious

and unconnected projects. Public opinion has yet to be convinced that UNESCO is or could become an effective contributor to international amity.

3. If there is any substance in these and similar criticisms no doubt corrective measures can and must be taken: if such criticisms are baseless, the public relations section of UNESCO requires a thorough overhauling, since undeniably this estimate of UNESCO is widely and resolutely held.

4. The Canadian Delegation, with its restricted numbers, obviously cannot take part in the work of all the Committees and Sub-Commissions of the Third General Conference. The Head of the Delegation will therefore no doubt find it advisable to apportion responsibilities to his associates for those commissions and sub-commissions where matters of major policy and administration are under discussion, in accordance with the specialized knowledge and interests of each Canadian Delegate.

5. In general the Canadian Delegation should direct its energies and influence toward ensuring that the various projects already undertaken are being effectively carried out, without extravagance of expenditure or of administrative assistance. The Delegation should satisfy itself also that funds approved for specific projects are being wisely expended in accordance with the original intention, and that the finances of UNESCO in general are adequately safe-guarded and properly administered.

6. It is not expected that plans will be proposed at the forthcoming session for any major new ventures, and it is to be hoped that this Third Conference will devote its attention to evaluating the success of projects already in hand. The Canadian Delegation should oppose strongly any new enterprises for the coming year which are likely to make serious demands on the financial resources or to require increases in the administrative staff of the Organization. The Delegation will be aware of the widely-held misgivings that the budget of UNESCO is already considerably larger than that of the International Labour Organization, an Agency which has been able for thirty years to do extremely effective work with relatively modest financial resources.

7. The Canadian delegation may find it expedient and proper to suggest that to design new projects, desirable enough in themselves, requires no great skill or imagination: but to plan an effective programme of intellectual and social reconstruction within the limits of a modest budget and of a severely restricted administration calls for qualities of imagination, of good judgment, and of administrative expertness which UNESCO has not yet demonstrated that it fully possesses. The existing practice of creating a new and more or less elaborate section of the Secretariat for each project undertaken or contemplated suggests grave administrative inexperience and serious indifference to reasonable economy.

SECTION G

ORGANISATION MONDIALE DE LA SANTÉ
WORLD HEALTH ORGANIZATION

275.

PCO/Vol. 66

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

Ottawa, May 14, 1948

CANADIAN DELEGATION TO THE FIRST WORLD HEALTH ASSEMBLY
GENEVA, JUNE 24

The Secretary of State for External Affairs has the honour to report that the First World Health Assembly, to which Canada has been invited to send a delegation, will be held in Geneva beginning on June 24th next. Hitherto the World Health Organization has met in session as an Interim Commission, but since February of this year (by which time twenty-six states had become parties to the WHO Constitution), this Organization has acquired legal status as a fully constituted specialized agency of the United Nations.

2. During the course of this First World Health Assembly eighteen states will be elected to designate a representative to serve on the Executive Board. In the event that Canada is elected, the Chief Canadian delegate should be empowered to nominate the Canadian representative on the Executive Board.

3. Canada has strongly supported the World Health Organization since its inception. This Organization is one of the most effective and at the same time one of the least controversial of United Nations bodies. Since this Assembly of the World Health Organization is now to meet for the first time it has been judged proper to refer the question of Canada's participation to Cabinet for decision.

Recommendation

4. The Secretary of State for External Affairs with the concurrence of the Minister of National Health and Welfare has the honour to recommend:

a) that Canada be represented at the First World Health Assembly which will open in Geneva on June 24th and that the Canadian delegation be composed as follows:

Chief delegate

Dr. G.D.W. Cameron,

Deputy Minister of Health, Department of National Health and Welfare

Delegates

Dr. G.F. Amyot,

Deputy Minister of Health, Province of British Columbia

Dr. T.C. Routley,

General Secretary, Canadian Medical Association

Technical Advisers

Dr. Armand Frappier,
University of Montreal

A representative from the Department of External Affairs

b) that these delegates have full powers to carry out their functions in accordance with the provisions of the Constitution of the World Health Organization, including authority to participate in the election of the eighteen states to serve on the Executive Board and to serve on the Executive Board should Canada be elected.¹⁰⁰

LOUIS S. ST. LAURENT

SECTION H

ORGANISATIONS NON-GOUVERNEMENTALES ASSOCIÉES :
DIX-SEPTIÈME CONFÉRENCE INTERNATIONALE DE LA
CROIX-ROUGE INTERNATIONALE
ASSOCIATED NON-GOVERNMENTAL ORGANIZATIONS:
SEVENTEENTH INTERNATIONAL CONFERENCE
OF THE INTERNATIONAL RED CROSS

276.

DEA/619-B-40

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

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

[Ottawa], February 14, 1948

RE 17TH INTERNATIONAL RED CROSS CONFERENCE

In July, 1947, the Canadian Government was invited by the president of the Swedish Red Cross to send a delegation to the 17th International Red Cross Conference which will be held in Stockholm from August 20th to 30th, 1948.

2. After consideration of the various factors involved, I recommended that Canada should be represented at the Conference by an observer rather than by delegates. You concurred in this recommendation, and the Swedish Red Cross was informed of your decision in a letter dated September 27th, 1947.

3. At that time it was believed that the Diplomatic Conference for the conclusion of revised Geneva Conventions would be convened before the Stockholm Red

¹⁰⁰ Approuvée par le Cabinet /Approved by Cabinet:

subject to possible change of the Chief Delegate if, following consultation between the Ministers of National Health and Welfare and National Revenue, it were considered that the Deputy Minister would be required to remain in Canada for the period of the Assembly in connection with the government's recently announced health programme.

(Conclusions du Cabinet le 2 juin /Cabinet Conclusions, June 21)

Cross Conference. It now appears, however, that the Diplomatic Conference will not be convened until some months after the Stockholm Conference. The revision of the Geneva Conventions will be an important item on the agenda of the Stockholm Conference, and the draft Conventions which will be presented to the Diplomatic Conference may be altered materially at Stockholm.

4. It is, therefore, recommended that the decision to be represented at Stockholm by an observer only be reconsidered.

5. The attached memorandum† sets forth the various factors involved in a decision to be represented by delegates rather than by observers, and contains the following recommendations:

(a) That it be approved to send to the Stockholm Conference a three man delegation consisting of officers of this Department and of the Department of National Defence;

(b) That the delegation be instructed not to become involved in Red Cross "politics" or in any other contentious issues not directly concerned with the Geneva Conventions;

(c) That it be approved to inform the Swedish Red Cross of the composition of the delegation. (The Swedish Red Cross has asked to be informed at the earliest possible date in order to arrange hotel accommodation.)

6. If you agree with these proposals,¹⁰¹ a memorandum for Cabinet will be prepared immediately. More detailed recommendations on the policies to be followed by the delegation could be submitted at a later date.

L.B. PEARSON

277.

PCO/Vol. 66

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

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

Ottawa, August 4, 1948

THE SEVENTEENTH INTERNATIONAL CONFERENCE
OF THE INTERNATIONAL RED CROSS

At the invitation of the International Committee of the Red Cross, Government experts met in Geneva in April, 1947, to study the Conventions for the protection of war victims. Canadian experts participated in this Conference and draft revisions of the following Conventions were prepared:

(a) "The Convention for the Amelioration of Sick and Wounded in the Field" concluded at Geneva, 27 July, 1929.

¹⁰¹ Note marginale :/Marginal note:
I agree. St. L[aurant]

(b) Convention relative to Treatment of Prisoners-of-War, concluded at Geneva, 27 July, 1929.

(c) Convention (X) for the Adaptation to Maritime Warfare of the Principles of the Geneva Convention signed at the Hague, October 18, 1907.

(d) In addition, the Government experts prepared a draft text of a 4th Convention, entitled: "Convention for the Protection of Civilians in Time of War."

2. Following this conference the International Committee of the Red Cross consolidated and altered the texts prepared by the experts. It decided to bring these texts before the Seventeenth International Conference of the International Red Cross, to be held in Stockholm 20 August to 30 August, 1948. This Conference will consider these Conventions, in addition to conducting other Red Cross business.

3. The Canadian Government was invited to send a delegation of government representatives to this Conference, in order to take part in the discussion. It appeared that the texts of the Conventions, prepared by the Conference of Government experts, might be considerably altered as a result of the Stockholm conference and that the texts emanating from the Stockholm conference would probably be submitted for signature at a forthcoming diplomatic conference. It therefore seemed desirable to have Government representation at the Stockholm conference in order to prevent radical changes in the text, which would be unacceptable in the Canadian point of view. Canada accepted the invitation to send a delegation of Government representatives.

4. The delegation will consist of:

Mr. M.H. Wershof, Counsellor,
Canadian High Commissioner's Office (London); (Head of delegation)
Lt. Col. J.N.B. Crawford, RCAMC,
Department of National Defence;
Captain W.B. Armstrong,
Department of National Defence.

5. In addition, the Canadian Red Cross Society will send a delegation under the leadership of Dr. F.W. Routley.

6. No Conventions or amendments to existing Conventions will be signed at the Conference.

7. An Inter-Departmental Committee has devoted much study to the texts produced by the conference of Government experts, and to the consolidated texts produced by the International Committee of the Red Cross. As a result of this study the following observations are made:

(a) The humanitarian purpose of these conventions and the need for such conventions, both for the protection of members of the armed forces and for civilians in the time of war is well recognized. However, the conventions do not have full regard to the inhumane necessities and consequences of total war and a practical viewpoint must to some extent temper the idealism of the conventions.

(b) The conventions should contain reasonable and practical provisions in keeping with modern warfare. These provisions should be universally applicable and generally acceptable. They should set out only the *minimum* standard of treatment

to be accorded to war victims and allow for any degree of improvement in the interests of humanity.

(c) The texts under consideration frequently employ terms which nowhere in the body of the convention are defined. For the sake of clarity, it would seem advisable to include an interpretive article which would provide adequate definition.

(d) The proposed texts frequently adopt a procedure of reference by number to various articles of the same or different conventions. Apart from being confusing, this practice is dangerous when reference is made to other conventions which may not be available to the person needing protection. This practice is therefore undesirable. The principles of each article should be clearly and simply stated and, as far as possible, each article should be self-contained.

(e) In its latest revision, the International Committee of the Red Cross has apparently acted on the assumption that an infringement of the provisions of these conventions will constitute a war crime and, moreover, that an offence against any of the provisions of the convention may be the subject of a trial during the period of hostilities. In the Committee's view, all reference to war crimes should be excluded from the humanitarian conventions and should be relegated to a separate convention on the subject of war crimes.

(f) It has been suggested that the four humanitarian conventions, mentioned in paragraph 1, might well be combined into one general humanitarian convention. In theory, this proposal seems desirable but it is possible that some nations, while willing to sign one of the conventions, would be unwilling to sign another. Canada should take the position that it would not object to the proposal for amalgamation provided that the amalgamation would not prevent those nations from signing a general convention which otherwise would sign an individual convention if they remained separate.

(g) The Geneva Convention of 1929 granted to medical personnel and chaplains attached to armies, immunity against attack and the right of repatriation if captured. The desirability of the former is clear. At the conference of Government experts it was proposed that such personnel, if captured, might be retained in such numbers as were necessary to care for fellow prisoners-of-war. This proposal seemed humane and reasonable and was supported by Canada. Since the Conference of experts, a number of criticisms of this proposal have been made, chiefly by France and Belgium, and it is very probable that this proposal will be hotly debated at Stockholm. In the Committee's view, the proposal remains humane and reasonable. Nevertheless, if the concept of protection as envisaged by the 1929 Convention is desired by a majority of the Conference, then Canadian support should be given to the incorporation of such a concept in the revised convention.

Recommendation:

The Secretary of State for External Affairs therefore recommends that the Canadian Delegation of Government Representatives to The Seventeenth International Conference of the International Red Cross be authorized to express views in accordance with the suggestions outlined in paragraph 7 if, in the opinion of the head of the delegation, it seems desirable to do so in the light of developments at the Con-

ference. The delegation should also be instructed to confine its remarks to questions affecting the four Humanitarian Conventions described in paragraph 1.¹⁰²

4^e PARTIE/PART 4COUR INTERNATIONALE DE JUSTICE
INTERNATIONAL COURT OF JUSTICE

278.

PCO/Vol. 116

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

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

SECRET

Ottawa, March 22, 1948

COMPULSORY JURISDICTION OF THE INTERNATIONAL
COURT OF JUSTICE

Article 36 of the Statute of the Court provides for the acceptance by States, on a voluntary basis, of the compulsory jurisdiction of the Court and that declarations made under the *old* Statute of the Permanent Court, which were still valid, apply to the *new* Court. In 1929, Canada made a declaration with five reservations. These reservations exclude disputes arising before the declaration was ratified, those which may be settled by another mode of peaceful settlement, Commonwealth disputes, disputes within the domestic jurisdiction of Canada and disputes before the Council of the League. A further reservation was added in 1939 excluding disputes arising out of World War II.

2. While there is no necessity so to do, there may be reasons of policy why Canada should make a new declaration accepting without reservation, for a period of five years and thereafter until notice of termination, the compulsory jurisdiction of the Court.

3. Such a new declaration would strengthen the authority of the United Nations and would be in line with Canada's support of means of peaceful settlement of international disputes. The possible disadvantages of the elimination of all reservations are that Canada might be forced to bring before the Court a dispute which arose prior to July 28, 1930 or out of World War II or which lies within Canada's domestic jurisdiction. The disadvantages seem more apparent than real: there are no known disputes involving Canada during those periods, and paragraph 7 of Article 2 of the Charter seems to preclude the United Nations from intervening in matters which are essentially within the domestic jurisdiction of any state.

¹⁰² Ces recommandations furent approuvées par le Cabinet, le 11 août.
These recommendations were approved by Cabinet, August 11.

4. Consultation with the Governments of Australia, New Zealand, South Africa and the United Kingdom in 1946 and 1947 shows that they do not see that any positive advantage would be gained by making a fresh declaration.

5. Of 27 acceptances of the Compulsory Jurisdiction of the Court (16 being new acceptances) 5 only among the latter category (those of China, Denmark, Norway, the Philippines and Sweden) are without reservations.

6. Attached is a memorandum explaining this matter in detail.†

Recommendations

7. The undersigned recommends that Cabinet express its view as to the desirability of Canada making a new declaration accepting without reservation, for five years and thereafter after notice of termination, the compulsory jurisdiction of the Court.

8. Should Cabinet think it undesirable to make such a declaration, Canada can rely on the declaration of 1929, with its reservations, and on its further reservation of 1939.

9. Should Cabinet think it desirable to make a new declaration, the following steps would be taken:

(a) All members of the Commonwealth (including India and Pakistan and Ireland) would be informed of Cabinet's decision;

(b) A resolution would be introduced (as was the case in 1929) in both Houses of Parliament seeking approval of a new declaration without reservation;

(c) Upon approval by the Houses of Parliament, the new declaration would be deposited with the Secretary-General of the United Nations.

279.

DEA/5004-C-40

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

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

SECRET

[Ottawa], April 23, 1948

COMPULSORY JURISDICTION OF THE INTERNATIONAL COURT OF JUSTICE

I am disappointed to learn that Cabinet has not agreed to our making a new declaration accepting the jurisdiction of the Court without reservation.¹⁰³ I would suggest that we should not regard this issue as closed but should raise it again with Cabinet at an appropriate moment. Perhaps the best time would be about a month before the opening of the session of the General Assembly in Paris. The excuse would be that it would be useful for us in Paris to be in a position to urge the

¹⁰³ Le Cabinet décida le 20 avril :

On April 20, there was a decision by Cabinet:

"that no further declaration be made by Canada at the present time and that the government rely on the declaration of 1929 with its reservations."

desirability of the United Nations making progress in the field of arbitration, conciliation and judicial settlement, even though it has not been able to make much progress in the field of political security.¹⁰⁴ Indeed, it can be argued that the realistic way of looking at the U.N. today demands that this kind of thing be done. The U.N. is without armed force to enforce its decisions. It is therefore all the more necessary for it to concentrate upon the task of trying to settle, by peaceful means, disputes between nations.

One way of strengthening this side of the work of the U.N. would be the acceptance by all Members of the compulsory jurisdiction of the Court without reservation. Canada, as a demonstration of its desire to see this done, is informing the General Assembly that, at the next session of the Canadian Parliament, the Canadian Government will ask the approval of Parliament for the issuance by Canada of a new declaration accepting the jurisdiction of the Court without reservation.

I have a feeling that unless we do this soon the Australians will do it first and get the credit for it.

E[SCOTT] R[EID]

280.

DEA/5004-C-40

*Le secrétaire d'État aux Affaires extérieures
aux chefs de poste à l'étranger*

*Secretary of State for External Affairs
to Heads of Posts Abroad*

CIRCULAR DOCUMENT NO. A 152

Ottawa, July 27, 1948

RESTRICTED

Sir:

I refer to the nominations of candidates to the International Court of Justice made by the National Group of Canada in a letter addressed to the Secretary General of the United Nations on June 26, 1948.

2. As you will recall, the Cabinet asked Chief Justices T. Rinfret (Canada), J.C. McRuer (Ontario), T.A. Campbell (Prince Edward Island), and W.M. Martin (Saskatchewan) to constitute the National Group of Canada under Article 4 of the Statute of the Court to select candidates for the Court. Mr. John T. Hackett, K.C., M.P., President of the Canadian Bar Association, was asked to act as adviser of the Group. As a result of its deliberations on May 22 and of subsequent enquiries, the National Group nominated the following candidates:

- a) Judge John E. Read (Canada)
- b) Judge Hsu Mo (China)
- c) Judge Abdel Hamid Badawi Pasha (Egypt)

¹⁰⁴ Note marginale /Marginal note:
We might look at it then. L.B. Pearson]

d) Sir Benegal N. Rau (India)

Biographies of these gentlemen are attached.†

3. I shall be obliged if you will use your good offices, as occasion may arise, to promote the candidature of Judge J.E. Read. It has not been the custom of the Canadian Government either to pledge its vote in advance in elections to international office, or to seek firm commitments from other states on behalf of a Canadian candidate. You may, however, ask that sympathetic consideration be given to Judge Read's candidature, and draw attention to the special qualifications which Judge Read has for the office, and also to his distinguished record.

4. It appears to me that, on the present Court, the "main forms of civilization" and "the principal legal systems of the world" (as envisaged by Article 9 of the Statute) are not entirely represented. Indeed, from the following table it appears that Asia and Oceania are under-represented, while Europe and America are over-represented. There is also an over-representation of the civil law systems, eight judges representing the civil law, four various systems and three the common law.

	Population (in millions)	Representatives
Asia	1,105	1
America		
North (2)		
South (4)	253	6
Europe		
North West (4)		
Eastern (3)	403	7
Africa	158	1
Oceania	65	—

5. It seems to me that the contesting claims of "forms of civilization" and "legal systems" could be met in a degree if the following were elected: two common law representatives (Judge J.E. Read (Canada) and Sir Benegal N. Rau (India)), and representatives of China (Judge Hsu Mo), Africa (Judge Badawi Pasha) and of Oceania (Philippines). This would give the following results:

Asia	2
America	6
Europe	5
Africa	1
Oceania	1

There would be seven civil law representatives, four representatives of the common law, and four representatives of various other systems.

6. The Canadian government has not yet made up its mind as to which candidate it will support. It is possible that no suitable candidate from the Philippines is available. It may not be useful, either, to eliminate the two excellent judges from Eastern Europe now sitting on the Court (Judges Zorocic (Yugoslavia) and Winiarski (Poland)). It is possible that one at least of these judges should be re-elected. Again, it is possible because of the good service rendered by all the judges who will retire this year, that all should be re-elected, particularly in view of the fact

that, by chance, they have been members of the court for a term of only three years. In this event, however, the possibility of coming closer to the desiderata of Article 9 of the Statute would correspondingly decrease.

7. To complete the picture you should also know that the National Group of Canada considered, on May 22, what recommendations it should make to the government (at its request) in connection with the International Law Commission. Not more than two candidates being nationals of Canada and two non-nationals could be nominated. The government decided *not* to nominate a Canadian to the Commission. It did nominate Professor K.H. Bailey (Solicitor-general of Australia) and Sir Mahmoud Zafrullah Khan (Pakistan Foreign Minister). It has now been learned that Professor Bailey may not be available. The nomination of Sir Mahmoud Zafrullah Khan ought to be well-regarded by the Muslim world.

8. I shall be obliged if you will let me know (or the delegation in Paris — the advance party of which will arrive there on September 13), what is the possibility of support by the country of your Mission.¹⁰⁵

I have, etc.

E.R. HOPKINS
for Secretary of State
for External Affairs

¹⁰⁵ Le juge Read fut élu pour un terme de neuf ans le 22 octobre.
Judge Read was elected to a nine year term on October 22.

CHAPITRE IV/CHAPTER IV

SÉCURITÉ DE L'ATLANTIQUE DU NORD
NORTH ATLANTIC SECURITY

PREMIÈRE PARTIE/PART I

TRAITÉ DE BRUXELLES/UNION OCCIDENTALE
BRUSSELS TREATY/WESTERN UNION

281.

W.L.M.K./J1/Vol. 436

*Le premier ministre du Royaume-Uni
au premier ministre*

*Prime Minister of United Kingdom
to Prime Minister*

TOP SECRET. PERSONAL.

[London], January 14, 1948

Cabinet have considered the situation confronting us in Europe as a result of the deadlock over Germany in the Council of Foreign Ministers last month. We shall be sending you separately an account of our conclusions as to line which we should pursue in Germany. In a wider field we feel that the time has come on the one hand to give a moral lead to the friendly countries of Western Europe and, on the other hand, to take a more active line against Communism.

Soviet Government have formed a solid block behind a line from the Baltic along the Oder, through Trieste to the Black Sea. Countries behind that line are dominated by Communists and there is no prospect in immediate future of our re-establishing normal relations with them. In Germany, France, Trieste, Italy and Greece, Soviet policy is exerting a constantly increasing pressure. Soviet policy is based on expectation of economic chaos in Western Europe and will be checked if Marshall Plan succeeds, but economic progress alone will not suffice. Indeed if we are to stem further encroachment of Soviet tide we should organise ethical and spiritual forces of Western Europe backed by the power and resources of the Commonwealth and of the Americas, thus creating a solid foundation for the defence of Western civilization in the widest sense. The countries of Western Europe already sense Communist peril and are seeking some assurance of salvation. They are likely to welcome a lead from Britain. We believe, therefore, that we should seek to form a Western democratic system comprising at any rate France, the Low Countries and Scandinavia, Portugal, Italy and Greece. When circumstances permit it could be extended to Spain and Germany. There need not be any formal alliance, although we already have an alliance with France and there might be alliances with other European countries. But there would be close consultation beginning with economic questions. Essence of the system would be an understanding backed by resources and resolution of participants bound together by common ideals.

We realise that Soviet Government would react fiercely to what they would describe as an offensive alliance directed against Soviet Union. Nevertheless we are convinced that, if we are to preserve peace and our own safety, we must mobilize moral and material force which will create confidence and energy in our friends and inspire respect and caution in others. Alternative would be to acquiesce in continued Russian infiltration and undermining of one Western country after another.

Foregoing policy would require strong political and moral leadership from Britain and assistance in building up counter attraction to tenets of Communism. This we think we could give. Material help to devastated countries will also be needed, and at present this must necessarily come from the countries of America as well as from the Commonwealth.

If this conception is to succeed we shall of course need the support of other British Commonwealth countries and of the United States. I am therefore taking the earliest possible opportunity of letting you know what is in our minds. If you have any comments my colleagues and I would welcome them. Foreign Secretary will probably ventilate the idea of a Western system in public in foreign affairs debate in Parliament later this month, and we should thereafter pursue it as occasion demands with Governments concerned.

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DEA/277 (S)

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

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

[Ottawa], January 17, 1948

I am attaching herewith a copy of the personal message to Mr. King from Mr. Attlee and a draft reply to it. This reply is an attempt to put into words some ideas of Mr. King conveyed to me over the telephone.

He was particularly worried about the sentence "If we are to stem further encroachment of Soviet ties, we should organize the ethical and spiritual forces of Western Europe backed by the power and resources of the Commonwealth and the Americas, thus creating a solid foundation for the advance of western civilization in the widest sense." He thought the use of the word "Commonwealth" in this connection to mean the centralizing of those powers and resources under a common direction and for a common use, a doctrine which, as you know, is anathema to him. I agree that these words are somewhat unfortunate and might lead to misunderstanding, but any danger from them is, I think, sensibly diminished by joining the Commonwealth with the Americas. If there is no greater centralization suggested for the Commonwealth than for the Americas in this context, then I suppose there is little to worry about.

I have attempted to underline this idea in the draft reply. I have also attempted to underline the idea that this western European democratic system must be backed

primarily by its participants. For this purpose, I have joined one sentence from Mr. Attlee's telegram to another in the following way: "In your message you state that the United Kingdom feels that it should attempt to organize the ethical and spiritual forces of western Europe into a western European democratic system which . . . would be backed by the resources and resolution of its participants."

I would be grateful for any comments which you may care to make on the draft reply.¹

L.B. PEARSON]

283.

W.L.M.K./J1/Vol. 436

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

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

TOP SECRET

[Ottawa], January 17, 1948

I am attaching herewith a draft reply² to Mr. Attlee's message of January 14th.

A sentence of this message which, I think, might cause some misunderstanding, as you pointed out to me on the telephone, is as follows:

"If we are to stem further encroachment of Soviet ties, we should organize the ethical and spiritual forces of Western Europe backed by the power and resources of the Commonwealth and the Americas, thus creating a solid foundation for the defence of western civilization in the widest sense."

The use of the word "Commonwealth" in the above connection might be interpreted to mean the centralizing of the powers and resources referred to under a common direction and for a common use. I think, however, that the possibility of this misunderstanding is lessened somewhat by the association of the "Commonwealth" with the "Americas" in the same sentence. There could be no suggestion of centralization for the Americas and, by analogy, none should be understood for the Commonwealth. I have attempted to underline this idea in the draft reply.

I have also attempted, in this draft, to emphasize the idea that any western European democratic system must be backed by those participating in it. Mr. Attlee himself, in his message, makes that point when he refers to a backing "by the resources and resolution of its participants." In the draft reply, I have, in the third paragraph, associated that thought with the organization of the ethical and spiritual forces of western Europe which the United Kingdom proposes.

L.B. PEARSON

¹ Note marginale :Marginal note:

Comments made over the phone on 17th. St. Laurent

² Note marginale :Marginal note:

Not sent

[PIÈCE JOINTE/ENCLOSURE]

*Projet de réponse du premier ministre
au premier ministre du Royaume-Uni*

*Draft Reply from Prime Minister
to Prime Minister of United Kingdom*

TOP SECRET

[Ottawa], January 17, 1948

Your High Commissioner was good enough to leave with me, on January 14th, your very important message of that date.

I need hardly say that any lead which the United Kingdom decides to give to the friendly and free countries of western Europe in the defence of democratic and Christian civilization against totalitarian and revolutionary Communism must command the respect and the moral support of all countries which are on the right side in this vital issue. I agree, also, wholeheartedly, with your view that the approach to this problem should be positive rather than negative, by building up counter-attractions to the degrading tenets of Communism.

In your message you state that the United Kingdom feels that for this purpose it should attempt to organize the ethical and spiritual forces of western Europe into a western European democratic system which, though no formal alliance would be required, would be backed by the resources and resolution of its participants. I fully appreciate the importance and value of such a development.

The suggestion is made that these ethical and spiritual forces should also be backed by the power and resources of the Commonwealth and of the Americas. In this regard, the Commonwealth has, as you know, no more centralized control over the power and resources of its separate members than the "Americas" has over those of the countries of North and South America. The countries of the Americas, including Canada which is, as well, a nation of the Commonwealth, have, of course, their own responsibility for organizing the ethical, spiritual and possibly material forces of their people against Communist doctrines and disturbances, and would no doubt co-operate with each other and with others towards this end.

It occurs to me that a point where these activities can usefully meet is in the United Nations, where *all* the democratic and freedom loving states can co-ordinate their energies and policies against any subversive and destructive doctrines preached by the U.S.S.R. and its satellites. In this connection, however, I am prompted to observe that, if the United Nations is to be effectively used for this purpose, more care will have to be exercised than has been recently the case to avoid the dissipation of its strength and prestige by setting up Committees and Commissions to deal with problems which are not ripe for such treatment or which indeed should not have been submitted to the United Nations at all. With this reservation, however, I feel that the mobilization of the forces which are required to defend democratic and Christian civilization might usefully take place in the United Nations. This, of course, does not mean that I do not appreciate to the fullest extent the plans which are outlined in your message for the development, under the leadership of the United Kingdom, of a western European democratic system,

backed by the resources and resolution of its European participants and bound together by common ideals which are shared, and would no doubt be upheld by many other countries outside Europe.

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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*

TOP SECRET AND PERSONAL

Ottawa, January 29, 1948

Dear Hume [Wrong],

The attached letter³ is also marked top secret and personal, but this is really personal. I should tell you that, when Alec Clutterbuck left the message in question³ with the Prime Minister, it did not get a very enthusiastic reception. That part of it to which the Prime Minister of course took some exception was the reference to the Western European system being "backed by the power and resources of the Commonwealth." Mr. King talked to me for some time about the matter and gave voice to many of his old suspicions. I drafted a reply for him, as he said he wished to send something to Mr. Attlee in writing. A copy of that draft is attached. I did not get very much satisfaction out of it, but you will appreciate the necessity for its somewhat tortuous reasoning and its language. However, Mr. King apparently has changed his mind, and decided to send nothing in writing, because I haven't heard anything from him about the matter. He undoubtedly has had more pressing things on his mind! In general, I should say that his anxiety about Commonwealth commitments has been overshadowed by his anxiety over United Nations and United States commitments. In fact, the latter anxiety has become so strong, and with some reason, that he is beginning to counsel close contact with the United Kingdom, notably at Lake Success, to make sure that we are not pushed too far by the United States. This, I have always been sure, was an inevitable development, but it has not proceeded to a point where the old fears do not occasionally emerge, even against the background of the newer and greater ones.

As an illustration of the above, I should mention that Clutterbuck also took up with the Prime Minister, some days ago, on the earnest instructions of Noel-Baker, the question of Canada's participation in any conciliatory machinery that might be set up to deal with the Pakistan-India dispute before the Security Council. Noel-Baker also tried to insist that I should go to Lake Success to do what I could to help in this matter. Both these suggestions met with a very chilly reception, as was bound to be the case. Mr. King's view is that, apart from his general feeling that we have been doing more than our share of United Nations work, it would be quite inappropriate for us to serve, as a Dominion, on a Committee which is investigating the affairs of two other Dominions. The fact that we have heard from Morley

³ Document 281.

Scott to the effect that the Indian Cabinet is anxious to have Canada as its representative on the Commission of Three has not altered Mr. King's view on this matter. We are to play as minor a role as possible in this affair, and, in fact, in all Security Council questions. That will be difficult, especially during February, when Andy McNaughton is in the chair.

On the general question of our role in the Security Council, we have sent a memorandum to the Cabinet,⁴ a copy of which you will be receiving as soon as I know what their reaction is to it.

Yours sincerely,

L.B. PEARSON

P.S. I am sending a similar letter with enclosures to Norman [Robertson]. A good deal of the above was discussed with you when you were here.

285.

W.L.M.K./J1/Vol. 436

*Le haut-commissaire du Royaume-Uni
au premier ministre*

*High Commissioner for United Kingdom
to Prime Minister*

TOP SECRET AND PERSONAL

[Ottawa], February 3, 1948

My dear Prime Minister,

CONSOLIDATION OF WESTERN EUROPE

With reference to my letters of the 14th, 22nd[†] and 27th January, [†]I have now received a telegram from Mr. Attlee saying that he and his colleagues in the Government have been very glad to know that you agree in general with our proposed policy and appreciate the reasons impelling us to this course.

In regard to the words which you questioned in Mr. Attlee's message of the 14th January ("backed by the power and resources of the Commonwealth and of the Americas"), Mr. Attlee asks me to reassure you on the point of interpretation and to confirm that these words were not intended to imply any military commitment for the countries of the Commonwealth or the Americas. He hopes he made this quite clear in his speech in the House of Commons on the 22nd January, which was intended to prove that the U.K. Government had been more than patient in their behaviour towards the Soviet Union and that it was high time that measures were taken by the U.K. to protect themselves and all those who share our spiritual values.

At the same time, Mr. Attlee points out, it is a fact that no Western European system can be solidly established and defended without U.S. military backing in the last resort, as the two last wars have demonstrated. The U.S. went some way towards recognising this when they put forward their proposals for the Four Power

⁴ Voir le document 85, 8n./See Document 85n.8.

Byrnes Treaty.⁵ This project now seems unlikely to be realised, but the pressure of events may yet impel the U.S. Government to involve themselves in Western security in some other way.

Meanwhile; Mr. Attlee continues, we shall seek to bring Belgium, Holland and Luxembourg into close treaty relations with ourselves and France, and we shall press on with the task of economic rehabilitation in Europe. Our object is primarily to try to consolidate the ethical and spiritual forces inherent in Western civilisation, thereby building up for the countries of Western Europe a counter-attraction to the baleful tenets of Communism within their borders and re-creating a healthy society wherever it has been shaken or shattered by the war. If we are to succeed in this task, we shall need the sympathy and support of Canada, and especially of you yourself, and Mr. Attlee is very glad to think that he can count on this.

As you know, Mr. Marshall has given a warm welcome to our proposals. Mr. Attlee says that in a recent letter he has stated that he shares our views regarding the serious situation confronting the free countries of Western Europe and the urgency of measures to enable them to concert with one another. He believes that a closer material and spiritual link between the Western European nations will reinforce the efforts that have been made by the U.K. and the U.S. to secure a firm peace, and he wishes to see the U.S. do everything it properly can to assist European nations to bring such a project to fruition. This letter he followed up by the oral message referred to in my letter of the 27th January, to the effect that he was turning over in his mind the question of U.S. participation.

Mr. Attlee adds that the U.K. Government felt that the time had come to state frankly that the U.K. could not carry the enormous moral and material responsibility of standing alone as the guarantor of peace in Europe. Soviet reactions to the European Recovery Programme and their attitude towards every forward step on our part have shown that they preferred to risk a Western bloc rather than see U.S. generosity coming to the aid of Europe.

In conclusion Mr. Attlee says that he has been greatly encouraged by Mr. Marshall's response, and by the welcome the proposals have received both in the countries of the Commonwealth and in Western Europe itself. If the present drift is to be arrested, and the tide turned, the wholehearted backing of the Americans and of the nations of the Commonwealth will be needed, and he is most grateful to you for your assurances of Canadian sympathy and support.

Yours sincerely,

ALEC CLUTTERBUCK

⁵ Un projet de traité de désarmement et de démilitarisation de l'Allemagne, soumis par le secrétaire d'État des États-Unis James Byrnes au Conseil des ministres des Affaires étrangères à Paris, le 30 avril 1946.

A draft treaty on disarmament and demilitarization of Germany submitted by United States Secretary of State James Byrnes to the Council of Foreign Ministers in Paris, 30 April, 1946.

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

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

TOP SECRET

Washington, February 7, 1948

Dear Mr. Pearson:

You have recently forwarded to me several papers concerning Mr. Bevin's proposal for a closer union of the Western European countries. I have now had an opportunity to discuss with Mr. Hickerson the proposals made by Mr. Bevin.

In the State Department they certainly regard the project of a closer union with warm favour. They are inclined to think, however, that a better start would have been made if Mr. Bevin had proposed something broader and more imaginative as the first step than the conclusion with the Benelux countries of treaties on the model of the Anglo-French Treaty of Dunkirk. Some in the State Department have visions of a much more extensive union, based not only on a defensive alliance, but also on a customs union, perhaps with common citizenship. Hickerson, for example, referred to Churchill's offer to France in June, 1940, as something that might be revived now in a broader setting. They do not close their minds to the possibility that the United States and Canada might be included in such a union. Hickerson even outlined a personal project or dream of his own, which included the use of the gold stocks in the United States as a grand stabilization fund of \$20 billions which could be employed so as to lead to the creation of a common currency.

I am not suggesting that the President or Secretary of State would now endorse a scheme of this sort, but I gather that General Marshall would welcome even stronger proposals than those of Mr. Bevin and considers that the fears and dissensions of the Western European countries are unlikely to be overcome without a greater appeal to the imagination and hopes of the people. They are in particular critical of the suggestion that the first steps should be Dunkirk Treaties with Belgium, The Netherlands, and Luxembourg. Hickerson points out that the Treaty of Dunkirk is an alliance against the possibility of German revival as a military menace. This barely touches the central problems of Europe today. He says that what is needed is something more on the lines of the Inter-American Mutual Assistance Treaty of last year, but made tighter and stronger than that treaty. The eventual inclusion of Western Germany at least should be contemplated.

I note that in Mr. Attlee's message to Mr. King of January 27th,† General Marshall is quoted as saying that "at first glance he thought that our tactics seemed to be the easiest, i.e., a beginning by ourselves and the French with the Benelux group." This should not be interpreted as an endorsement of the plan for Dunkirk Treaties. It means that they think here that the United Kingdom, France, and the Benelux countries are the best group to start with for the creation of a Western Union. Hickerson told me that General Marshall's message to Mr. Bevin had been supplemented by a memorandum left at the Foreign Office in which some of the

points that I have mentioned were included. He went on to refer to French policy as antiquated in that it was based on fear of Germany and not on fear of Russia. I did not get from him any indication of how the United States Government might participate in the plan of Western Union in the near future.

Yours sincerely,
H.H. WRONG

287.

DEA/277 (S)

Extrait d'une note pour le ministre de la Défense nationale
Extract from Memorandum for the Minister of National Defence

TOP SECRET

[Ottawa], February 10, 1948

PROPOSED CONSOLIDATION OF WESTERN EUROPE

In his address to the House at Westminster on January 22nd, Mr. Bevin announced certain United Kingdom proposals for "Western Union", the spiritual and economic consolidation, in the widest sense, of Western Europe.

2. The delay in proposing such a programme had been occasioned by the hope that four-Power agreement could be reached on the principles for the reconstruction and harmonious organization of Europe. However, Soviet reactions to the European Recovery Programme, the Cominform,⁶ communist inspired strikes in Western Europe, etc., showed that the U.S.S.R. preferred the risk of a Western bloc to the successful execution of a recovery programme inspired and backed by the United States. As cooperation with all European countries was manifestly impossible, it was decided to go ahead with discussions with those States which were willing to cooperate.

3. The first step, as Mr. Bevin announced, was to advise the Belgian, Dutch and Luxembourg Governments of the United Kingdom's desire to discuss with them the development, with each of them, of relations on the model of the Anglo-French Treaty of Dunkirk. Italy and other European countries might later be included within this framework.

4. The French Foreign Minister had been consulted in advance and gave his enthusiastic support to this initiative and the French Government made similar approaches to the Benelux countries.

5. It is not without significance that Mr. Bevin, in the same speech, outlined United Kingdom plans for the efficient management of the Western German economy and for the organization of Bizonia. The intention is clearly to bring Germany, Western Germany at least, back into the comity of European nations when it has "worked its passage".

⁶ Bureau de renseignements du Parti communiste établi en 1947 avec quartiers généraux à Belgrade.
Communist Party Information Bureau established in 1947 with headquarters in Belgrade.

6. A *Top Secret and Personal* message from Mr. Attlee to Mr. Mackenzie King gives a clear resume of United Kingdom thinking on the problem of the consolidation of Western Europe. . . .

7. The relationship of Germany to the rest of Western Europe is obviously of cardinal importance. We have recently been given an indication of United Kingdom intentions in this regard and have been asked to take *special care to safeguard the secrecy of this information*. Briefly, the British aim to:

(1) Prevent a situation which would permit the control of Germany by Communists.

(2) Proceed as quickly as possible to reconstitute a stable, peaceful and democratic Germany, with Soviet cooperation if possible.

(3) Failing Soviet cooperation, to reconstruct Western Germany by extending bizonal economic administration and planning for elections and the formation by the end of 1948 of German bodies exercising most of the functions of Parliament and Government. Discussions with the United States, later France, would be carried on to this end.

(4) Institute financial reform.

(5) Raise the level of German production.

(6) Increase Western German trade with Eastern Germany and the Eastern European countries.

(7) Maintain reparations deliveries from Western Germany to the Soviet Union. (This aim is not satisfactorily explained and is the one point to which Secretary Marshall took exception when he was informed of this planning.)

(8) Maintain existing four-Power Agreements when this is practically possible.

(9) Make it clear that the dismemberment of Germany is not contemplated but at the same time to avoid dangerous political centralization.

(10) Attempt to coordinate policy as fully as possible with United States and France. A three-Power discussion is to begin on February 19th in London. The United Kingdom hopes to associate the Benelux countries with these discussions at a later stage.

8. The start on "Western Union" was made by approaches to the Benelux countries, suggesting alliances with the United Kingdom and France along the lines of the Treaty of Dunkirk. A copy of the Treaty of Dunkirk is appended.† The United Kingdom feels that the text of this Treaty would be satisfactory, subject to the following changes:

(a) In the preamble, the passage reading "while considering most desirable the conclusion of a Treaty between all the Powers having responsibility for action in relation to Germany with the object of preventing Germany from becoming again a menace to peace" would be left out as the Benelux countries do not have direct responsibility in Germany.

(b) The reference to the Anglo-Soviet Treaty would be amended; the reference to the Franco-Soviet Treaty would be omitted; a reference to the Treaty of Dunkirk would be added.

(c) In Article I, the phrases "all the Powers" and "the other Powers" would be replaced by "the Powers".

(d) In Article III, the word "other" would be omitted before "Powers" as in Article I.

9. M. Spaak, the Belgian Prime Minister, has outlined to the British and French Ambassadors the attitude which the three Benelux Foreign Ministers have decided to adopt:

(a) The Benelux countries welcome Mr. Bevin's proposals.

(b) Negotiations must be with the three Benelux Governments jointly. The Luxembourg Foreign Minister would be prepared to disregard the restrictions imposed by his country's traditional policy of neutrality if Luxembourg is associated with the other two Benelux Powers in any arrangement which may be made.

(c) The three countries consider that the Treaty of Dunkirk is no longer applicable. Its concentration on possible danger from Germany is inappropriate, particularly if Western Germany is to be included in the Western European system. The deletion of references in the Treaty of Dunkirk to Anglo-Soviet and Franco-Soviet relations would be required but it is recognized that the deletions would be too clearly invidious. M. Spaak held the view that a regional pact in accordance with Article 52 of the U.N. Charter would be the most satisfactory arrangement.

(d) A military agreement must be provided for in any eventual treaties. No territorial guarantee would be sought but there must be regular, serious joint planning.

(e) Prominent position must be given the economic side of the proposals. Talk of a customs union was perhaps premature but frequent consultation at a high level on economic problems would be desirable.

(f) If the Benelux countries were to be integrated into a Western European system, it would only be right to consult them from the outset on any developments of policy in regard to Western Germany.

10. The detailed views of the French Government on the form of agreement with the Benelux countries have not yet been received.

288.

DEA/277 (S)

Note pour le ministre de la Défense nationale

Memorandum for Minister of National Defence

TOP SECRET

[Ottawa], March 8, 1948

PROPOSED CONSOLIDATION OF WESTERN EUROPE

Since our memorandum of February 10th, 1948, was prepared there have been three main developments bearing upon Western Union:

(a) The opening, on an official level, of discussions in Brussels directly on the subject of Western Union.

(b) The London Conference on Western Germany which has recently been concluded.

(c) The Communist *coup d'état* in Czechoslovakia.

2. It is in connection with the Brussels talks that the proposals in the attached telegrams Q.32† and Q.33† of March 5th have been made. You will have noted that paragraphs 8 and 9 (c) of our previous memorandum indicated that there were divergent views between France and the Benelux States as to the nature of the treaty to be discussed. The French support of a Dunkirk model treaty was made necessary, it now appears, because:

(a) they had refused to negotiate with Poland and Czechoslovakia on the basis of the possibility of attack from any power other than Germany; and

(b) domestic instability made a direct affront to the communists impolitic.

3. You will note that the United Kingdom draft treaty attached† invokes section 51 of the United Nations Charter, which provides for self-defence against attack, instead of section 52, providing for regional security arrangements, as advocated by the Benelux States.

4. Our previous memorandum (paragraph 7) drew your attention to the important relationship between Western Union and a German settlement. Full official reports have not yet been received but there is every indication that a wide measure of agreement on German problems has been achieved in the London Conference, particularly in regard to the vexatious question of the control of the Ruhr. There is now some reason to believe that German problems may eventually be eliminated as obstacles to Western Union.

5. The Communist *coup d'état* in Czechoslovakia has had measurable effect on at least one party to the present Western Union negotiations. The French Government has expressed itself as no longer restricted by considerations of Polish and Czech sensibilities (paragraph 2(a) above). At the same time there is reason to believe that the French Government could now take a stronger line from the domestic political point of view.

6. You will see, therefore, that since our last memorandum some considerable progress has been made and a number of difficult obstacles to a Western Union agreement are in the process of being resolved.

7. The United Kingdom Treaty Text (telegram Q.33 attached)† is, of course, a working paper only and it has not yet been accepted as the basis of discussion at the Brussels Conference, nor have we any indication of the attitude of the Benelux countries to this proposed text.

289.

PCO

*Extrait des conclusions du Cabinet**Extract from Cabinet Conclusions*

TOP SECRET

[Ottawa], March 17, 1948

...

INTERNATIONAL SITUATION; WESTERN EUROPEAN UNION;
U.S. POLICY; CANADIAN ATTITUDE

1. *The Prime Minister* referred to the announcement earlier in the day of the treaty of collective military aid and economic and social co-operation, signed at Brussels by the United Kingdom, France, Belgium, the Netherlands and Luxembourg, also to the significant statement made at noon to the U.S. Congress by the President; in this Mr. Truman pledged U.S. support of the five power Western Union.

The President's message to the Congress had included recommendations for the early adoption of the European Recovery Programme, for the passing of universal military training legislation and for the temporary re-enactment of selective service in order to bring U.S. Armed Forces up to strength. It would be recalled that the idea of a Western Union had originated in a statement by the U.K. Foreign Secretary on January 22nd.

Canada was vitally interested in these developments and consideration should be given to the nature of a reference to be made to the Canadian attitude thereto at the opening of proceedings in the House of Commons.

2. *The Cabinet*, after considerable discussion, agreed that a statement be made by the Prime Minister in the House, that afternoon, expressing the government's satisfaction upon signature of the Western European Union agreement, welcoming the statement of President Truman in support of the Brussels agreement and expressing the intention of Canada to participate fully in these efforts toward effective collective security by the development of regional pacts under the U.N. Charter.⁷

...

⁷ Voir Canada, Chambre des communes, *Débats de la Chambre des communes*, session de 1948, volume III, p. 2371.

See Canada, House of Commons, *Debates*, Session 1948, Volume III, p. 2303.

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PCO

*Extrait des conclusions du Cabinet**Extract from Cabinet Conclusions*

TOP SECRET

[Ottawa], July 20, 1948

...

WASHINGTON EXPLORATORY TALKS ON SECURITY; MILITARY DISCUSSIONS
WITH BRUSSELS POWERS

7. *The Secretary of State for External Affairs*, referring to the discussion at the meeting of July 13th, reported that, as a result of the security talks in Washington, it had been decided that it would be appropriate for the Brussels Powers to invite observers from the United States and Canada to review the military position of the Western European nations, particularly in relation to equipment and rationalization of defence arrangements.

A formal invitation for Canadian military observers to attend such a meeting of the Military Committee of the Five Powers had now been received from the Brussels Treaty Permanent Commission. It was felt that, in the circumstances, Canada should be represented at these discussions.

Unfortunately, there had been a leak in London and a report of these conversations had got out. The release of an official statement on the subject in Washington was now under consideration. Meantime, it was felt that no public statement could be made in Ottawa.

(Telegram No. 1119, Canada House to External Affairs, July 15, 1948).†

8. *Mr. St. Laurent* added that, after discussion with the Prime Minister and the Minister of National Defence, it had been felt that Brigadier Graham,* presently in London as Senior Liaison Officer, Canada House, and Vice-Chief of the General Staff designate, would be an appropriate Canadian representative. Brigadier Graham would be assisted as required by suitable Naval and Air Force officers.

A draft reply was read to the invitation to be represented at the forthcoming discussions.

9. *The Cabinet*, after discussion, noted with approval the Minister's report and agreed to Canadian representation at the London meetings of the Military Committee of the Five Powers as proposed by Mr. St. Laurent; a message to that effect to be communicated forthwith to the Brussels Treaty Commission.

* Le Brigadier général H.D. Graham, officier de liaison conjoint, Haut-commissaire au Royaume-Uni.
Brigadier-General H.D. Graham, Joint Liaison Officer, High Commission in United Kingdom.

291.

DEA/283 (S)

Compte rendu de la réunion du Comité de la défense du Cabinet
Record of Meeting of Cabinet Defence Committee

TOP SECRET

[Ottawa], September 14, 1948

ATLANTIC SECURITY AND WESTERN UNION—MILITARY CONVERSATIONS

The Chief of the General Staff reported that in July the United States and Canadian Chiefs of Staff had been invited to send representatives to attend discussions in London of the Military Staff Committee of Western Union. With the approval of the Prime Minister, Brigadier Graham, as Vice-Chief of the General Staff designate, had been nominated for this purpose and was working in close collaboration with the Canadian High Commissioner. The instructions to Brigadier Graham directed him to act as an observer, to take part in no discussions on major policy and to avoid making any commitment on behalf of Canada.

It was understood that the United States representative had been given broader terms of reference, which inferred that the United States would be prepared to consider assisting Western Union countries in their logistical problems under certain conditions.

In conjunction with the discussions in the United Kingdom, consideration was being given to the formation of a Western Union Chiefs of Staff Committee as the directing military group. Brigadier Graham had learned that the U.K. Chiefs of Staff were proposing that the United States accredit a representative to this new organization but that the United Kingdom would provide the link with the "Machinery for Commonwealth Defence". This matter had been taken up by Brigadier Graham and Mr. Robertson with the Chairman of the U.K. Chiefs of Staff Committee in order to ensure that Canada's position was made clear. As a result of these representations, an undertaking had been given that the U.K. Chiefs of Staff proposals would be amended to provide for separate Canadian participation on the same basis as the United States.

It was felt that the present and developing military organization for Western Union was important inasmuch as it might well provide the pattern from which the broader organization under a North Atlantic Regional Security arrangement would develop. It was therefore particularly important that Canada's position continue to be safeguarded; for this purpose, it would be desirable for a Canadian observer to continue in attendance. It was important also to keep in touch with Western Union equipment policies, as these might affect Canadian policy. If, however, a Chiefs of Staff Committee organization were set up, it might be necessary to reconsider the character of Canadian participation. For the immediate future, it was planned to have Brigadier Clark⁹ replace Brigadier Graham as the latter was needed here.

It was understood that the United States, in view of its possible logistical support for Western Union, was anxious to keep Canada in the discussions on a work-

⁹ Brigadier général S.F. Clark.
Brigadier-General S.F. Clark.

ing basis. One of the reasons was that Canada still held large stocks of U.K.-type military equipment which might be released for use by Western Union countries and replaced by U.S.-type in the interests of Canada-U.S. standardization.

2. *The Canadian High Commissioner to the United Kingdom* pointed out that the U.S. and Canadian participation in the London military discussions had developed from the recent political talks in Washington regarding North Atlantic Security. The military talks were a counterpart of the political discussions and the pattern of Canadian participation should not be inconsistent. It was important, therefore, that Canada's representation in these military discussions should be on the same basis as that of the United States. The inference to be drawn from the instructions given to the U.S. representative was that at some stage, and under certain specified conditions, Western Union might expect assistance from the United States. Undoubtedly, also, at some time or other, the question would be asked as to the contribution which Canada would be prepared to make.

3. *The Acting Prime Minister* stated that his impression was that the Military Committee meeting in London was dealing with Western Union matters only and that the U.S. and Canadian officers were acting as observers. At the same time as the Western Union military discussions were taking place, consideration was being given to the broader Atlantic Regional Pact. Undoubtedly whatever military organization developed under the broader arrangement would differ in some respects from that of Western Union. Any question of a Canadian contribution should develop only by virtue of the broader defence arrangement not yet concluded.

4. *The Secretary of State for External Affairs* observed that the original concept of the London talks had been somewhat altered. In addition to discussing long range plans for the military organization required in Western Europe, consideration was being given to military plans in the event of an immediate emergency. Canada was prepared to take a full share in any defence arrangements under an Atlantic Pact, but the situation would be somewhat different in relation to an emergency plan.

5. *Mr. Robertson* stated that the responsibility for emergency plans in the event of war arising from the present tense Berlin situation rested with the Military Commanders of the occupation zones in Germany. This problem had not been discussed by the Military Staff Committee, which was concerned at present with setting up the machinery for military co-operation and agreeing upon an estimate of the risks of war and of the resources available to meet it. Though this discussion concerned Western Union only at the moment, it could be anticipated that it would lead eventually to similar discussions in respect of an Atlantic Pact.

6. *Mr. St. Laurent* pointed out that, since operational and emergency plans were the responsibility of the occupying powers, and since Canada had no responsibility or participation in relation to occupation, it was difficult to see how Canada could participate or contribute.

7. *Lieutenant-General Foulkes* observed that Canadian commitments in case of an emergency were covered already in tri-partite military plans which had been prepared.

8. *The Minister of National Defence* pointed out that the emergency military plan had not been approved by the governments concerned; therefore it could not consti-

tute a formal and final Canadian commitment. Undoubtedly, however, sooner or later a question would be raised as to what Canada would be prepared to contribute, both in an emergency and in eventual support of North Atlantic security arrangements.

9. *Mr. Pearson* observed that the situation in respect of the Berlin air-lift was critical. The question of Canada assisting had not yet been the subject of any joint request by the powers concerned. However, assistance might soon be required from all countries who were able to make a contribution. Even though Canada had no responsibilities in relation to occupation under the Potsdam Agreement and the Articles of Surrender, there could be no objection by Russia to Canada assisting other occupying powers. The Netherland countries had already done this.

10. *The Committee*, after further discussion:

(a) noted the reports by the Chief of the General Staff and the Canadian High Commissioner to the United Kingdom concerning the London military discussions; and

(b) agreed that a Canadian military observer continue to attend; it being understood that, if a Western Union Chiefs of Staff organization were set up, the character of Canadian participation would be reconsidered.

292.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], October 27, 1948

...

WESTERN UNION; CHIEFS OF STAFF COMMITTEE;
CANADIAN REPRESENTATION

5. *The Acting Prime Minister* reported that an invitation had been received from the Brussels powers for Canada to send representatives, as non-members, to the Western Union Chiefs of Staff Committee.

This was identical to the invitation to the United States. It was pretty certain that the U.S. government would accept both for military and political reasons. The phraseology of their reply would likely follow that of their reply to the earlier invitation to sit with the Military Committee, i.e., they would agree to "participate on a non-membership basis".

It was suggested that, if the government agreed to Canadian participation, it should be on a similar basis to that of the United States; also that, for the present, Brigadier Clark act for Canada with this Committee as well as with the Military Committee.

Presumably the Canadian reply to the invitation would be withheld until a final decision had been taken in Washington.

(External Affairs memorandum to the Acting Prime Minister, and attached papers, Oct. 26, 1948).†

6. *The Cabinet*, after discussion, agreed that, provided a favourable decision were taken by the U.S. government, a reply be made to the invitation, agreeing to Canadian participation on a non-membership basis in the Western Union Chiefs of Staff Committee.

293.

PCO/Vol. 112

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

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

TELEGRAM 1996

London, November 10, 1948

TOP SECRET. METRIC. IMPORTANT.

Following for Reid from Robertson, Begins: I have today received a letter from the French Ambassador in London, in his capacity as Chairman of the Brussels Treaty Permanent Commission, inviting the Government of Canada to participate in the work of the Western Union Military Supply Board on the same footing as it has been invited to participate in the work of the Western Union Chiefs of Staff Committee. This invitation is intended to cover any Permanent Executive Committee which the Board may decide to create. M. Massigli's letter ends by stating that the same invitation is being extended to the Government of the United States.

2. You will note that although the original resolution of the Western Union Military Supply Board (Metric Document F.S.B. (48) 1st Meeting)† spoke of an invitation to the United States and Canada to join the Board "as non-members", the formal invitation received from the President of the Brussels Treaty Permanent Commission does not attach any qualification or reservation of this kind, presumably for the reasons given by the Belgian Ambassador in my telegram No. 1820 of October 16th† regarding the invitation to Canada to be represented on the Western Union Chiefs of Staff Committee. Ends.

294.

DEA/283-C (S)

*Extrait du procès-verbal de la réunion du Comité
de la défense du Cabinet*

Extract from Minutes of Meeting of Cabinet Defence Committee

TOP SECRET

[Ottawa], December 14, 1948

VII. WESTERN UNION: CANADIAN PARTICIPATION ON CHIEFS OF STAFF
COMMITTEE AND MILITARY SUPPLY BOARD

19. *The Minister of National Defence, as Acting Secretary of State for External Affairs*, referred to the Cabinet decision of October 27th that Canada should for-

mally accept the invitation from the Brussels Treaty Permanent Commission to participate in the work of the Western Union Chiefs of Staff Committee, provided a favourable decision was taken by the U.S. government.

A similar invitation had been received to participate in the work of the Western Union Military Supply Board and it had been decided in consultation with the Minister of Trade and Commerce that Mr. A.E. Ritchie, First Secretary at Canada House, should act in a non-member capacity for the time being.

The Canadian Ambassador to the United States had recently reported that the United States had made no decision yet with respect to their representation on the committees, but that there was no doubt that they would accept. This raised the question of whether Canada should formally reply without waiting until the United States had acted. On balance, it appeared better to wait, and it was accordingly proposed to proceed on the basis of the earlier decision.

(External Affairs memorandum December 13th, 1948).†

20. *The Committee*, after discussion, noted with approval the arrangements reported by the Minister for Canadian participation in the work of the Military Supply Board and his proposed procedure regarding the formal acceptance of the invitations from the Brussels Treaty Permanent Commission.

295.

DEA/283-C (S)

*Extrait du procès-verbal de la réunion
du Comité de la défense du Cabinet*

*Extract from Minutes of Meeting
of Cabinet Defence Committee*

TOP SECRET

[Ottawa], December 21, 1948

II. WESTERN UNION: CANADIAN PARTICIPATION ON CHIEFS OF STAFF
COMMITTEE AND MILITARY SUPPLY BOARD

4. *The Secretary of State for External Affairs* referred to the decision at the previous meeting that formal acceptance of the invitation from the Brussels Treaty Permanent Commission to participate in the work of the Western Union Chiefs of Staff Committee and the Military Supply Board be delayed until the U.S. government had acted upon the invitation extended to them.

It was now known that the U.S. government would accept and in these circumstances it was recommended that the Canadian government formally accept the invitation without further delay.

5. *The Committee*, after discussion, approved the Minister's recommendation.

2^e PARTIE/PART 2

DISCUSSIONS ABC ET ÉVÉNEMENTS SUBSÉQUENTS:

LE 10 MARS 1948 AU 23 JUIN 1948

ABC TALKS AND SUBSEQUENT DEVELOPMENTS:

MARCH 10, 1948—JUNE 23, 1948

296.

DEA/283 (S)

*Le secrétaire d'État du Royaume-Uni pour les Relations avec le Commonwealth
au haut-commissaire du Royaume-Uni*

*Secretary of State for Commonwealth Relations
to High Commissioner for United Kingdom*

TELEGRAM 220

London, March 10, 1948

TOP SECRET. PERSONAL. MOST IMMEDIATE.

Please see Canadian Prime Minister urgently and give him following message from Prime Minister, Begins: You will have seen in Mr. Noel-Baker's message of 9th March the international background against which we here are framing our policy. † Events are moving even quicker than we at first apprehended and there are grave indications from many sources that the next Russian move will be to make demands on Norway. From our latest report from our Ambassador in Oslo which Sir Alexander Clutterbuck will show you, there is reason to fear that Russia may move soon. Norwegian Government have consulted United States and ourselves as to the help that they could expect if attacked. As a first step we think that United States and United Kingdom representatives in Oslo should be instructed to infuse some courage into Norwegian Government pointing out that Turkey and Persia have successfully resisted Soviet demands and that Norway would be ill-advised to put her foot on the slippery slope by sacrificing her right to conclude pacts with whomsoever she chooses and that if she eventually requires outside support she is more likely to get it by showing resolution than by temporising. We cannot be sure however that encouragement of this kind will alone induce Norwegian Government to hold out. On the other hand we cannot at this moment afford to risk Norwegian defection which would not only involve the collapse of the whole Scandinavian system but would also prejudice our chances of calling a halt to expansion of Soviet influence over Western Europe and would in fact mean the appearance of Russia on the Atlantic.

2. In this situation only a bold move can avert the danger and the pace already set by Russia tells us that there is no time to lose.

3: The conclusion which we have reached is that the most effective course is to take very early steps to conclude under Article 51 of the Charter a regional Atlantic pact of mutual assistance in which all the countries threatened by a Russian move on the Atlantic could participate. These countries might be, besides the United States and the United Kingdom, Canada, Eire, Iceland, Norway, Denmark, France, Portugal and Spain when it again has a democratic regime.

4. As we see it if the threat is to be effectively met we must look to the creation of three systems which would bring in the many countries concerned. Firstly the United Kingdom-France-Benelux system with United States backing, secondly, a system of Atlantic security with which the United States would be even more closely concerned, and thirdly, a Mediterranean security system which would particularly affect Italy. We are pressing ahead with the first but in view of the threat to Norway the Atlantic security system is now even more important and urgent. Failure to act now may mean a repetition of our experience with Hitler and we should again have to witness the slow deterioration of our position until we were forced to resort to war in much less favourable circumstances.

5. In this grave situation I think it right to put our ideas at once before you and the United States Secretary of State. I am convinced that we should study without delay the establishment of such an Atlantic security system so that we inspire necessary confidence to consolidate the west against Soviet infiltration and at same time inspire Soviet Government with sufficient respect for the west to remove temptation from them and so ensure a long period of peace. Our idea would be that if the Canadian and United States Governments agree, officials of the three Governments should meet in Washington and very secretly explore the proposal for an Atlantic system. I hope that this will commend itself to you.

6. I am informing the Prime Ministers of Australia, New Zealand and South Africa in general terms of the situation and our views on it. Ends.

297.

DEA/283 (S)

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

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

TOP SECRET

Ottawa, March 10, 1948

Dear Mr. Pearson,

I have received a telegram from London asking me to communicate to the Government of Canada the enclosed message regarding the situation in Europe. This should be read in connection with Commonwealth Relations Office telegram No. 53 of the 9th March† to the Canadian Government.

Yours sincerely,

ALEC CLUTTERBUCK

[PIÈCE JOINTE/ENCLOSURE]

*Note du haut-commissaire du Royaume-Uni**Memorandum by High Commissioner for United Kingdom*

TOP SECRET

Ottawa, March 10, 1948

SITUATION IN EUROPE

Following is background to consideration by the Cabinet of the present situation in Europe. The expansion of Soviet influence as manifested lately by events in Czechoslovakia, pressure on Finland and Greece and internally in Italy represents an increasing threat to the countries of Western Europe and the traditions of freedom and democracy for which they stand. It has become necessary accordingly to re-examine our European policy.

We for our part have been proceeding on the basis which we have previously made clear to the Soviet Government that, just as they had built up in Eastern Europe what they called security, we intended to develop a good neighbourly policy in Western Europe not aimed against the Soviet Union, but inspired by the necessities of economic revival and of security. This was made clear in the Foreign Secretary's speech of 22nd January.

Since the European Recovery Programme was devised, the Soviet Government have been conducting a war of nerves and appear to intend to expand their influence over the whole of Europe. In other words, despite every effort on our part in the past three years to get a real and friendly settlement in Europe on a four-power basis, not only are the Soviet Government not prepared to co-operate in any real sense with any non-Communist Government, but they appear to be actually preparing to extend their influence over the whole of continental Europe and subsequently over the Middle East and no doubt the rest of the Asian land-mass. Unless positive and vigorous steps are taken shortly by other States in a position to do so, it may well be that the Soviet Union will gain political and strategic advantages which will set the great Communist machine in action culminating either in the establishment of a world dictatorship or more probably in the collapse of organised society in great stretches of the globe. We cannot be sure where the next move will be made, but all our information goes to show that further moves are to be expected in the immediate future with the object of frustrating the European Recovery Programme by one means or another and developing a situation in which Communism will succeed in many countries through economic decay.

If, however, opponents of dictatorship can present a truly united front and if the necessary economic means are made available by those who have them, the danger of war which would be liable to result from the Soviet Government overstepping the mark is not imminent. Indeed, if these two conditions are fulfilled, there is reason to hope that Communism will be forced on to the defensive and that a period of relative calm may ensue. The second condition is beyond our control and we can only do our best to assist the United States Administration with the passage of E.R.P. by warning them of dangers of delay. As regards the first condition the following are our conclusions:

(1) We should pursue on as broad a basis as possible in co-operation with France the conclusion of an economic, cultural and defensive pact between the United Kingdom, France and the Benelux countries which would be left open for accession by other democracies.

(2) Simultaneously the whole problem of co-ordination of efforts for the cultural, social, economic and financial revival and development of Western Europe should be taken urgently in hand in consultation with like minded countries in the British Commonwealth, in Western Europe and America, and eventually every country outside the Soviet group.

(3) The issue is that of Parliamentary Government and liberty or the establishment of dictatorship, and consultations should explore what organisation is necessary to prevent Soviet tactics succeeding on an even wider basis than hitherto and to halt any further expansion of Soviet dictatorship.

298.

DEA/283 (S)

Le premier ministre au premier ministre du Royaume-Uni
Prime Minister to Prime Minister of United Kingdom

TELEGRAM

Ottawa, March 11, 1948

TOP SECRET

Following from the Prime Minister for the Prime Minister, Begins: Your High Commissioner has shown me the very important message contained in your telegram No. 220 of March 10th regarding possible Soviet demands on Norway, and proposing, as a constructive measure against this and other such aggressive moves, the early conclusion, under Article 52 of the Charter, of a regional Atlantic pact of mutual assistance. I am deeply impressed with the gravity of these developments. Certainly everything possible should be done, and that speedily, to avoid a possible repetition of the disastrous experiences of pre-war years when peaceful states allowed themselves to become victims of aggression, one by one. Collective measures seem to me to be essential to establish some sense of security and to preserve the peace. Such collective measures will, of course, require the active leadership of the United Kingdom and of the United States. To permit of the earliest possible consideration by the Canadian Government of the proposal for an Atlantic system, I shall arrange to send one of our officials to Washington just as soon as he is required, to join officials of the United Kingdom and the United States Governments in the exploratory talks suggested.

299.

DEA/283 (S)

*L'ambassadeur aux États-Unis
au sous-secrétaire d'État aux Affaires extérieures*
*Ambassador in United States
to Under-Secretary of State for External Affairs*

SECRET

Washington, March 11, 1948

Dear Mike [Pearson]:

Jack Hickerson and I had today one of our periodic lunches at which our talk covered a wide range. I thought part of it of sufficient interest to put into a note, and I enclose a copy of this. It deals with a number of different subjects and so will set a problem in filing. Perhaps when you have read it it would be simplest to destroy it! I hope to get some further information on the prospects here of a bold move in order to give a greater sense of security to the Western European countries. I should judge from the way Jack spoke that they have not yet decided what form this should take if the President becomes satisfied that something should be done.

I feel fairly sure that the Secretary of State, with his soldier's judgment, will support a course of boldness. He captured the initiative for this country with the Marshall Plan proposals, but events in Czechoslovakia and Finland show that the initiative has been lost, or nearly lost, in face of the Soviet counter attack, and since last June there has been a great further deterioration in the situation in China. If you have developed any ideas on what should be done and where Canada comes in, I should be very glad to have them.

Yours ever,

HUME [WRONG]

[PIÈCE JOINTE/ENCLOSURE]

*Extrait d'une note de l'ambassadeur aux États-Unis**Extract from Memorandum by Ambassador in United States*

SECRET

Washington, March 11, 1948

Mr. Hickerson and I discussed at some length today the situation in Czechoslovakia and its international consequences. He has no doubt that Masaryk committed suicide and that the cause was that he had allowed himself to get into an impossible moral position. Hickerson had the highest respect for Masaryk's intelligence but a low opinion of his courage.¹⁰

¹⁰ Note marginale :/Marginal note:

Masaryk's choice may have required the highest and harder form of courage — I don't think U.S. criticism on this score is warranted. L.B. P[earson]

He asked me what I thought about the rejection of Papanek's¹¹ appeal to the Security Council. I told him that I was dubious whether a discussion in the Security Council would do any good. He said that Lie had not followed the rules of procedure, which required him when a communication is received from a representative of a member government (which Papanek was as he had not been recalled) to circulate it to members of the Council and to consult with the President on whether it should be placed on the agenda. Lie had failed to circulate the communication, although he had consulted with the Chinese President. It was open to any member of the Council to bring the matter up and it was possible that Mr. Austin would request a discussion of the petition. He thought it might be a good idea if the Russians had to veto a resolution for the despatch of a commission to investigate events in Czechoslovakia.

He asked me whether I thought that Canada would join the United States in some sort of underwriting of security in Western Europe. I said that I could not answer that question. He asked whether I had seen any report of the discussions which they had been having with the British, and I said that I had seen nothing very recent on the subject. There have apparently been talks going on in Washington during the last two or three weeks. He then told me that when the British and French had suggested to the Benelux countries a pact on the model of the Treaty of Dunkirk Spaak had, as we know, replied that this model was outdated, and had gone further in suggesting that a Western union of this sort was not worth much unless some sort of guarantee by the United States was included. Hickerson thinks that in the next few days when the governments examine the draft which has almost been completed in Brussels this question will arise and the United States Government will be approached.

He commented that he thought that the public was ahead of Congress, and that Congress was ahead of the Administration in readiness to take some dramatic action. If nothing much were done, there would, in his view, be a convulsion of opinion within six months which might turn to a form of extreme isolation unless the opportunity were seized. Never before had opinion in the United States in peacetime been so fluid on the possibility of "foreign entanglements". He did not indicate what should be done, but said that the subject was under anxious consideration in the State Department.

Later I asked him if he wished me to sound out the views of the Prime Minister and Mr. St. Laurent, saying that, if this was the case, it would be better if perhaps Mr. Armour or he were to invite me to come to the State Department for a discussion, give me a full account of their thinking and request me to pass it on for con-

¹¹ Jan Papanek, représentant permanent de la Tchécoslovaquie aux Nations Unies, a envoyé, en mars, une lettre au secrétaire-général des Nations-Unies dénonçant la prise de pouvoir par les communistes et demandant que la question soit portée à l'attention du Conseil de sécurité pour étude. Jan Papanek, Permanent Representative of Czechoslovakia to United Nations, addressed to the Secretary-General of the United Nations in March a letter denouncing the Communist seizure of power and requesting that the question be brought before the Security Council for consideration.

sideration in Ottawa. He said that he would think this over, but that the time would not come for a few days if this course seemed likely to be useful.

H[UME] W[RONG]

300.

DEA/283 (S)

*Le premier ministre du Royaume-Uni au premier ministre
Prime Minister of United Kingdom to Prime Minister*

TOP SECRET. PERSONAL.

[London], March 12, 1948

I am most grateful to you for your message and keenly appreciate your ready response. I will communicate with you again as soon as possible.

301.

DEA/283 (S)

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

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

TOP SECRET

[Ottawa], March 12, 1948

Mr. Pearson,

U.S. guarantee is necessary in W. Europe and Mediterranean as well as in Scandinavia. U.K. realizes this and it may be they hope that 3 power consultations on Atlantic Pact will evolve into consultation on the wider pact.

2. In order to assist this development and for other [reasons] mentioned below, the Atlantic Pact should not be based on Article 52 which provides for regional pacts but on Article 51. It could then be extended to other states invited to come in.

3. The other objection to Article 52 is that, read along with Article 53, it forbids enforcement until Security Council authorizes it. Collective defence could be undertaken by the regional groups under Article 51 but this must not be played up as a violation of the spirit of the Charter and it is not necessary to run this risk of aiding Soviet propaganda that we are deserting the U.N.

4. It would be dishonest for us to enter an Atlantic Pact unless we are prepared to increase considerably our defence appropriations in order to have a striking force immediately available.

E[SCOTT] R[EID]

302. (S) DEA/283 (S)

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

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

TELEGRAM EX-665 Ottawa, March 12, 1948

TOP SECRET

Following for the Ambassador only. Following for Wrong from Pearson, Begins: I am sending you, by immediately following telegram, messages Clutterbuck transmitted yesterday to Mr. King from Mr. Attlee, together with a reply which was sent last night. These messages are being given no circulation here, but I think you should know about them, so that you might possibly be in a position to talk to the British Ambassador or to the State Department on the subject they deal with. It would be useful to get the American view as to how the talks should be carried on in Washington and who will participate in them. Ends. Message ends.

303. (S) DEA/283 (S)

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

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

TELEGRAM 310 London, March 13, 1948

TOP SECRET. PERSONAL.

Following for Pearson from Robertson, Begins: Reference your telegram No. 342, March 12th.¹² Washington is ready to explore the possibilities of regional Atlantic pact of mutual assistance with the United Kingdom, and would welcome Canadian participation in the preliminary discussions. They suggested talks begin early next week in Washington. United Kingdom will be represented by Hollis and either Kirkpatrick or Jebb from Foreign Office. They hope to leave by plane on Wednesday.

2. United Kingdom regard Washington talks as essentially preliminary and exploratory. They are not wedded to the idea of three inter-locking regional pacts, but see merit in this approach and believe firm agreements could be reached sooner by this method than by attempting to get agreement on an inclusive European regional pact. They anticipate that Washington talks would cover scope of proposed agreement and definition of reciprocal obligations under it and its relationship to the United Nations. They would also hope to reach agreement on the questions of procedure, e.g., who is to approach the States invited to participate, and when.

¹² Voir le document 298./See Document 298.

3. I note your reply refers to Article 52 of the Charter, whereas the United Kingdom message suggests organization of regional pact under Article 51. Was this deliberate? Ends.

304.

DEA/283 (S)

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

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

TELEGRAM WA-761

Washington, March 13, 1948

TOP SECRET. MOST IMMEDIATE.

Following for the Under-Secretary *only*, Begins: Your messages EX-665 and EX-666† of March 12th. I saw Inverchapel late yesterday. He showed me a short note from General Marshall received yesterday afternoon agreeing to discuss an Atlantic pact of mutual assistance and suggesting that the United Kingdom officials should get here "early next week".

2. It will indicate the initial reception here of the British proposal if I pass on to you what Inverchapel told me of his approach. He received instructions late Thursday afternoon in terms parallel with Mr. Attlee's telegram to Mr. King No. 220 of March 10th. He put the gist of them into a memorandum which he sent to Lovett at his house, asking Lovett to arrange for him to see Marshall yesterday morning. Lovett telephoned him at 9:30 p.m. to say he would take the matter up at once with Marshall. He apparently did so that night or early Friday morning, since Marshall telephoned Inverchapel at 9:15 a.m. Friday to say that he was tied up but Lovett could later pass on his views.

3. In fact Marshall was at a Cabinet meeting, after which he spoke to the President and was able to write the note to Inverchapel mentioned above. He left Washington for the weekend early yesterday afternoon.

4. Inverchapel had a further talk with Lovett in which the latter expressed the personal view that they would cordially welcome Canadian participation in the talks, but this point was not covered in Marshall's note. Lovett left suddenly last night for Florida, possibly in connection with this proposal since the Secretary of Defence is meeting with the Chiefs of Staff and Directors of Plans of the three Services at Key West. You will note the alacrity with which the British initiative has been followed up and their interest particularly in an Atlantic pact. I mentioned to you earlier this week that I believed something was brewing looking to an underwriting by the United States of security in Western Europe, and it looks as though their minds here were moving on lines parallel to the British. I asked Inverchapel whether he had discussed earlier the possibility of the United States in some way supporting the western union project. He said that he had taken this up with Lovett soon after Bevin's speech in January, and that Lovett had then taken the line that it was absurd to expect the United States to undertake such a responsibility and that it

would interfere with the European recovery programme which should of itself create a climate for peace.¹³

5. I am seeing Armour, who is in charge of the State Department over the weekend, late this morning and shall send you a further message.

6. Did you see yesterday's A.P. Report from London about rumours circulating there that Russia would soon ask Norway for a Treaty of Friendship? Ends.

305.

DEA/283 (S)

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

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

TELEGRAM WA-766

Washington, March 13, 1948

TOP SECRET. MOST IMMEDIATE.

Following for the Under-Secretary *only*, Begins: My WA-761 of March 13th. I have just seen Armour and Hickerson. Neither had had an opportunity of discussing the British proposals with Marshall before he left Washington early yesterday afternoon, but had been present yesterday morning during the first consideration given them by Lovett. The question of Canadian participation in the proposed talks here had not been mentioned at this meeting, and was therefore new to them. Apparently Inverchapel had not included it in the memorandum sent to Lovett on Thursday evening, but had spoken of it verbally to Lovett later as reported in paragraph 4 of WA-761. Both feel sure, as did Lovett, that Canadian participation would be cordially welcomed, and Armour will clear this with Marshall on Monday morning.

2. They have no independent confirmation of the rumours of early Soviet demands on Norway, which, as they said, might either be the result of Norwegian jitters or might easily be well founded. They are puzzled about the British suggestion of three separate security pacts, and particularly about the omission of the Netherlands and Belgium from the proposed Atlantic Pact.¹⁴ They are specially concerned that something more should be done to reassure Italian opinion before the elections, and they may not be in full agreement with the order of priority suggested from London. They are, however, eager to follow the matter up with minimum delay, and hope that the British participants will be able to arrive early next week. Their general thinking is about a pact promising full military and economic aid if any of the contracting parties becomes the object of attack. Hickerson considers it would be desirable for Italy, Greece, Turkey and Iran to be brought somehow or other into a security system, or security systems, of this nature at the outset.

¹³ Note marginale /Marginal note:

This point supported by some U.K. evidence we secured some time ago. [L.B. Pearson]

¹⁴ Voir les documents 306 et 313/See Documents 306 and 313.

3. There seems to be a mistake in typing or transmission in the reference in Mr. Attlee's message to the Prime Minister to the conclusion of a regional pact under Article 52. At any rate, the proposal as transmitted by Inverchapel referred to Article 51 and not to Article 52. Perhaps you should check back with London on this point.

4. It looks as though you may be required here possibly on Tuesday or Wednesday. As soon as I hear from Inverchapel when his people are arriving I shall let you know. You will have to devise a good cover story, which ought not to be too difficult. Everyone agrees that the completest secrecy must be observed. Ends.

306.

W.L.M.K./J4/Vol. 392

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

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

TOP SECRET

[Ottawa], March 15, 1948

I am enclosing herewith a short memorandum on the "Proposed Pact of Mutual Assistance for Atlantic States".

2. It looks as if it will be necessary for me to leave Ottawa on Wednesday or Thursday for the Washington discussions on this matter which are likely to open on Thursday or Friday. I realize that these talks are purely exploratory and on the official level only. I shall, of course, also keep very closely in touch with Mr. St. Laurent and yourself on points which may arise. It would be useful, however, if, before I left, I could have some general guidance from you on one or two of the principal issues which are likely to emerge.

3. At the moment, the United Kingdom apparently does not contemplate that the Washington discussions should result in an actual text of a draft, but rather that the discussions would cover such things as the scope of the pact, the definition of reciprocal obligations under it, its relationship to the United Nations, and questions of procedure such as who is to approach the States invited to participate and when.

4. However, things are moving so fast in Europe that this time-table may well be speeded up. If the Communists are to be held in check in Italy, it may be essential to have a pact concluded and published a week or more before the Italian elections which are to take place on April 18.

5. It may be, therefore, that officials will begin the framing of a draft text sooner than would otherwise be required. Presumably such a text would be similar to the original Dumbarton Oaks proposals in that the provisions in the draft would not bind governments but would be put forward by them as a working paper, for consideration, first, by the three governments and later at a conference of those states invited to become original signatories of the pact. I should think that this procedure would be satisfactory.

L.B. PEARSON

[PIÈCE JOINTE/ENCLOSURE]

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

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

TOP SECRET

[Ottawa], March 14, 1948

PROPOSED PACT OF MUTUAL ASSISTANCE

The purpose of the Marshall Plan embodied in the European Reconstruction Programme and the Bevin Plan for Western Union is to build up first in Western Europe and then in the whole non-Soviet world collective defence against Soviet aggression.

2. During the past few months the Soviet Union has consolidated its position in Eastern Europe and has secured complete control of Czechoslovakia. It looks as if it is about to secure complete control of Finland. Even before securing control of Finland there are grave indications that it may soon make demands on Norway. A subjugation of Norway would probably be followed by the subjugation of Sweden and perhaps Denmark; it would make the Baltic a Russian lake and give Russia a basis for offensive air and submarine operations on the Atlantic.

3. Russian pressure in the north has been accompanied by threats to the Mediterranean. The pressure in the north may be a feint to disguise a more immediate threat in the Mediterranean. The pressure on Greece continues but the more immediate and dangerous threat appears to be Italy. The Italian elections take place in five weeks' time (April 18). There is a possibility that the Communists and the left-wing socialists, who form together a cohesive left-wing alliance, may return the largest group and hence win the election. They may poll 30 to 40 per cent of the vote or even more. If the communists should win the election, the Soviet Union will secure control of Italy by constitutional means unless the present government refuses to resign. Such a refusal would probably precipitate civil war. If the communists do not win the election, they may attempt a coup d'état.

4. The United Kingdom has come to the conclusion that the Soviet Union is preparing to extend its influence over the whole of continental Europe and subsequently over the Middle East and no doubt the rest of the Asiatic land-mass and that unless positive and vigorous steps are taken shortly by other states in a position to do so, the Soviet Union may gain political and strategic advantages which will set the great Communist machine in action, culminating either in the establishment of a world dictatorship or more probably the collapse of organized society in great stretches of the globe.

5. The United Kingdom believes that if the opponents of dictatorship can present a truly united front and if the necessary economic means are made available by those who have them, the danger of war which would be liable to result from the Soviet Government overstepping the mark is not imminent; indeed, if these two

conditions are fulfilled, there is reason to hope that Communism will be forced on the defensive and that a period of relative calm may ensue.

6. The first step by the United Kingdom to create a "truly united front" was taken at Brussels, where officials of the United Kingdom, France and Benelux reached agreement on a treaty for defence and economic cooperation. The U.K. has proposed that this be supplemented by two other pacts. The first would be a regional Atlantic pact of mutual assistance among the United States, the United Kingdom, France, Norway, Denmark, Iceland, Portugal, Ireland and Canada. Spain would be added when it once again has a democratic regime. The second would be a Mediterranean security system which would particularly affect Italy. According to the U.K. proposals, the U.S. would give its "backing" to the U.K.-France-Benelux pact and it would be a member of the Atlantic pact. The meaning of "backing" has not been made clear. Nor has the U.K. made clear its ideas on the association of the U.S. with the Mediterranean pact. The U.K. considers that the Soviet threat to Norway makes the conclusion of the Atlantic pact more important and urgent than the conclusion of the other two pacts. The U.K. has therefore proposed to us on March 10 and to the U.S. on March 11, preliminary and exploratory talks in Washington with the U.S. and Canada on the possibilities of a regional Atlantic pact of mutual assistance. Canada agreed on March 11 and the U.S. on March 12 after Mr. Marshall had consulted the President.

7. The U.K. is not wedded to the idea of three interlocking regional pacts but sees merit in this approach and believes that firm agreements could be reached sooner by this method than by attempting to get agreement on an inclusive European pact. The U.K. anticipates that the Washington talks would cover the scope of the proposed Atlantic agreement and the definition of reciprocal obligations under it and its relationship to the United Nations. The U.K. also hopes to reach agreement on questions of procedure, such as who is to approach the states invited to participate and when.

8. Mr. Armour and Mr. Hickerson of the State Department are puzzled by the U.K. suggestion of three separate security pacts and particularly by the omission of the Netherlands and Belgium from the proposed Atlantic pact. They are specially concerned that something more should be done to reassure Italian opinion before the Italian elections on April 18 and they may not be in full agreement with the order of priority suggested from London. They are, however, eager to follow the matter up with minimum delay. What they have in mind is a pact promising full military and economic aid if any of the contracting parties becomes the object of attack. Mr. Hickerson considers that it would be desirable for Italy, Greece, Turkey and Iran to be brought somehow or other into a security system or security systems of this nature at the outset.

9. The two principal issues in the Washington discussions are therefore likely to be:

- (a) What countries should be invited to become original signatories of the pact?
- (b) What ground should the pact cover in addition to mutual guarantees of all-out aid against direct or indirect Soviet aggression?

10. It is suggested that on the first we should, for the present, keep an open mind. There is much to be said for the addition of Benelux to the Atlantic pact; this would probably mean that the separate U.K.-French-Benelux treaty of Brussels would be replaced by the more inclusive Atlantic Pact. There is also much to be said for inviting Sweden to become a member; otherwise it would be left dangerously exposed; and the Russians might deflect their pressure from Norway to Sweden.

11. The more important issue is whether Italy, and perhaps Greece, should be included. An attempt at a complete Russian conquest of Italy by constitutional or extra-constitutional means may take place during the next month. If the U.S.A. and the U.K. consider that exclusion of Italy from the Communist bloc is as important as the exclusion of Norway, then it would seem that a guarantee to Italy is at least as urgent as a guarantee to Norway.

12. The second point is what ground should the pact cover in addition to mutual guarantees of all-out aid against direct or indirect Soviet aggression.

13. Here it is essential to remember that the purpose of the pact is to rally the spiritual as well as the military and economic resources of Western Christendom against Soviet totalitarianism. To do this it should not be a merely negative anti-Soviet military alliance but should be the basis for a positive liberal and democratic counter-offensive. The pact may succeed in giving us a long period of peace if it results in creating an overwhelming preponderance of force against the Soviet Union. This force, however, to be overwhelming should not be only military and economic force; it should also include the force that comes from ability to rally to our side all non-Communists in all countries, including our own, who are now apathetic, fearful or doubtful.

14. The proposed pact should make as clear as possible the methods which the peoples and governments of the Free World intend to follow to make good their faith in human rights and fundamental freedoms, in the worth and dignity of man and in the principles of parliamentary democracy, personal freedom and political liberty. If it can do this it will underline that this Pact is something far removed from alliances and arrangements of the old kind.

15. The U.K. in the Washington talks may propose that the draft Brussels Treaty be taken as the basis of discussion. A copy of this draft treaty of March 12 is attached.†

(L.B. PEARSON)

307.

PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], March 15, 1948

...

INTERNATIONAL SITUATION; RECENT DEVELOPMENTS

5. *The Prime Minister* reported on international developments emphasizing the gravity of recent events in Czechoslovakia and Finland and read a secret communication from the U.K. government in which attention was directed to certain of the more important factors and various courses of action suggested on the part of Western countries.

It was probable that the period immediately ahead would be of major significance.

6. *The Cabinet*, after discussion, noted the Prime Minister's report.

308.

DEA/283 (S)

Le premier ministre du Royaume-Uni au premier ministre
Prime Minister of United Kingdom to Prime Minister

TOP SECRET. PERSONAL

[London], March 16, 1948

Mr. Marshall has now sent us a message that United States Government are prepared to proceed at once with joint discussions on the establishment of an Atlantic security system and has suggested that our representatives should go to Washington this week. We are accordingly sending Mr. Jebb of the Foreign Office and General Hollis of the Ministry of Defence. We are of course taking every precaution to ensure secrecy.

I would suggest that the Canadian representative should get in touch with ours as soon as practicable. Our High Commissioner has details as to their movements.

Meanwhile the United States and United Kingdom representatives in Oslo have been instructed to inform Norwegian Government that if a Soviet demand is made it is imperative that Norwegian Government should resist resolutely.

309.

PCO/Vol. 112

Complément aux conclusions du Cabinet
Supplement to Cabinet Conclusions

TOP SECRET

[Ottawa], March 17, 1948

FOR PRIME MINISTER ONLY

ATLANTIC SECURITY SYSTEM; U.K.—U.S.—CANADA CONVERSATIONS

The Prime Minister said that he had recently received a communication from the U.K. Prime Minister containing certain very secret information concerning probable developments in Soviet policy with respect to Scandinavia. In view of this information and recent events in Central Europe, particularly in Czechoslovakia, the U.K. government had suggested that tripartite conversations take place at once, in Washington, between officials of the U.K., U.S., and Canadian governments with a view to the conclusion of Atlantic security arrangements which would complement the agreement reached in Brussels by the Western European Nations.

The U.S. government had agreed, and conversations were to begin in the next few days for the purpose of exploring the possibility of an arrangement along the lines suggested by the United Kingdom. In the circumstances, it had been arranged that a Canadian official would participate. No commitment was involved in such participation and such specific proposals as might result would come before the Cabinet for decision. It was, nevertheless, desirable that, before the talks began a general expression of the Cabinet's views should be given for the guidance of the Canadian representative.

Mr. King emphasized the great importance of maintaining complete secrecy on these subjects.

The Cabinet noted the report of the Prime Minister and, after considerable discussion, agreed that Canada be suitably represented, on the official level, at the forthcoming discussions in Washington, it being the general view that Canada should adhere to an Atlantic regional pact, provided that the conditions of agreement proved acceptable to the government.

310.

DEA/283 (S)

*Note du sous-secrétaire d'État adjoint aux Affaires extérieures
pour le sous-secrétaire d'État aux Affaires extérieures¹⁵*

*Memorandum from Assistant Under-Secretary of State for External Affairs
to Under-Secretary of State for External Affairs¹⁵*

TOP SECRET

[Ottawa], March 18, 1948

DISCUSSIONS IN WASHINGTON ON SECURITY PACT

1. *Nature of preliminary three-power discussions in Washington*

In view of the necessity for speed, I suggest that you should try to get sufficient agreement in two or three days to enable invitations to be sent to the list of governments decided upon. These invitations would be for them to participate in the framing of a mutual security pact. The invitations would outline the general character of the pact contemplated by the three inviting powers. Presumably these invitations would be delivered jointly by the representatives of the three powers in the capitals concerned.

2. *Further work in Washington*

Again, in view of the paramount necessity of speed, it is essential that the larger conference which would come out of the Washington discussions should reach agreement as rapidly as possible on the precise text of a pact. The possibility of their reaching agreement would be greatly increased if, before their representatives leave for the conference, they could be given a draft of the treaty. This draft might be described as a "working paper prepared by the officials of the three (or four if France is added) governments as a basis of discussion at the forthcoming conference." It could further be pointed out that the working paper should be considered as a tentative and provisional draft and should not be taken as committing the governments whose officials had drafted the paper.

3. *Preliminary decisions in principle to be reached in the first few days of the Washington talks**States to be invited*

The tentative United Kingdom proposal is that the pact be between the United States, the United Kingdom, France, Norway, Denmark, Iceland, Ireland, Canada

¹⁵ Il y a une copie de cette note dans les documents d'Escott Reid (Volume 6, dossier 12) accompagnée d'une note non datée de A.D.P. Heeney:

There is a copy of this memorandum in the Escott Reid Papers (Volume 6, file 12) along with an undated note from A.D.P. Heeney:

Escott, I marvel at the speed & facility with which you have produced these documents [presumably including the draft working paper and treaty to which Reid refers at the end of the memorandum]. My criticism w[ould] be of little value perhaps but I recoil from the idea of such an omnibus scheme as you envisage at this stage — too many and too soon I w[ould] think. Surely the USSR & friends w[ould] be more impressed by a quick business-like arrangement between UK-US-Canada cum France and the Western Union (I incline to think the first four sh[ould] federate with the Brussels lot) than by an amorphous conglom[eration] which included Finland, Italy, Portugal and Pakistan.

and Portugal. This list is in part based on the U.K. assumption that the immediate danger comes from the Soviet threat to Norway. There is much to be said for an alternative assumption that the more immediate danger comes from a Soviet threat to Italy and that that threat might well be increased by the conclusion of a treaty which did *not* include Italy, since it might be taken by the Russians as an indication that the Western world was not prepared to fight in defence of Italy.

My own feeling, therefore, is that we should strongly urge that Italy be asked to be an original signatory.

It will be necessary constantly to keep in mind the necessity of the pact being a basis for what one can call the spiritual mobilization of the liberal democracies as well as being a basis for economic and military cooperation against Soviet threats. This involves a nice problem of balancing tangible and intangible considerations. It can be assumed that the new pact would appeal, as does the Brussels Treaty, to the "principles of democracy, personal freedom and political liberty, the rule of law and constitutional traditions, all of which are the common heritage" of the signatories. It would be difficult, if not impossible, to say that the present regime in Portugal embodies these principles. My feeling, therefore, is that on balance it would be wise not to include Portugal among the original signatories.

An even more difficult decision is whether Finland should be included in the list of original signatories. Here again there is the danger which would be implicit in leaving Italy out: the Russians might assume that we had given Finland up. My guess is that the present regime in Finland is a liberal free state which does believe in the principles cited in the Brussels Treaty and that on balance it is in our interests to invite Finland to become an original signatory. This would be carrying war into the enemy's camp with a vengeance but the Russians have surely taught us the advantages of going on the offensive.

The next question about membership is whether Australia, New Zealand and South Africa should be invited. My feeling is that they should be. This would help to preserve the unity of the Commonwealth and would remove the possibility of criticism of the pact by the Commonwealth-minded people in Canada.

It might, however, be invidious to invite Australia, New Zealand and South Africa to be original signatories and not to invite India, Pakistan and Ceylon which are also members of the Commonwealth. I just don't know what the answer to this should be. Their inclusion in the pact would most certainly extend greatly the commitments of all the other signatories since India and Pakistan are exposed and weak states, but their very exposure and weakness is a source of weakness to the United States, the United Kingdom and ourselves. On balance I feel that they, too, should be invited.

I would think that the list of invited states should stop here. To bring countries in which do not inherit so directly as these states the traditions of Western Europe would be to complicate matters at this stage when the paramount necessity is speed. We should not look upon the new pact as final in any way though I assume it would state that it was in force for fifty years. It could be supplanted at any time by a more inclusive pact. Such a more inclusive pact could be worked out at the next regular session of the General Assembly or indeed at a special session this summer

if it were considered necessary. The General Assembly could take as its basis of discussion the pact which had been agreed to in April and it might be found to be possible to make those necessary amendments in the pact which would enable it to be signed by all the states of the world now outside the Soviet sphere. Such a pact would be "adopted" by the General Assembly, which would urge all Members of the United Nations to ratify it. Once it came into force, it could supplant the other pact.

Definition of reciprocal defence obligations

The important thing here is to get rid of the absurd weakness in Article IV of the Brussels Treaty under which the obligation of the signatories to come to each other's assistance is restricted to their being subjected to "armed attack". The whole game of the Russians is obviously to conquer without armed attack. So far they have been successful in playing that game and it is to be assumed that they will continue to play it. The new treaty will look pretty futile if it is a treaty to guarantee us against the kind of attacks on our independence which might have been made thirty years ago but not the kind of attacks which may be made during the next weeks and months. The treaty must therefore be a treaty of defence against not only armed attacks but also against "attempts by any state to undermine the political or economic independence of another state by intimidation or by subversive processes of political or economic penetration." It may be argued that the inclusion of such a clause in the treaty would be a violation of the Charter, since Article 51 on which the treaty will have to be based refers merely to "the inherent right of individual or collective self-defence if an armed attack occurs against a Member of the United Nations." However, as Mr. Byrnes has constantly argued, and as we ourselves argued in the memorandum which we circulated to the Atomic Energy Commission on December 19, 1946 (our report on the United Nations 1946, pages 197-8), this difficulty can easily be overcome. The most important provision of the Charter is paragraph 4 of Article 2, under which all Members have pledged themselves to refrain in their international relations from the threat of force against the political independence of any state, or in any other manner inconsistent with the Purposes of the United Nations. If a Member of the United Nations attempts to undermine the independence of another state by intimidation or by other subversive methods, it has violated this solemn undertaking of the Charter and its violation of the Charter would release the other Members of the United Nations from their obligation under the Charter not to threaten or use force against that delinquent state.

The reciprocal obligation for mutual defence in the Brussels Treaty is that each signatory state comes to the assistance of any other signatory state with all the military and other aid and assistance in its power. This provision should certainly appear in the new treaty. But to meet the immediate threats, it should, I think, be accompanied by a more specific obligation by each signatory state to maintain in a state of constant readiness certain types of armed forces and facilities and by a specific obligation to put other stated facilities at the disposal of other members immediately or whenever it is necessary. Perhaps these specific obligations should

state what forces are immediately available on the date of signature of the treaty, and what forces the signatory states promise to have available in, say, a year's time.

Scope of the pact

The pact should certainly be as extensive in its terms as the Brussels Treaty. There is great danger that in the present atmosphere of crises Foreign Offices may be tempted to have recourse to something which would be not much more than an old-fashioned military alliance and that clauses in the pact other than those providing for mutual guarantees would be merely window-dressing. Such a pact would not, I am convinced, meet the necessities of the day. We have to establish rapidly an overwhelming preponderance of force and we have to remember that it is not merely military and economic force with which we are concerned but also with what can be described as spiritual force. Or to put it another way, mere force is not enough. There has to be the determination to use the force if necessary and a determination accompanied by a fervent belief in the society which one is trying not only to defend but to make the basis of an eventually united world. The new treaty must therefore be a living document and create a new living international institution.

The main enemies in Western Europe must now be despair, apathy, doubt and fear. A pact of mutual guarantee will not by itself overcome those enemies, for if the pact should not preserve peace, the peoples of Western Europe may have to go through for many years the trials of Soviet occupation.

All this, it seems to me, underlines the importance of what Mr. Attlee has called a bold move to raise in the hearts and minds and spirits of all those in the world who love freedom that confidence and faith which will restore their vigour.

It seems to me that a new treaty would give evidence of boldness and vigour if we carried a great deal farther some of the provisions of the Brussels Treaty. We should, for example, most certainly get rid of the absurd reservation to the acceptance of the optional clause which makes nonsense of the declared belief of the signatories in the rule of law. We should set forth much more precisely the goals of economic cooperation. We should in some way make it clear in the treaty that the treaty is based on the principle that there should be equality of sacrifice between the free nations in the struggle for a Free World. This means an acceptance of proposals for pooling our economic resources.

It also means that we should go farther than the Brussels Treaty in setting up revolutionary new political instruments of the alliance. That is why I feel that we should have not only a Board for Collective Self-Defence, but a parliament, a president (Spaak?), a chancellor (yourself?) and a chief of staff (Eisenhower?).¹⁶ This would give the impression that we mean business when we talk about forming a new society of the free nations.

¹⁶ Dwight D. Eisenhower, Général d'armée, chef d'État-Major de l'Armée des États-Unis (-fev.); président de l'Université Columbia.

General of the Army Dwight D. Eisenhower, Chief of Staff, United States Army (-Feb.); President, Columbia University.

Relation of the pact to the United Nations

I do not for the moment see that this raises many problems. I would think that the clauses in the Brussels Treaty on this would be sufficient. The only addition I can think of is that there might be some mention of the necessity of the free nations working for those changes in the constitutions of the specialized agencies which are necessary in order that they become more effective instruments for the cooperation of the free nations in economic and social matters.

A Canadian working paper setting forth a tentative and provisional draft of a new treaty

I shall try to send to you by tomorrow's bag a new draft of such a working paper. You might perhaps find it useful in a private talk with Jebb to give him a copy of this paper at an early stage in the proceedings in Washington. It might be that you would also find it useful to pass the draft in a similar way to someone like Jack Hickerson.

311.

H.H.W./Vol. 4

*Note de l'ambassadeur aux États-Unis**Memorandum by Ambassador in United States*

TOP SECRET

Washington, March 18, 1948

Mr. Pearson telephoned to me about 11:30 this morning mainly to say that he was leaving for New York today in order to take McNaughton's place in the Security Council tomorrow and perhaps on Saturday, since McNaughton is ill in bed with a cold. The Palestine issue may come to a head before the end of the week. He has told the press that he has had to go to New York because of McNaughton's illness, and this cover will be applied to his later appearance in Washington. He expects to come on here on Saturday or Sunday and will be staying at the Biltmore in New York.

Taber¹⁷ called on me just before Pearson telephoned to tell me that General Foulkes was arriving here on Sunday and that he had been told to speak to me about it. He would be in civilian clothes and it was hoped that his visit would attract no attention. I gave Taber a brief explanation of the purpose and asked Pearson about the arrangements. He said that Claxton thought it a good idea to have Foulkes in Washington at this time for two or three days and that he could be used at the meetings, if necessary. The ostensible purpose of his visit will be to call on the new Chief of Staff here and to take a look at the work of the Army Staff.

Yesterday Pearson was summoned to a Cabinet meeting at 2 p.m. because the Prime Minister had decided that he should consult his colleagues before going further with the idea of an Atlantic pact. The reception by Ministers was favourable. Pearson at 2:40 p.m. was asked to produce a statement on the Brussels Treaty for the P.M. to deliver in the House at 3 p.m. This he did, and he is sending us the text.

¹⁷ Brigadier général H.E. Taber, attaché militaire, ambassade aux États-Unis.

Brigadier-General H.E. Taber, Military Attaché, Embassy in United States.

He regards it as a really important indication of policy, although the press this morning has largely ignored it.

I told Pearson that we thought it desirable to take a junior officer into the picture at this stage. We both agreed that Wright¹⁸ should be informed so that he will be available for some of the secretarial work.

H. W[RONG]

312.

DEA/283 (S)

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

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

TELEGRAM WA-823

Washington, March 19, 1948

TOP SECRET

Following for the Acting Under-Secretary *only*, Begins: With reference to Pearson's message to me EX-724 of March 18th.† The first meeting is now set to take place in the Pentagon at 3 p.m. on Monday, March 22nd. The United States team will be Douglas (acting as temporary substitute for Lovett, who is away), Hickerson (who heads the Working Group), Achilles, and Butler¹⁹ (who is Acting Head of the planning staff in Kennan's absence) from the State Department, with probably General Gruenther,²⁰ Director of the Combined Staff. There are only four or five people in the State Department who know about the talks.

2. Stone and I discussed the program with Hickerson yesterday. Hickerson read us messages delivered to the State Department that day from Bevin and Bidault with which the Benelux Foreign Ministers associated themselves. These messages arose from the independent French approach mentioned in paragraph 3 of my WA-778 of March 15th† and were in reply to Marshall's answer to Bidault despatched on March 12th.† They suggested that official representatives of Bevin and Bidault should meet with State Department officials and that Benelux should also be represented. After exploratory official conversations, the Foreign Ministers would themselves be glad to meet with Marshall. The central purpose would be discussion of the relationship of the United States to the Brussels Treaty.

3. In view of this separate approach to the same problem, Hickerson thinks that the first item to be discussed on Monday will be the relationship of the French to the U.S., U.K., and Canadian talks. The French, of course, know nothing yet about this project, and we must be careful to give them no cause for offence. While we

¹⁸ H[enry] Hume Wright.

¹⁹ George H. Butler, État-major de la planification de la politique au département d'État des États-Unis.

George H. Butler, Policy Planning Staff, Department of State of United States.

²⁰ Major général A.M. Gruenther.

Major General A.M. Gruenther.

can go ahead without them for a few days, they must, in his view, be brought in soon.

4. Hickerson says they will not have any specific proposal to bring forward on Monday and considers that the conversations should discuss several alternatives and try to reach informal agreement on what looks best. He is not enthusiastic about a separate Atlantic Pact and thinks that the Brussels Treaty could be the starting point with which the United States and Canada might associate themselves in some way not yet clear to him. He would particularly like to see Norway and Denmark accede to the Brussels Pact and, if possible, also Sweden, Portugal, Switzerland, and eventually Spain, together with Iceland and Ireland. The case of Italy would have to be specially examined. He thought that Greece and Turkey should not be included as being not in the general Atlantic region.

5. I have told him that our team would consist of Pearson, myself, Stone, and probably Foulkes initially, although Pearson and Foulkes could not remain for long. He has no idea of the possible length of the talks. We may add Wright as a junior officer to assist in making a record.

6. I shall inform Pearson by telephone of the timetable. I doubt that you should repeat this message to him in New York. Ends.

313.

DEA/283 (S)

*Note du ministre de l'ambassade aux États-Unis
pour le sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Minister, Embassy in United States,
to Under-Secretary of State for External Affairs*

TOP SECRET

[Washington], March 20, 1948

Secret of success present talks is to keep in mind the one immediate, simple objective — military security and to remember urgency. All of our information at the moment indicates that several possible members of the association of like minded countries, which we hope eventually to cement, (in or out of the U.N.) are immediately threatened — not next year but perhaps next week — some by direct action — Norway, some by encircling action — Sweden, some by revolutionary or quasi-legal action — Italy. It is self-evident and historically clear that the success of any action against any one of these countries not only weakens the effective military strength of the group but even worse diminishes to a disproportionate degree the effective appeal of joint action to the remaining possible associates. It seems to be pretty generally agreed that we cannot afford to lose more ground, that the Russians must be stopped where they are and that any further successful aggressions, of whatever nature, might destroy our chances of ever stopping them.

One of the major advantages which the Russians have over us arises from the fact that they are able, to a degree impossible for democracies, to take simple and direct and urgent action. They can entirely disregard the means and keep their eye only on the end which they desire to achieve. I recall that in the field of psychological warfare while we spent uncountable hours preparing directives which catered,

and necessarily, to the sensibilities of this group and the prejudices of that (both at home and abroad), to the point where the final result was all too often a directive which neither directed nor in fact had any meaning or sense, the Russians day after day produced and issued the same order to their broadcasters and pamphlet writers, "The purpose for today is to defeat the Nazis."

The hour is now, it would seem, so very late, that we must take a leaf out of their book in this regard — devote ourselves to achieving what is obviously our common purpose by the simplest possible direct approach and to put what democratic trimmings on it as may be required later. There is, I think, no real reason to doubt that this is definitely the mood of the United States now, and it is only because it is also the mood of free countries in Western Europe that a pact was concluded in Brussels in so short a time.

There would seem to be no serious incompatibility in the co-existence of this Brussels pact with another and wider union with which North America could more appropriately associate itself — and with which Italy could also be associated — which would concern itself only with security — military guarantees of mutual assistance. There would seem to be no doubt that this would accomplish our immediate purpose and would, with firm U.S. backing, be generally acceptable. If there are in fact, minor or even serious incompatibilities between the co-existence of the two pacts, let's take a leaf out of the Russian book (we already have in the case of Trieste) disregard them for the moment in order to achieve the immediately desirable purpose and return to iron them out at a later date. Certainly the two arrangements could and would have to be tied together.

T.A. STONEJ

314.

DEA/283 (S)

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 345

New York, March 22, 1948

TOP SECRET. MOST IMMEDIATE.

Following for the Prime Minister and Mr. St. Laurent from Pearson, Begins: I had a lengthy discussion Saturday morning with Jebb about the conversations on an Atlantic Pact which are to begin in Washington on Monday, 22nd March. He said that his instructions from Mr. Bevin were general in character and that he had considerable leeway to proceed in the light of developments. They were particularly anxious to secure at once United States views on important questions of principle involved as there had been no real exchange yet between the two Governments. So far as the United Kingdom Government is concerned; they had an open mind on the procedure which should be followed. There might be a separate Atlantic Pact or accession of the Atlantic Powers to the security clauses of the Brussels Pact or the

Brussels Pact countries might join a wider and new Atlantic Security Pact. Possibly the first step should be the formulation of a Three-Power Pact to which the other Atlantic Powers could accede; this to be kept for the time being separate from the Brussels Pact. They realized, however, that if this were to be done, it would also be important to secure United States backing at once to the Brussels Pact, probably by means of accession to it. Jebb asked me whether if this course were followed, we would be inclined to join the United States in such accession. I said that I would pass this idea on. As to an initial Three-Power Pact I felt, personally, that it would be more desirable from our point of view if a general Atlantic Pact signed by all ten countries could be worked out. A Three-Power Pact might be considered by the others as a purely Anglo-Saxon initiative, and it might be more difficult for those others to accede later than to participate from the beginning. I put forward the tentative view that if the Three-Powers could agree on certain principles then these might be submitted to the other seven Powers, and as many of those Powers as accepted those principles would then work out in detail and sign a Pact.

2. I asked Jebb whether they had given thought to the relationship of Italy to these developments, as I felt, myself, that it was most important that no new security arrangements should be made public now which would give the impression that Italy was being excluded or ignored. He appreciated this point and agreed that the Italian situation should not be prejudiced in any way by anything that was done in Washington. For that purpose they hoped that Italy would accede shortly to the Brussels Pact, a procedure which, at the moment, they preferred to negotiations for a Mediterranean Pact. Bevin and Sforza had a long talk in Paris at the beginning of this week during which Bevin expected that the Italian Foreign Minister would bring up the question of Italian accession to the Brussels Pact. He had not done so probably because he wished for an invitation to accede, in which case the invitation might be used by the Italian Government for bargaining purposes on such things as Colonies.

3. Jebb also brought up the question of French participation. Bidault had recently approached the Americans and the British with a view to United States accession to the Brussels Pact. Therefore, until this question was decided, they were not sure whether the French should participate in the Washington discussions from the beginning. It might be difficult to ask the French to participate and leave out Benelux, and yet the latter might not be too anxious at this moment to extend the obligations which they had undertaken under the Brussels Pact. However, this matter of French participation would be discussed at the first meeting in Washington and, as a result, a French representative might be asked to join the discussions. I told Jebb that we would welcome France's participation in these arrangements from the beginning if that could be arranged satisfactorily to the United Kingdom and United States of America.

4. I pointed out to Jebb that if a Pact were to be worked out which included declarations of belief in democracy, free institutions, etc., such as were included in the Brussels Pact, it would be a little anomalous to have Portugal as an original signatory. He appreciated this but felt it would be even more difficult to exclude Portugal. The Azores were important.

5. I asked him if any of the other Dominions had expressed interest in the Washington talks or a desire to participate in any arrangements reached there. He said that, so far as he knew, no such interest or desire had been expressed. Ends.

315.

DEA/283 (S)

Note du troisième secrétaire de l'ambassade aux États-Unis

Memorandum by Third Secretary, Embassy in United States

TOP SECRET

[Washington], March 23, 1948

Reference today's discussion. The immediate steps proposed to deal with the threat of Soviet aggression in Scandinavia and in the Mediterranean seem well designed to meet the situation. But it is perhaps arguable that the ideas which emerged on the method for dealing with the long term situation are not so well fitted to generally accepted ideas on Soviet behaviour.

In the first place, it is agreed that Soviet expansionism will take place wherever it is not stopped. Another usually accepted axiom is that the possibility of isolating aggression anywhere in the world is remote. By this time most people seem to subscribe to the theory that the best place to deal with aggression is where it breaks out. If these two principles are accepted, some simple conclusions seem to flow from them.

First, scattered regional arrangements with gaps in between them might invite the expansion of Soviet power into the holes. This seems to be a danger in the regional approach. To meet the threat of Soviet world wide ambitions, perhaps the Western powers should not run the risk of excluding by implication vulnerable areas. But what is the alternative? Perhaps the West should have the known intention of dealing with Soviet aggression anywhere if it constitutes a threat to the peace. Thus instead of drawing rings around certain areas which are definitely verboten, a looser and more flexible arrangement might be better designed to meet the long term threat. The Rio pact may be a fairly good guide here. Under such an arrangement, the U.S. would not be bound to go to war over Afghanistan. On the other hand, the Soviet would not be encouraged to move into such areas on the grounds that they lie outside a regional grouping.

Alternatively, if tight regional groupings are established the dangers inherent in them might be obviated by a concurrent announcement that a threat to the peace in the form of Soviet aggression would not be tolerated anywhere in the world.²¹

One of the disadvantages in the inclusive Western pact idea seems to be that it is ideologically messy i.e. Spain and Portugal. It seems a pity to sacrifice, if it can be avoided, ideological forces at our disposal. A looser arrangement might be less vulnerable to charges of hypocrisy.

H.H. W[RIGHT]

²¹ Note marginale /Marginal note:

This might also calm the waters for China in Congress. [Hume Wright?]

316.

DEA/283 (S)

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

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

TELEGRAM WA-843

Washington, March 23, 1948

TOP SECRET. IMMEDIATE.

Following for Reid from Pearson, Begins: Will you please convey following message to the Prime Minister, Mr. St. Laurent and Mr. Claxton, Message begins: "General Foulkes, Stone, Wright and I attended this afternoon the first meeting to discuss the proposal for an Atlantic Pact and related subjects.²² The British representatives included Lord Inverchapel, Gladwyn Jebb of the Foreign Office, General Hollis and two members of the staff of the British Embassy.²³ The chief representatives of the United States were Mr. Lewis Douglas, Mr. Hickerson, General Gruenther, Director of the Combined Staff, and two other officials of the State Department.

2. The discussion was very general. All participants emphasized the exploratory and non-committal character of the talks and pointed out that they had no clear ideas on specific proposals as yet.

3. The United States representatives were reluctant to include the French in talks during the opening stages, mainly for fear of premature disclosures. They emphasized the necessity of absolute secrecy at this stage. It was, therefore, agreed that the French would not sit in on the present discussions, which would also be held without reference to the expected meeting between Messrs. Bevin, Marshall and Bidault. I expressed the hope, however, that the French could be brought in at the earliest possible date and there was general agreement on this.

4. Jebb then explained the Brussels Treaty. He said that there had been no mention at Brussels of United States backing for the Pact, but that the participants felt strongly that United States support was essential to the success of the Brussels arrangements, and even possibly to their maintenance. This opinion led to an inconclusive discussion of the form that United States support might take. The United States representatives emphasized that United States policy in this respect must be wholly non-partisan. Douglas said that a unilateral declaration of support on the part of the President without sanction of the Senate was obviously less effective.

²² Pour le procès-verbal des États-Unis, voir :

For the minutes prepared by the United States, see:

United States, Department of State, *Foreign Relations of the United States, 1948, Volume III: Western Europe* (Washington, 1974), pp. 59-61

²³ Un des «deux membres du personnel de l'ambassade britannique» était Donald Maclean, qui fut plus tard reconnu comme espion de l'URSS.

One of the "two members of the staff of the British Embassy" was Donald Maclean, later revealed as a spy for the USSR.

tive than support based on Congressional action which would provide the necessary continuity.

5. At this stage I put forward the suggestion that United States action could take one of three forms:

(a) A Presidential statement, perhaps a firmer reiteration with specific reference to the Brussels Pact of the phrase in his speech before Congress that "I am confident that the United States will by appropriate means extend to the free nations the support which the situation requires. I am sure that the determination of the free countries of Europe to protect themselves will be matched by an equal determination on our part to help them to do so."

(b) The accession of the United States to the Brussels Pact.

(c) An Atlantic Pact on a broad political basis or on narrower military lines. If the latter, it would absorb the security provisions of the Brussels Pact. In this latter event the Brussels Pact might remain as a sub-agency within the wider arrangements, and its signatories would be free to pursue independently their economic and cultural objectives.

6. The rest of the discussion centered around these alternatives. Hickerson, for the United States, seemed at first somewhat hesitant about the broader Atlantic Pact concept for the reason that it might shake the confidence of some European countries, notably Italy, with regard to the aid which they might expect to receive in the event of aggression. At this stage he seemed rather to favour the extension of the Brussels Pact to include the Scandinavian countries, Italy, Western Germany, and the three Western Provinces of Austria. In this connection, it was suggested that Article 9 of the Pact might serve as a basis for the extension of the Brussels Treaty. Jebb remarked again that some sort of United States support would be essential to the implementation of this idea. Otherwise, the Brussels Pact countries, particularly Benelux, might be reluctant to take on additional obligations. Mr. Douglas then said that for the purposes of the present discussions it could be assumed that United States support would be forthcoming although it was impossible to say in what form.

7. It was generally agreed that the immediate threat might well be Italy as much as Norway and that care would have to be taken to make sure that the working out of any Atlantic arrangement would not give the impression that the United States and United Kingdom were ignoring the danger of aggression in the Mediterranean. This was particularly important in view of the forthcoming Italian elections. Jebb said that the Italians had not yet been approached by the British with a view to acceding to the Brussels Treaty, mainly because it was feared that they would be tempted to ask an impossibly high price for their participation in the Pact. In this connection it was learned, however, that de Gasperi had told the United States Ambassador in Rome a day or so ago that such an invitation might be a political handicap to him in the elections.

8. The meeting closed yesterday afternoon with the decision that a Sub-Committee should be set up to examine which would be the better approach:

(a) The extension of the Brussels Treaty,

- (b) An Atlantic Pact, or
 (c) A combination of both (a) and (b).

The Sub-Committee will also consider the impact of these proposals upon the Middle East and the Mediterranean, and lastly think about the possibility of inclusive general security arrangements under Article 51 of the Charter.

9. I indicated a personal preference for (b) above and stated that I had no instructions about (a); that while great importance and value would naturally be attached to United States accession to the Brussels Pact, this would not be the case with regard to Canadian accession, for which, in fact, there is neither more nor less reason than for accession by, say, Brazil or Australia. I doubt myself whether we should take any action of this kind merely because the United States of America does. I do not think that this contingency will arise, but, in case it does, would be glad to have your instructions.

10. The discussions here will, I think, continue into next week. I plan, however, to return to Ottawa Thursday to report, if you agree. By that time it should be pretty clear how things will develop. Ends." Message ends.

317.

DEA/283 (S)

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

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

TELEGRAM EX-767

Ottawa, March 23, 1948

TOP SECRET

Following for Mr. Pearson only. Following for Mr. Pearson from Reid, Begins: I gave the Minister your telephone message about your discussions and asked him what his own plans were. He said he would be arriving back in Ottawa on Thursday morning and leaving Ottawa for Quebec City on Thursday afternoon at 4 o'clock. He will be staying in Quebec City over the week-end and arriving back in Ottawa on Tuesday morning, March 30th.

He emphasized that, before you agreed to anything, it would be necessary for you to seek instructions. I said that I knew you fully realized this and that you had emphasized in your talk with me that the discussions, so far, had been entirely non-committal and exploratory.

I do hope that you will be able to get back here on Thursday in order to be able to see the Minister before he leaves for Quebec City. Otherwise, if things in Washington move a little faster than we now expect, we may find ourselves in a bit of a jam. Ends.

318.

DEA/283 (S)

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

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

TELEGRAM (NOT SENT)²⁴

Ottawa, March 23, 1948

TOP SECRET. IMMEDIATE.

Following for Pearson only from Reid, Begins: The Prime Minister and Mr. St. Laurent have considered the question raised in paragraph 9 of your WA-843 of March 23.

2. They feel that the essential thing is for the U.K. and U.S. to underwrite the security of the signatories of the Brussels Treaty and the Scandinavian countries. They would therefore accept anything which the U.K. and the U.S. jointly agree is required to defend our common interests. They would be prepared to recommend to Parliament, if need be, accession by Canada to a Pact of which the U.K., the U.S. and France were members even if no other Atlantic nations were signatories. They would, however, prefer an Atlantic Pact which would include other Atlantic nations as well as the signatories of the Brussels Treaty.

3. They do not at the moment wish to preclude from consideration the admission of Italy and perhaps some other states to the Pact now in contemplation so that you should for the present keep this open, in view especially of the critical Italian situation. Perhaps if it were felt that Italy should not now be invited to be an original signatory of the Pact, the Pact could include a provision that the signatories could extend the guarantees of the Pact to Italy.

4. You mention in paragraph 8 that your Sub-Committee will think about the possibility of inclusive general security arrangements under Article 51 of the Charter. We are not certain exactly what you mean by "inclusive general security arrangements", but if this means that all the members of the U.N. should now be invited to a conference to draw up such a pact, we think that this suggestion is premature. The paramount necessity at the present time is speed and it is likely that the Russians would be more impressed by an agreement quickly reached between the Atlantic Powers and the signatories of the Brussels Treaty than by a larger organization of the members of the U.N. other than the Soviet group. If we can get the Atlantic Pact, it might become the basis on which discussions for a wider union could be based.

²⁴ Note marginale :Marginal note:

Mr. St. Laurent felt it was not necessary to send this in view of his telephone conversation with Mr. Pearson. E. R[eid] March 23/48

319.

DEA/283 (S)

*Projet de déclaration des États-Unis**United States Draft Statement*

TOP SECRET

Washington, March 23, 1948

Implementation of the President's March 17th declaration of support for the free nations of Europe will obviously require close consultation with political leaders of both parties in order that whatever policy is formulated is a truly bipartisan American policy. Implementation might take the form of a further Presidential declaration, of a treaty commitment, other forms, or a combination of two or more forms. The form can be decided upon only after such consultations. It is nevertheless assumed that adequate implementation will be provided, and the purpose of this paper is to recommend a course of action to be discussed with them.

1. We should not be a party to the Brussels Treaty but should give assurance of armed support for its parties as a group.

2. Assuming that such assurance (as recommended in paragraph 3 below) will be forthcoming in the very near future, the parties to the Brussels Treaty and Norway, Denmark, Sweden and Iceland should be consulted to ascertain whether, in the light of such assurance, the four Scandinavian nations should immediately become parties to it. The very early inclusion of Italy should also be explored. Portugal might well be included in the near future, with Eire, Switzerland, Germany, Spain and Austria being envisaged as eventual members of a natural and progressively closer association of western European nations.

3. The President should declare that, in the light of the commitment undertaken by the parties to the Brussels Treaty to extend all military and other aid in their power to any party to the agreement who may be the object of attacking Europe, the United States would, temporarily and pending conclusion of a mutual defense agreement as recommended in paragraph 4 below, consider armed attack against them to constitute armed attack against the United States, to be dealt with by the United States in accordance with Article 51 of the United Nations Charter. This assurance might include a declaration of willingness to consider whether a given case of indirect aggression should be deemed armed attack.

4. The President's declaration should express the willingness to enter into negotiations for a mutual defense agreement under the Charter of the United Nations to include every signatory and adherent to the Brussels Treaty and such of the following nations as might wish to join: Canada, Iceland, Norway, Denmark, Sweden, Portugal, Italy, Switzerland and eventually Spain. That defense agreement would be along the following lines:

(1) Provide that at the request of any one of the parties, the contracting parties shall consult as to whether armed attack is threatened and as to the best measures to be taken to meet the threat.

(2) Provide that an armed attack against any one of the parties shall be considered as an attack against all of them and that each of the contracting parties agrees to take armed action against the aggressor in the exercise of the inherent right of

individual or collective self-defense recognized by Article 51 of the United Nations Charter.

(3) Provide that, in case of an indirect aggression against any one of them, the contracting parties will consult as to the necessary assistance to be given to preserve the territorial integrity and political independence of the threatened party and that, if any one of them be attacked in the course of extending such assistance, the several parties will regard such an attack as an attack against all of them. Indirect aggression should be defined as an internal coup d'état or political change favorable to an aggressor, or the use of force within the territory of a State against its Government by any persons under direction or instigation of another Government or external agency other than the United Nations.

(4) Provide that each contracting party shall determine for itself whether there has occurred an armed attack within the meaning of this agreement.

(5) Provide that upon determination that an armed attack within the meaning of the agreement has occurred the parties shall consult immediately for the co-ordination of the measures to be taken.

(6) Remain in effect for ten years and be automatically renewed unless denounced.

5. Concurrently the President and the British Prime Minister should give parallel public assurance to the free nations of the Middle East (or specifically Greece, Turkey, and Iran) that, in the event they become the object of armed attack, temporarily and pending the conclusion of an eventual Middle East mutual assistance agreement, the United States and the United Kingdom would consider armed attack against them to constitute armed attack against the United States and the United Kingdom, provided they defend themselves with every resource at their command.

6. Political and military conversations would be initiated with the parties to the Brussels Treaty and other selected non-Communist Governments with a view to co-ordinating our military and other anti-Communist efforts and strengthening our collective security.

7. If it should be decided that American support for the free countries of Europe and the Middle East should be limited to the President's declaration and exclude a treaty commitment, the foregoing would have to be modified accordingly.

320.

DEA/283 (S)

*Projet de déclaration du Canada*²⁵

*Canadian Draft Statement*²⁵

TOP SECRET

[Ottawa], March 23, 1948

There are two problems, which are closely related.

(1) An assurance to the Scandinavian States, more particularly Norway, of help against Soviet aggression. This problem is immediate and urgent.

²⁵ Copie avariée. Le texte incomplet fut corrigé en se rapportant à d'autres copies dans les documents de Wrong, volume 4.

Damaged copy with incomplete text corrected by reference to other copies in Wrong Papers, Volume 4.

(2) The negotiation of a Western Pact for collective self-defence under Article 51 of the U.N. Charter. This problem is not so urgent, unless it provides the only answer to the first, which is not the case.

The solution of these two problems is complicated and to some extent determined by the following factors:

(1) The existence of the Brussels Pact, and the desirability at the moment of extending rather than re-placing that Pact, particularly in view of its emphasis on European co-operation.

(2) The necessity of doing nothing to minimize the importance and dangers of the Italian position.

(3) The desirability of emphasizing that Greece and Turkey and Iran are also danger points of Soviet aggression.

(4) The advisability of negotiating, subsequently, a Middle Eastern Security Pact and, ultimately, of a general Collective Security Pact under Article 51 open to *all* free peoples.

Without prejudice to the above, the two problems mentioned first might be dealt with in the following way:

(1) Approaches will be made by the U.S.A. to [signatories of the Brussels Pact] to get their support to the extension of the Brussels Pact in the way outlined below.

(2) Diplomatic approaches to the Scandinavian governments by the governments of the U.S.A. and U.K. informing them that

(a) the President proposes to give the signatories of the Brussels Pact an assurance of armed support if they are attacked and resist;

(b) if the Scandinavian States accede to the Pact, they will be covered by this guarantee;

(c) steps are to be taken at once to work out a Western Defence Pact under Article 51, which it is hoped, will include the following States . . . The Scandinavian States are urged to participate in this Pact.

(d) this Western Defence Pact will then replace the unilateral U.S.A. guarantee, which, in any event, could be only a temporary emergency measure.

Diplomatic approaches will also be made by the U.S.A. to Italy, to ascertain whether that government wishes to accede to the Brussels Pact before the elections or await the formation of the Western Pact.

Approaches will then be made by the U.S.A. and U.K. to the other governments to be included in the Western Pact, inviting their participation in and support for this development. A working paper on a "Western Pact" will for this purpose be submitted to all the governments concerned. This "working paper" would have been agreed on by the U.S.A., U.K., Canada and, possibly, France. However, because of the necessity for speed, it could only be a short paper in broadest outline. This would mean that before the U.S.A. announced its backing of the Brussels Pact, the following countries would have been invited to join in a "Western Pact":

France, Belgium, The Netherlands, Luxembourg, Italy(?), Denmark, Norway, Sweden, Eire, Iceland, Switzerland, and Portugal.

The way would now be opened for the U.S.A. statement.

This would include:

(1) Specific backing for the Brussels Pact—to include those who are now signatories and those who might sign later (subject in this case to U.S.A. approval).

(2) A reference to Italy, if that country does not accede to the Brussels Pact.

(3) An assurance (in which the U.K. would join) of continued support for Greece and Turkey and Iran against aggression.

(4) The announcement that certain states (which would be named) have agreed to meet to draw up a Western Defence Pact against aggression. That eventually the signatories of the Brussels Pact might wish to merge that Pact into the Western Pact.

(5) An indication that a Mediterranean and Middle East Pact of a similar character might be a subsequent desirable development.

(6) A final suggestion that the ultimate objective is a general Security Pact under Article 51 to include all free States who are willing to accept the obligations of collective self-defence.

While this procedure is being followed, the three governments, and, it is hoped, France, can continue to work out the nature, scope, and content of the Western Pact, along the following lines:

(1) It might be called "Security Pact for the North Atlantic" area.

(2) It should last for five years and be renewable.

(3) It should be under Article 51 of the Charter.

(4) Its guarantee of mutual defence might be based on Article 3 of the Rio Inter-American Treaty.

(5) An effort should be made to cover indirect aggression.

(6) There might be economic and cultural co-operation clauses to emphasize that this Pact is something wider and deeper than an old-fashioned military alliance.

(7) There should be a preamble along the impressive lines of the Brussels Pact.

(8) Provision should be made in the Pact for a Board for Collective Self-Defence. Among other things, this Board would decide the facts of aggression and would discuss and concert measures to counteract threats of aggression which are brought to its notice.

(9) There should be an accession clause under which, among others, Western Germany and Western Austria might join.

321.

DEA/283 (S)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures
Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-852

Washington, March 23, 1948

TOP SECRET

Following for Reid from Pearson, Begins: Please deliver the following message to the Prime Minister and Mr. St. Laurent, Begins: Reference my WA-843 of March 23rd concerning the first meeting of the United States, the United Kingdom and ourselves to consider an Atlantic Pact.

1. The Sub-Committee met today.²⁶ Mr. Lewis Douglas and Lord Inverchapel did not attend and General Gruenther, Director of the United States Combined Staff, was absent for nearly all the discussion. Hickerson led the discussion for the United States and Jebb was the chief British representative.

2. At the outset of today's meeting the idea of broad action for collective security under Article 51 of the Charter was dismissed as being an impractical method meeting the present emergency. It was agreed, however, that the ultimate development of this approach should be kept in mind, and that no steps should be taken which might later prejudice its fulfilment.

3. By the end of today's discussion the outline of a plan had emerged which seemed to attract general support.

4. It was felt that the immediate threat to Scandinavia could be dealt with by extending the Brussels Treaty to include at least Norway, Sweden and Denmark on the firm understanding that United States military support for the signatories would be forthcoming in the event of aggression. If this move were found to be acceptable to the Brussels Pact and Scandinavian countries, the President of the United States might make a public declaration guaranteeing United States backing. In his declaration reference would be made also to Italy, Greece, Turkey and Iran in order to hold the line against the possibility of alternative Soviet aggression in those countries. If, however, Italy was willing to join the Brussels group, and this were agreeable to the other members of that group, an invitation might be extended to her as well as the Scandinavian countries in the first instance. By these steps it is hoped that the immediate situation could be controlled.

5. To counter the long-term threat of Soviet aggression a wider pact might be entered into by the nations of the Western World. These nations would eventually include the free countries of Europe west of the Stettin-Trieste line. Thus it is hoped that Italy would be a party to this arrangement, even if she had not joined the Brussels group. This wider grouping would be in the nature of a Western Defence

²⁶ Pour le procès-verbal des États-Unis, voir :
For the minutes prepared by the United States, see:
FRUS, 1948, III, pp. 64-6.

Pact under Article 51 of the Charter and to which Canada and the United States would be parties if their Governments agreed to this course. Signatories to the Brussels Pact (the United States, of course, is not included in this group) would operate within it, though eventually the Brussels Pact might be merged into the wider arrangement.

6. Membership in the Western grouping would probably not be open to Greece, Turkey, and Iran. To cover the long-term threat in that area the President might in his declaration look forward to the eventual conclusion of a regional arrangement there backed by the United States of America.

7. Tomorrow the Sub-Committee will try to develop the plan outlined above.²⁷ Confirming my telephone conversation, I want to emphasize again that all of these conversations and suggestions emerging from them are on a purely exploratory and non-committal basis. Ends.

322.

W.L.M.K./J4/Vol. 309

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le premier ministre²⁸*

*Memorandum from Under-Secretary of State for External Affairs
to Prime Minister²⁸*

TOP SECRET

[Ottawa], March 29, 1948

I left with you Friday afternoon the draft recommendations on the discussions in Washington last week on the Security Pact for the North Atlantic Area.

I am sending you herewith a memorandum which will give you some information on the background of those discussions.

L.B. PEARSON

²⁷ Pour le procès-verbal des États-Unis, voir :

For the minutes prepared by the United States, see:
ibid., pp. 66-7.

²⁸ Une copie est parvenue au secrétaire d'État aux Affaires extérieures le 30 mars.
A copy was sent to the Secretary of State for External Affairs on March 30.

[PIÈCE JOINTE/ENCLOSURE]

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

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

TOP SECRET

[Ottawa], March 27, 1948

SECURITY PACT FOR THE NORTH ATLANTIC AREA

The attached paper²⁹ makes certain recommendations on the above subject. These recommendations were agreed on by officials during the Washington Discussions, the first stage of which was concluded on Thursday. They have not received approval of any of the three Governments concerned. They remain non-committal and official only. This was clearly understood in Washington throughout the course of the discussions.

So far as the United States Government is concerned, we have been informed that the paper will be submitted to the President, the Acting Secretary of State and other Cabinet Ministers over the week-end. If they agree generally with its conclusions, it will then be discussed very confidentially with certain Republican Congressional leaders, notably Senator Vandenberg. The United States Government are determined that any policy formulated on this vitally important subject will be a purely bi-partisan policy.

The paper is in the form of a United States proposal. One reason for this is that, if it should leak out, it will not appear to other governments as having already been discussed with two other Governments. It was felt that this was important in order to meet the sensitiveness of the French and possibly others. This, I think, is very satisfactory from our point of view. It emphasizes the non-committal character of the recommendations so far as the Canadian Government is concerned. If and when the North Atlantic Area Conference is called by the United States, Canada will be on exactly the same formal basis as the other governments invited. We will, however, have had an opportunity to influence the character of the recommenda-

²⁹ Le «document ci-joint» portant la date du 24 mars et contenait une note explicative de Escott Reid :

The "attached paper" was dated March 24, with an explanatory note on it by Escott Reid: Paper agreed to in Washington talks (UK, US, Canada) March 22-23 1948. Given to me by Mr. Pearson, March 26/48.

Le texte du document est composé des «recommandations» mentionnées dans la présente note qui sont précédés de la phrase suivante :

The text of the paper consists of the "recommendations" as quoted below in this memorandum, preceded by the following sentence:

The purpose of this paper is to recommend a course of action adequate to give effect to the declaration of March 7 by the President of the United States of support for the free nations of Europe.

tions made before the government will have to decide on them. In this respect we are in a privileged position.

Great stress was laid in Washington on the top secret nature of the discussions there and on the resulting recommendations. At the present time only seven or eight people in Washington and an equal number in London know anything about these developments. It is hoped that this secrecy can be maintained until the President makes his statement. This may seem to be an almost impossible hope, but every effort is to be made to realize it.

The telegrams that I have already sent from Washington will have given the background of the recommendations and some indication of the course of the discussions. Those discussions were extremely frank, and could not have been more friendly. They ranged far and wide, and covered a good many subjects that are not dealt with specifically in the recommendations. They disclosed that there was a very great unity of viewpoint among the officials of the three Governments who participated in the discussions.

Before explaining the recommendations in detail, reference should be made to certain suggestions which were put forward and discarded.

At the beginning, the United States officials thought that possibly the best course would be merely the extension of the Brussels pact to include all the free countries of Western Europe, plus the United States and Canada. This extension could be brought about by the accession to the Pact of the countries in question. The accession of the United States and Canada would be the occasion for important pronouncements by the President and the Prime Minister explaining why the two North American countries were joining the Brussels system as a means of stopping the U.S.S.R. and combatting Communism. It was eventually felt, however, that this procedure would be less satisfactory than restricting the Brussels Pact to European countries and working out a separate and more broadly based North Atlantic Security Pact. On this point, I stated my personal position that, if Canada were to accede to the Brussels Pact, other countries, like Australia and Brazil, etc., should also accede, and might indeed desire to do so. The accession of the United States would be an understandable action and would have a very important political effect; the accession of Canada could not, however, be considered in the same light. In the event, any difficulties that might have developed for us in this proposal were removed by the fact that it was dropped on the second day of the discussions.

Another proposal by the United States, representing, I believe, the Services' point of view, was that no general security pact of any kind was required, and that the objective could be achieved by a simple unilateral declaration on the part of the United States (and Canada, if she were agreeable), to the effect that an attack on any of the free Western European countries would be considered by the United States as an attack on herself. One advantage of this course would be that it could be taken speedily and effectively, and would not require any prior agreement or the negotiation of any political arrangement with the European powers. Its disadvantages, however, and these were considered to be over-riding, were that it was a purely unilateral act, without any quality of reciprocity, and that, as such, it might be open to attack both in North America and among the European states as too one-

sided. It is possible, however, that if the idea of the Atlantic Pact is not carried out, the United States may consider making some such unilateral declaration of support without taking any further steps.

The question also arose whether the proposed Atlantic Pact should not absorb the Brussels Agreement. Both the United States and United Kingdom representatives were opposed to this. It was felt that the Brussels Pact, though it should be extended, should not be replaced by the Atlantic Pact because it represented an important step toward European unity, economic and otherwise; that there was room within it for closer cooperation in economic and social fields than was probably desirable in a pact which would also include overseas countries.

The recommendations are considered below, paragraph by paragraph.

Recommendation 1

Diplomatic approaches to be made by the Government of the United States to the signatories of the Brussels Pact in order to secure their approval to its extension in the manner outlined below and to inform them of plans for the conclusion of a Security Pact for the North Atlantic Area, details of which are given below.

There was some discussion whether the United Kingdom should not join the United States in recommending the extension of the Brussels Pact to its signatories. However, it was decided not to do this, so that, when such a recommendation was made, the French and the Benelux countries would feel that they were on exactly the same basis as the United Kingdom.

The United Kingdom itself has some doubts as to the advisability of extending the Brussels Pact at all at this time. They also feel that these doubts may be shared by the French and the Benelux countries. However, the United States guarantee, which is to be given to the Brussels Pact countries pending the setting up of the North Atlantic system, will be of such vital importance that the Brussels countries will, I think, agree to its extension if the United States presses for it.

Recommendation 2

Immediate inquiries then to be made of Norway, Sweden, Denmark and Iceland through diplomatic channels by the United Kingdom and France, with the consent of Benelux, as to whether they would be prepared to accede to the Brussels Treaty provided the President of the United States made a declaration along the lines of that recommended in paragraph 4 below.

This recommendation is made on the assumption that recommendation 1 above will be agreed to. If it is not, then a new procedure will have to be worked out, based on a North Atlantic Pact without any immediate extension of the Brussels Pact. The consensus of view was that the Scandinavian States might require a good deal of persuasion before joining the Brussels system at this time, but that, here again, the value of the United States guarantee, if conditional on such joining, would be so great as to remove their hesitations, except possibly in the case of Sweden, which might well, in any event, prefer to stand aloof.

Recommendation 3

A simultaneous approach to be made to Signor De Gasperi in order to discover whether his Government would welcome, in the light of paragraphs 1 and 2 above, an immediate invitation to join the Brussels system.

The United States attach great importance to the inclusion of Italy, both in the Brussels system and in the North Atlantic Pact. The United Kingdom, however, are doubtful whether this is wise, and have indicated that they would like to give further consideration to this recommendation. In any event, there is some evidence that the Italian Government would prefer not to be invited to join the Brussels Pact, at least until after the Italian elections. If this is the case, then Recommendation 3 will be dropped and Italy would probably be given a general Anglo-American promise of support, similar to that which is referred to in Recommendation 5 below.

Recommendation 4

The President of the United States should then make a declaration of American intention, in the light of the obligations assumed by the signatories of the Brussels Pact and pending the conclusion of the Security Pact referred to in paragraph 6 below, to consider an armed attack against a signatory of the Brussels Pact as an armed attack against the United States to be dealt with by the United States in accordance with Article 51 of the United Nations Charter. This declaration of support might include an expression of willingness to consider whether any specific case of indirect aggression should be deemed to be an armed attack. The President's declaration would state that similar support would be extended to any of the free democracies of Western Europe whose accession to the Brussels Pact was also approved by the United States. It should not exclude the possibility of the United States similarly supporting any other Western European democracy which was the victim of an armed attack and defended itself resolutely.

This is a very important recommendation, on which the others will stand or fall. It certainly represents a far reaching declaration of policy by the United States Administration and, even though such a declaration does not bind Congress, its political effect would be very great, especially as it has to be read in the light of the statement that invitations are to be given to the North Atlantic countries to attend a conference to work out a general security pact which would, of course, be referred to the Senate for ratification.

The President's statement gives an assurance of support against aggression to all the present signatories of the Brussels Pact and any future signatories, providing the United States approves of extending the guarantee in any particular case. This support might even cover defence against indirect aggression. It was felt that a Presidential statement, while meant to encourage accession to the Brussels Pact, should be careful not to give the impression that any country which did *not* accede could be attacked with impunity. Hence the last sentence of this recommendation, which envisaged the possibility of United States support to *any* Western European democracy which was attacked and which defended itself, whether it belonged to the Brussels system or not.

Recommendation 5

Simultaneously with this declaration an Anglo-American declaration to be made to the effect that the two countries are not prepared to countenance any attack on the political independence or territorial integrity of Greece, Turkey or Iran, and that in the event of such an attack and pending the possible negotiation of some general Middle Eastern security system, they would feel bound, in accordance with Article 51 of the Charter of the United Nations, to afford the States named all the assistance in their power.

This confirms the existing guarantee of support to Greece, Turkey or Iran. The United Kingdom, however, have expressed some doubt as to whether they will be able to state this guarantee in such specific terms, and they wish to give further consideration to this recommendation. The recommendation also suggests the negotiation of a possible Middle Eastern security pact along the lines of the North Atlantic security pact. It was recognized, however, that this would be a complicated and difficult arrangement, and that too much encouragement should not be given to it at this time. It would bring up the whole question of the Arab States and Palestine.

Recommendation 6

Invitations to be issued by the United States to the United Kingdom, France, Canada, Norway, Sweden, Denmark, Iceland, The Netherlands, Belgium, Luxembourg, Eire, Switzerland, Italy and Portugal to take part in a conference with a view to the conclusion of a Security Pact for the North Atlantic Area based on Article 51 of the United Nations Charter and containing the provisions set forth in (a), (b), (c), (d) and (e) below.

This covers the invitation to the North Atlantic Conference for the purpose of agreeing on a security pact, and gives an indication, in very general terms, of certain ideas that might be embodied in the pact in question.

As for the countries to be invited, the United Kingdom doubts the wisdom of including Switzerland, as this is merely asking for a rebuff. I also mentioned the disadvantage of the inclusion of Portugal from the ideological point of view, but it was felt that this disadvantage was more than neutralized by the strategic advantage of Portugal's membership in the Pact.

The question arose as to what should be done if the invitation were rejected by all but the United States, the United Kingdom and Canada. Both the Americans and the British felt that the three Governments concerned, however, should go ahead, even on this restricted basis. It would be more embarrassing if, say, Eire and Portugal were the only European countries to accept the invitation. This is very unlikely, however, because the Americans will make it quite clear that if there is no North Atlantic Pact, it will be difficult for the U.S.A. to maintain, indefinitely, a guarantee of the Brussels Pact.

There was a good deal of discussion as to what the proposed pact should be called. I suggested, for instance "Security Pact of the Free Western Nations". The difficulty about such a general title as this is that it might seem to include the Latin American states, and even countries such as New Zealand and Australia. It was felt

also that the regional idea should be emphasized, and, therefore, that the words "North Atlantic" should be used. However, to make possible the inclusion of Italy and Switzerland, the word "Area" was added after "North Atlantic", as it was thought that this would widen the geographical concept.

6 (a) A Preamble combining some of the features of the preamble to the Treaty of Brussels and making it clear that the main object of the instrument would be to preserve western civilization in the geographical area covered by the Pact. The Preamble should also refer to the desirability of the conclusion of further security pacts under Article 51 to the end that all free nations should eventually be covered by such pacts.

This caused considerable discussion. It was felt that the Brussels Preamble, with certain consequential changes because of the wider character of the pact, was a useful model.

It was also felt that the Preamble should make it clear that the North Atlantic Pact was only one regional security arrangement, which might be followed by others. Indeed, there was one other already in existence, the Rio Pact. The Americans were anxious not to give the impression that this particular North Atlantic Pact was to be the nucleus for a general security arrangement, but rather that there would be a number of such pacts, which would interlock and which might eventually coalesce into a general security pact, which would be open to all free nations. Such a development would, of course, only be necessary or desirable if the United Nations continued to be inadequate as a guarantor of national security.

6 (b) A provision that an armed attack by any state against any party to the Pact is an attack against all the parties; that in accordance with Article 51 of the Charter each party undertakes to give immediately to any other party which is attacked by any State, all the military, economic, and other aid and assistance in its power.

This is a vitally important provision. It is a combination, recommended by us, of the Rio and Brussels mutual assistance paragraphs. In discussion of this provision at our last meeting in Washington, Mr. Douglas raised the following points:

(1) Should there not be a precise definition of a guaranteed geographical area and of what constitutes armed attack, as in the Rio Pact? The argument against this is that, when you begin to define, you play into the hands of the aggressor by telling him what to avoid. On the other hand, a vague and general statement of this kind might, according to Douglas, worry Congress because of the all-embracing nature of the obligation. In reply to this, it was pointed out that each signatory of the Pact would itself determine whether an armed attack had taken place.

(2) Douglas also brought up the question of whether this guarantee meant that military forces of all the signatories would have to be moved at once to the actual point of attack. It was, however, made quite clear to him that no such intention was meant, and that each state would judge how it would implement its obligation for the provision of military, economic and other aid. If, for instance, there were an attack on Belgium, Canada's assistance to Belgium might conceivably take the form of moving troops to Fort Churchill in the first instance, and, in the long run,

might take the form of concentrating on industrial production. The whole matter remained open.

(3) Douglas also brought up the very important point whether a forthright military guarantee of this kind might not be considered by the U.S.S.R. as so provocative as to bring about, immediately, the aggression they were seeking to prevent. It was felt, however, and he agreed eventually with this view, that the deterrent effect of this provision was greater than its provocative possibilities; that, in fact, a strong collective guarantee of this kind was our best hope for the prevention of war. If, in spite of or because of such a guarantee, the U.S.S.R. commenced an aggression, this might even, in the long run, be an advantage. It would at least ensure that the aggressor was fighting against the United democracies and was not able to attack them separately, one by one.

6 (c) Arrangements for consultation between all the parties in the event of any party considering that its political independence or territorial integrity is threatened.

Whereas 6 (b) deals with an armed attack where action on the part of the signatories is obligatory, 6 (c) deals with consultation in case of a threat of attack, armed or otherwise. It was felt that the provision for consultation should cover not merely the threat of armed attack but also that of indirect aggression. There was considerable discussion, in fact, whether there should not be a more specific provision in the Pact covering indirect aggression as the method of attack which would be most likely used in the future by an aggressor.

The United States were willing to go quite far in the inclusion of a provision which would have attempted to define indirect aggression and specify measures for its prevention. For that purpose, they submitted a definition which, as it happened, had been put forward by Molotov himself in the course of the Anglo-Soviet Mutual Assistance Discussions of 1939. The British, however, felt that indirect aggression could not and should not be defined, as this might suggest that the — signatory powers were attempting to interfere in the internal affairs of other states. As such it would be attacked by the communists and some non-communists as the beginning of a new Holy Alliance. Jebb pointed out that the subject had come up at the Brussels discussions and that the French had been adamant there in rejecting any guarantee against indirect aggression or any attempt to define it. As a result, it was decided to refer to it in the somewhat general terms of 6 (c).

6 (d) Authority to establish such agencies as may be necessary for effective implementation of the treaty including the working out of plans for prompt and effective action under (b) above.

This provides for the establishment of a Consultative Agency. We suggested that such an agency might be called the Board for Collective Defence, which would have as one of its sub-divisions a Military Cooperation Committee. It was felt that this matter might be given further detailed consideration, but that all that needed to be done at this stage was to agree on the principle.

6 (e) Duration of ten years, with automatic renewal for five year periods unless denounced.

This also caused some discussion. It was felt that the fifty year period of the Brussels Pact was too long and that a shorter period would be better to emphasize the emergency character of the arrangements. Ten years was agreed on.

In the discussions as to what else might be included in the Security Pact, I stated more than once that the document should not be exclusively military in character and that there were economic and even spiritual defences against communist attack which should not be overlooked. I felt that the Brussels arrangements had taken these important factors into consideration and it was even more important that the North Atlantic Pact should do so. Otherwise, it would be considered as merely another old fashioned military alliance. The ideas that I had in mind were embodied in the following paragraphs (one to be included in the preamble and one in the body of the Pact):

Preamble

To co-operate in creating a firm economic and social basis for defence against aggression, both direct and indirect.

A Provision in the Pact to the effect that the signatories will make every effort, individually and cooperatively, to promote the economic well being of their peoples, and to achieve social justice, thereby creating an overwhelming superiority of moral, material, and military force on the side of peace and progress.

There was general agreement with the above paragraphs and it was felt that when further consideration was given next week to the detailed provisions of the Pact they, or something like them, might be included.

It was emphasized that the provisions which had been recommended were in broad outline only and the details remained to be filled in. It was also emphasized that additional provisions would no doubt occur to the Governments concerned and that when the official discussions were resumed next Tuesday, such additional proposals might be brought forward.

323.

H.H.W./Vol. 4

*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-823

Ottawa, March 29, 1948

TOP SECRET. IMMEDIATE.

Following from Pearson for Ambassador only, Begins: I had a long talk with the Prime Minister on my return about our discussions and left with him a copy of the recommendations, also a supplementary memorandum, copy of which I am sending to you. Mr. King expressed himself as greatly pleased with the course that the discussions had taken and the resulting recommendations. He thought that from our point of view they could not be better. He is, however, anxious to include in them a

sentence on economic cooperation in the preamble and an article on the same subject in the Pact itself along the lines of the draft which we submitted at the last meeting and which I showed to him.

I do not propose myself to return to Washington for any talks this week unless you think that it is desirable. Foulkes, however, will be going down for a couple of days. I assume that when the discussions are resumed to-morrow or Wednesday, both the U.K. and U.S. will be in a position to give general governmental approval or otherwise of the draft recommendations. If they are approved, then I suppose the work of drafting a more complete text will begin. On this, of course, we may have something to say, especially in the clause which would deal with the implementing agency. Ends.³⁰

324.

DEA/283 (S)

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

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

TELEGRAM WA-904

Washington, March 31, 1948

TOP SECRET. IMPORTANT.

Following for Pearson *only* from Wrong, Begins: Reference your EX-823 of March 29th and previous messages concerning the discussions in Washington on a Security Pact for the north Atlantic area.

At a meeting today³¹ the United States produced a somewhat revised version of last week's draft. The changes resulted mainly from indirect Congressional soundings. Douglas, who has left for London, likes the revised draft, as does Lovett. Gruenther reported that Forrestal was enthusiastic when he was shown it this morning:

2. General Foulkes is taking a copy of the new draft to Ottawa today, which he will pass on to you. The chief changes are (1) the expansion of the former paragraph 6(b) in the new paragraphs 5(b), (c) and (d), and (2) the omission of former paragraph 3, and the addition of Italy in the new paragraph 3.

3. The alterations make the draft conform more closely to the Rio model. The Political considerations which influenced this development are, of course, (A) the Congress is familiar with, and approves of, the Rio arrangement, (B) the United States would not appear to be so tightly committed.

³⁰ Note marginale /Marginal note:

Note I spoke to J.D. H[ickerson] about next meeting. He hopes for March 30 — would prefer 31^a from his own p[oint] of view but realizes need for haste. He could give me no definite word until tomorrow — 30^a. I informed L.B. P[earson] by telephone 5 p.m. L.B. P[earson] would like us to telephone him as soon as we have news. T.A. S[tone]

³¹ Pour le procès-verbal des États-Unis, voir :

For the minutes prepared by the United States, see:
FRUS, 1948, III, pp. 70-1.

4. Hickerson appears to consider that self-help aspects should be emphasized as a return for United States backing, as they are in the E.R.P. For this reason he believes that the United States should exert some, although not heavy, pressure to encourage the Scandinavian countries to join the Brussels group. The United States, he said, should not sell any European nation down the river, but elementary logic and justice entitled those who were willing to help themselves to the first claim on United States assistance.

5. The British did not altogether agree. Mr. Bevin, according to Jebb, thought that pressure on the Scandinavians to join the Brussels Pact might produce the opposite result. They seemed to think that Norway, Sweden and Denmark might be more willing to join the wider Atlantic group than the Brussels Pact. In this case, to protect the Scandinavians while the wider arrangements were being concluded, the British suggested that the Scandinavian countries might be included in the President's declaration. In any event, the British wished to find a way of avoiding the risk of inviting Soviet aggression in Scandinavia, which might arise if proposals were made which those countries would not accept and they were thereby excluded, in appearance at least, from Western security agreements.

6. In the new draft the Italian situation is treated somewhat differently. The idea that Italy might be invited at once to adhere to the Brussels Pact is dropped, partly because not enough time is left before the elections. Instead in the proposed President's declaration "an armed attack against a signatory of the Brussels Pact, or against Italy," would be considered as an armed attack against the United States.

7. A major point discussed at some length was the area in which the provisions of the Pact apply. Jebb pointed out that the smaller participating countries would probably object if the Pact were to become operative in the event of attacks delivered, for example, in the Near and Far East. I mentioned that the Rio Treaty applied only in a defined area, which excluded the Hawaiian Islands, and added that the greater the area covered the looser would be the provisions of the Pact. I took the line that Alaska, Greenland and Newfoundland must be included, but that there must be some territorial limitation. I suggested that similar Pacts under Article 51 might cover the Far East and Middle East, and that the connection between these pacts would be provided by overlapping participation of the larger Powers; this would not close the door to the eventual development of a world-wide arrangement. There seemed to be general agreement to this point of view, and the question will be considered again tomorrow.

8. A rough draft of a North Atlantic Pact has been prepared in the State Department. This was not circulated, but Hickerson read a part of it incorporating your suggestions on economic co-operation. The language of your proposal was included almost verbatim in the preamble, and the following article appears in the pact itself: "The high contracting parties will make every effort, individually and collectively, to promote the economic well-being of their peoples and to achieve social justice, in order to create overwhelming moral and material superiority, as well as military security, in the cause of peace and progress."

9. Among less important points discussed, it was agreed that the reference in paragraph 5(d) of the latest draft to Article 54 of the Charter was dangerous and

that the language of Article 51 should be used instead as in the Brussels Pact. In my view, it is desirable that the new pact should be kept distinct from regional arrangements under chapter 8 of the Charter, which are designed to deal with matters arising *inside* a region. Furthermore, Article 54 would impose a strict obligation to keep the Security Council informed of "activities in contemplation" under regional arrangements and might well be regarded as covering staff talks.

10. It was decided to omit Switzerland from the list of countries to be invited to the conference envisaged in paragraph 5, in favour of a diplomatic approach to the Swiss to say that their participation in the pact would be welcome if they so desired.

11. Mr. Bevin, for some reason, prefers to call the Pact a Defence Pact instead of a Security Pact. This does not seem to matter.

12. Foulkes can inform you of the opinions expressed about the probable reception of the proposals by the United States Chiefs of Staff. There was some discussion of the competition which may well develop between the economic needs of Western Europe under E.R.P. and the military needs both of the United States itself and of the other parties for military equipment and supplies which are already in much too short supply to go round. The conclusion is that, if the proposals are acted upon, there will be a series of very important decisions to be taken on priorities and allocations, which must be settled on high political grounds and not on purely military grounds.

13. It was mentioned at the meeting that both the French and the Dutch Foreign Offices have some inkling that these talks are going on, but they apparently do not know that Canada is included in them and believe that they are confined to the United States and United Kingdom. This emphasizes the need for speed. Hickerson told me that he hopes that we might get more into the open in a fortnight. Another meeting, perhaps the final one of this group, will be held tomorrow afternoon, when the draft will be revised in the light of today's discussion. The United States Chiefs of Staff are considering the paper today, and we expect to receive their initial observations on it.

14. Hickerson asked me again whether Canada would wish to be associated in the initial discussions with the signatories of the Brussels Pact. I said that, in my judgment, that was a matter between the United States Government and the signatories. I added that we would like to take part in the drafting of the proposals for the North Atlantic Pact. Ends.

325.

DEA/283 (S)

*Note des participants, discussions Canado-Royaume-Uni-États-Unis
concernant la sécurité³²*

*Memorandum by Participants in United States/United Kingdom/Canada
Security Talks³²*

TOP SECRET

[Ottawa], March 31, 1948

The purpose of this paper is to recommend a course of action adequate to give effect to the declaration of March 17 by the President of the United States of support for the free nations of Europe.³³ So far as the United States Government is concerned, the recommendations made will require close consultation with political leaders of both parties in order that whatever policy is formulated may be a truly bipartisan American policy.

Recommendations

1. Diplomatic approaches to be made by the Government of the United States to the signatories of the Brussels Pact in order to secure their approval to its extension in the manner outlined below and to inform them of plans for the conclusion of a Security Pact for the North Atlantic Area, details of which are given below.
2. Immediate inquiries then to be made of Norway, Sweden, Denmark and Iceland through diplomatic channels by the United Kingdom and France, with the consent of Benelux, as to whether they would be prepared to accede to the Brussels Treaty provided the President of the United States made a declaration along the lines of that recommended in paragraph 3 below.
3. The President of the United States should make a declaration of American intention, in the light of the obligations assumed by the signatories of the Brussels Pact and pending the conclusion of the Security Pact referred to in paragraph 5 below, to consider an armed attack against a signatory of the Brussels Pact or against Italy as an armed attack against the United States to be dealt with by the United States in accordance with Article 51 of the United Nations Charter. This declaration of support might include an expression of willingness to consider whether any specific case of indirect aggression should be deemed to be an armed attack. The President's declaration would state that similar support would be extended to other free democracies of Western Europe whose accession to the Brussels Pact was also approved by the United States. It should not exclude the possibility of the United States similarly supporting any other Western European democracy which was the victim of an armed attack and defended itself resolutely.

³² Note marginale :/Marginal note:
General Foulkes' copy

³³ La présente est une copie d'une ébauche que *FRUS* a été incapable de trouver dans les dossiers du Département d'État. Voir :
This is a copy of the draft which the editors of *FRUS* were unable to locate in the files of the State Department. See:
FRUS, 1948, III, p. 70, n.1.

4. Simultaneously with this declaration an Anglo-American declaration to be made to the effect that the two countries are not prepared to countenance any attack on the political independence or territorial integrity of Greece, Turkey, or Iran, and that in the event of such an attack and pending the possible negotiation of some general Middle Eastern security system, they would feel bound, in accordance with Article 51 of the Charter of the United Nations, to afford the States named all the assistance in their power.

5. Invitations to be issued by the United States to the United Kingdom, France, Canada, Norway, Sweden, Denmark, Iceland, The Netherlands, Belgium, Luxembourg, Eire, Italy and Portugal to take part in a conference with a view to the conclusion of a Security Pact for the North Atlantic Area designed to give maximum effect, as between the parties, to the provisions of the United Nations Charter, and containing the following main provisions:

(a) A Preamble combining some of the features of the preamble to the Treaty of Brussels and making it clear that the main object of the instrument would be to preserve western civilization in the geographical area covered by the Pact. The Preamble should also refer to the desirability of the conclusion of further security pacts under the Charter of the United Nations to the end that all free nations should eventually be covered by such pacts.

(b) A provision that armed attack by any State against any party to the Pact shall be considered as an attack against all the parties and that each party accordingly undertakes to assist in meeting the attack in the exercise of the inherent right of individual or collective self defense recognized by Article 51 of the Charter.

(c) A provision to the effect that each Contracting Party shall determine for itself whether there has occurred an armed attack within the meaning of the agreement, and a provision following the lines of Article III, paragraph 2 of the Rio Treaty to the effect that, in the request of the State or States directly attacked, and until coordinated measures have been agreed upon, each one of the Contracting Parties shall determine the immediate measures which it may individually take in fulfilment of the obligation contained in the preceding paragraph and in accordance with the principle of mutual solidarity.

(d) Provision to the effect that action taken or definitely agreed upon under the Treaty shall, as provided in Article 54 of the Charter, be promptly reported to the Security Council and cease when the Security Council shall have taken the necessary steps to maintain or restore peace and security.³⁴

(e) Arrangements for consultation between all the parties in the event of any party considering that its territorial integrity or political independence is threatened by armed attack or indirect aggression.

(f) Authority to establish such agencies as may be necessary for effective implementation of the treaty including the working out of plans for prompt and effective action under (b) and (c) above.

³⁴ Note marginale :Marginal note:
Re-written

(g) Duration of ten years, with automatic renewal for five year periods unless denounced.

6. When circumstances permit, Germany (or the three Western Zones), Austria (or the three Western Zones) and Spain should be invited to adhere to the Brussels Treaty and to the Security Pact for the North Atlantic Area. This objective, which should not be publicly disclosed, could be provided for by a suitable accession clause in the Security Pact.

7. Political and military conversations to be initiated forthwith with the parties to the Brussels Treaty and in due course with the parties to the Security Pact with a view to coordinating their military and other efforts and strengthening their collective security.

326.

DEA/283 (S)

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

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

TOP SECRET

[Ottawa], April 1, 1948

NORTH ATLANTIC SECURITY PACT

I am enclosing herewith a telegram from Mr. Wrong regarding yesterday's meeting on the above subject, which he attended, along with General Foulkes. I am also attaching a telegram which I sent him this morning. This telegram suggests the inadvisability of one of the changes proposed yesterday by the United States members to the original draft. There were certain other changes, also proposed by the Americans, but I do not need to go into them in this memorandum, as I will be sending you a revised memorandum with those changes. I think it particularly unfortunate, however, that the Americans should have suggested a provision in the pact to the effect "that each contracting party shall determine for itself whether there has occurred an armed attack within the meaning of the Agreement." The telegram which I sent to Mr. Wrong will explain my point of view on the matter, with which I hope you will agree. I discussed the matter with Mr. Wrong on the telephone, and he feels as I do about this particular change. He said that the British have the same doubts and will produce, at the meeting this afternoon, a redraft of this paragraph. My own preference would be to omit these lines entirely, but if that is impossible, to modify them along the lines of my telegram. Mr. Wrong seems to think that this can be done and that the Americans will accept it.

You will note that Hickerson asked Wrong whether Canada would wish to be associated in the initial discussions with the signatories of the Brussels Pact, with a view to the widening of that Agreement. Wrong stated his view that we would not

wish to be so included, and I think that he is right. I would, however, be glad to have your opinion on this matter.³⁵

L.B. P[EARSON]

[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-850

Ottawa, April 1, 1948

TOP SECRET. MOST IMMEDIATE.

Following for the Ambassador only from Pearson, Begins: I have read the text of the new draft of the security agreement which Foulkes gave me yesterday afternoon. Some of the changes are, I think, improvements, and others do not matter much one way or the other, but I think the new 6(c) is definitely a change for the worse. I realise, of course, that the type of guarantee to be given is largely a matter for the United States to decide itself, but my own view is that the spelling out that "Each contracting party shall determine for itself whether there has occurred an armed attack within the meaning of the Agreement" will have a very discouraging effect on those who might wish to sign the agreement and an equally encouraging effect on those who are expected to be deterred from aggression by it. It will be interpreted as reducing to almost nothing the obligatory character of the obligation. I realize that the determination of whether an armed attack has in fact taken place is the right of the individual signatories, but surely that can be left implicit rather than made explicit. If the United States feel, however, that, in its original form, the Article was too indefinite for Congress to take, then could it not be changed somewhat as follows: "A provision to the effect that on determination that an armed attack within the meaning of the Agreement has taken place and until coordinated measures have been agreed upon, each one of the contracting parties at the request of the state or states directly attacked shall determine, etc."

The fact that 6(b) has also been weakened in the new draft would seem to make all the more desirable that the first three lines of 6(c) should be omitted or altered as suggested above. Ends.

³⁵ Notre copie porte le paraphe :/This copy is initialled:
St. L[aurant]

327.

DEA/283 (S)

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

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

TOP SECRET

[Ottawa], April 1, 1948

NORTH ATLANTIC SECURITY PACT

The following are the changes suggested at yesterday's meetings by the Americans to the Recommendations, which were sent to you with my memorandum of March 27th:

1. Paragraph 3 regarding Italy joining the Brussels Pact is omitted.
2. Paragraph 4 — This omission is counterbalanced somewhat by the addition of the words "or against Italy" after the words "signatory to the Brussels Pact".
3. In Paragraph 6, Switzerland is omitted as one of the countries that might be invited to the North Atlantic Conference. The original invitation would have referred to a "Conference for the conclusion of a Security Pact for the North Atlantic Area, based on Article 51 of the United Nations Charter." The new draft reads: "A Conference with a view to the conclusion of a Security Pact for the North Atlantic Area, designed to give the maximum effect as between the parties to the provisions of the United Nations Charter."
4. Paragraph 6(b) specified in the original draft that the undertaking was "to give immediately to any other party which is attacked, by any state, all the military economic and other aid and assistance in its power." The new United States draft weakens this undertaking somewhat by re-wording it as follows: "Each party accordingly undertakes to assist in meeting the attack in the exercise of the inherent right of individual or collective self-defence recognized by Article 51 of the Charter."
5. The United States, after the old 6(b), has introduced a new paragraph, with which I have dealt in a separate Memorandum: "A provision to the effect that each Contracting Party shall determine for itself whether there has occurred an armed attack within the meaning of the agreement, and a provision following the lines of Article III, paragraph 2 of the Rio Treaty to the effect that, in the request of the State or States directly attacked, and until coordinated measures have been agreed upon, each one of the Contracting Parties shall determine the immediate measures which it may individually take in fulfilment of the obligation contained in the preceding paragraph and in accordance with the principle of mutual solidarity."
6. Another new paragraph is introduced to emphasize the role of the Security Council as follows: "6(d) Provision to the effect that action taken or definitely agreed upon under the Treaty shall, as provided in Article 54 of the Charter, be promptly reported to the Security Council and cease when the Security Council shall have taken the necessary steps to maintain or restore peace and security." This seems to me to be a useful change.

7. In the original 6(c), after the words "is threatened", are added "by armed attack or indirect aggression". This, I think, is also a useful change.

L.B. P[EARSON]

328.

H.H.W./Vol. 4

*L'ambassadeur aux États-Unis
au Directeur du Bureau des Affaires européennes du Département d'État des
États-Unis*

*Ambassador in United States
to Director, Office of European Affairs, Department of State of United States*

TOP SECRET AND PERSONAL

Washington, April 1, 1948

Dear Jack [Hickerson]:

Since our meeting yesterday afternoon I have been pondering especially one provision in the latest draft — the first three lines of paragraph 5(c). I have also been able to secure Mike Pearson's views, since Foulkes went back by air to Ottawa yesterday afternoon, and gave Mike a copy of the draft. His views and mine coincide. We both think that this part of paragraph 5(c) as now drafted would have a very discouraging effect on those who might wish to sign the agreement, and an equally discouraging effect on those who are expected to be deterred from aggression by it. We fear that it will be interpreted as very seriously qualifying the obligatory character of the agreement. We all agree that determination of the question whether an armed attack has in fact taken place is a prerogative inherent in the sovereignty of each of the signatories. Surely, however, we should be able to find some way of saying this without making it look like an open escape hatch.

Jebb is, I know, trying his hand at a new draft of paragraph 5(b). I enclose three alternative suggestions, arranged in order of preference, for altering paragraph 5(c). Any one of these would meet my chief cause of anxiety.

There are many variants which could be developed to the third suggestion. What I have in mind is that the document should be so phrased as not to allow anyone to think that the obligation of the agreement could be escaped in the event of open aggression of the type of Hitler's attack on Poland in 1939, and to limit in words the qualification to doubtful cases, of which an extreme example might be the occupation of Spitzbergen without any fighting by a party of Soviet "scientists".

I am sending a copy of this letter to Jebb.

Yours sincerely,
H.H. WRONG

[PIÈCE JOINTE/ENCLOSURE]

Note de l'ambassadeur aux États-Unis
Memorandum by Ambassador in United States

TOP SECRET

Washington, April 1, 1948

Suggestion 1:

Omit first three lines of Paragraph 5(c).

Suggestion 2:

If Paragraph 5(b) of the latest draft remains unchanged, Paragraph 5(c) might be altered on the following lines:

"A provision to the effect that on determination that an armed attack within the meaning of the Agreement has taken place, and until co-ordinated measures have been agreed upon, each one of the Contracting Parties, at the request of the State or States directly attacked, etc."

Suggestion 3:

Again on the assumption that Paragraph 5(b) remains unchanged, Paragraph 5(c) might be broken up on the following lines:

"A provision to the effect that should a Contracting Party request assistance on ground that it has been the object of an armed attack, and should there be doubt whether an armed attack has occurred within the meaning of the Agreement, each Contracting Party shall determine for itself whether such an armed attack has taken place."

The latter part of paragraph 5(c) beginning "Until co-ordinated measures have been agreed upon" would then constitute a separate sub-paragraph, with some minor changes.

329.

DEA/283 (S)

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

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

TELEGRAM WA-925

Washington, April 1, 1948

TOP SECRET. MOST IMMEDIATE.

Following for Pearson *only* from Wrong, Begins: Reference our telephone conversation. In the version considered this afternoon,³⁶ paragraph 5(b) of the draft given you by Foulkes yesterday has been changed to read as follows:

"Provision that each party shall regard any action in the area covered by the Agreement, which it considers an armed attack against any other party, as an armed attack against itself and that each party accordingly undertakes to assist in meeting the attack in the exercise of the inherent right of individual or collective self defense recognized by Article 51 of the Charter."

In addition, the first three lines of paragraph 5(c) have been deleted.

2. This is a distinct improvement, but if you can think of something still better which will meet the United States situation, I might possibly persuade Hickerson to adopt it tomorrow morning.

3. I shall send tomorrow a full report on the final meeting of the group this afternoon. Ends.

330.

H.H.W./Vol. 4

*Note du troisième secrétaire de l'ambassade aux États-Unis
à l'ambassadeur aux États-Unis*

*Memorandum by Third Secretary, Embassy in United States,
to Ambassador in United States*

TOP SECRET

Washington, April 2, 1948

In looking over my rather copious notes about yesterday's discussion it strikes me that one deliberate statement and several half inadvertent remarks struck the keynote. I am sure that you noticed them, and the purpose of this note is only to write down these rather interesting sidelights.

It seemed that Donald Maclean carried the discussion for Jebb because the latter wanted to put across a major point in winding up the discussions. In extricating himself from the rather detailed and technical points which had arisen, Jebb appeared to want to leave the paramount impression with Hickerson that the United

³⁶ Pour le procès-verbal des États-Unis, voir :
For the minutes prepared by the United States, see:
FRUS, 1948, III, pp. 71-2.

States must, preferably by agreement but essentially in any other way, underwrite the security of Western Europe to avert war.

In this he may have been attempting to avert the obvious, but unsaid uncommittal attitude on Hickerson's part which was revealed in his half joking remark in reply to your sally that the United States would be prepared to give armed support in the event of aggression only to Canada, the United Kingdom and France.

Another indication supporting this interpretation was the version of paragraph (b) agreed upon by both the United States and the United Kingdom last night when they added a proviso that all parties should assist in meeting attack with all the means in their power. When Jebb brought up that phrase yesterday it was quickly disowned by the United States as having been tossed out some time ago.

The remaining point which seems significant was General Gruenther's statement about the present "frame of mind of the United States Chiefs of Staff".

A record of the discussion is being typed now.

H.H. W[RIGHT]

331.

H.H.W./Vol. 4

*Note du troisième secrétaire de l'ambassade aux États-Unis
à l'ambassadeur aux États-Unis*

*Memorandum by Third Secretary, Embassy in United States,
to Ambassador in United States*

TOP SECRET

Washington, April 2, 1948

Reference yesterday's discussion.

Achilles opened the meeting by saying that the first paragraph was redrafted to make the whole paper a purely U.S. draft. It was then agreed, on your suggestion, that it should be named an "agreement" rather than a "pact" or a "treaty", and that the word "collective" should be added to its title.

Paragraph 2 spelled out that the approach to the Scandinavian countries and Iceland should be made by the U.S. as well as the United Kingdom and France, and also indicated that the countries approached should know about the wider arrangements initially. Respecting the same paragraph Hickerson mentioned that the U.K. and France should support any intent on the part of the United States to meet an armed attack in the immediate future. In this connection, Hickerson reiterated his thought yesterday that countries which helped themselves should have a priority on U.S. assistance. He suggested that a time limit should be put on the period during which the Scandinavian countries may decide to accede to the Atlantic Pact. Jebb indicated at this point that the main objective was to bring the Scandinavian countries into a wide security arrangement. In the discussion about the details and phrasing of this paragraph, Hickerson said that no very useful purpose would be served by niceties of drafting agreed on at the meeting since the whole thing was preliminary and, of course, subject to change.

With reference to paragraph 4, Achilles said that the phrase "all assistance in their power" should not be added because it was more than could be reasonably required of the smaller powers.

Respecting paragraph 5(b), I think you remarked that the phrase "which it considers" left a rather undesirable loophole. It was agreed that the phrasing in (b) and (c) is apt since it allows concerted action by one or two powers without the necessity of a 2/3 vote or anything of that kind. You remarked that the drafting was important in these paragraphs because it may influence the version which will be acceptable to the congressional leaders.

Again with respect to paragraph (b), you enquired whether the phrase "an armed attack" would entail a declaration of a state of war by the other parties. It was agreed that this would be the case but for constitutional reasons, it was inadvisable to spell it out from the U.S. point of view. In paragraph (c), on your suggestion, it was decided that "will" should be substituted for the word "may" in the sixth line.

Hickerson brought up the point that the wording "assist in meeting the attack" in paragraph (b) would not oblige the United States to go to war, for instance, in the case of aggression on Norway.

The delineation of the area covered by the agreement spelled out in paragraph (e) was then discussed. Jebb was somewhat dubious about the wisdom of this paragraph since it excluded armed attack in such places as Greece. After some discussion it was decided that the paragraph should be changed in the following way to include:

(a) The area should cover the continental territory in Europe or in North America of any party.

(b) Territory in Europe occupied by the forces of any party.

(c) Phraseology designed to include the North Atlantic islands. A rather interesting point arose out of this discussion. It could not be decided how to protect sovereign islands in the North Atlantic area without including the Azores in this definition, which would relieve Portugal of the responsibility of adhering to the pact on its own initiative. The debateable point was whether it was desirable to name any country that was a party to the pact specifically.

In paragraph 7 the wording was changed to increase the chances for immediate security in the case of those who were willing to help themselves.

At the end of the discussion Hickerson said that the next move would be for Lovett to take preliminary soundings with Vandenberg and possibly Connally.³⁷ You emphasized that it would be necessary to adhere to a very tight schedule and it was thought that the discussions between the U.S., U.K. and Benelux might start sometime next week, but more probably the week after. At best the conference

³⁷ Le sénateur Tom Connally (Texas), éminent membre démocrate du Comité du Sénat sur les relations étrangères.

Senator Tom Connally (Texas), ranking Democratic member of Senate Foreign Relations Committee.

could be called early in May, but if the arrangements did not work out neatly it was considered likely that it would be held in June.

H.H. W[RIGHT]

332.

DEA/283 (S)

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

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

TELEGRAM WA-939

Washington, April 2, 1948

TOP SECRET. IMPORTANT.

Following for Pearson, only, from Wrong, Begins: Reference our telephone conversation this morning and my WA-929 of April 1st.†

I have put your suggestion about paragraph 5(b) to Hickerson, who likes it at first glance and undertakes to go into it carefully.

2. The Paper is now out of our hands, and has become ostensibly a purely United States proposal for clearance with the top people in the Administration and a few Congressional leaders. I shall, therefore, not send by teletype the full text of the last revision, but shall forward it by bag tomorrow with a commentary dealing mainly with the discussions at this week's meetings. Your summary of last week's discussions covers the ground so well that I have nothing to add.

3. As to the timetable, Hickerson hopes that the Paper will be cleared with Lovett, Forrestal and the President by the beginning of the week. The first two are already familiar with its contents. If all agree, direct political soundings would be taken early next week with Vandenberg and one or two others in Congress. The Paper might then also go through the National Security Council, which already has before it a Paper similar to or identical with the draft tabled by the United States representatives on March 24th, the text of which was repeated to you in our WA-876 of March 29th.† Alternatively, it might be cleared with the Secretaries of the three Service Departments and the Chiefs of Staff without formal consideration by the National Security Council.

4. If all goes well, the discussions with the parties to the Brussels Treaty envisaged in paragraph 1 of the Paper might take place at the earliest late next week, but more probably around April 12th. They hope that Bonnet would be instructed to represent the French and Van Kleffens the Benelux partners. Spaak will be in Washington next week and he might then be consulted. This approach, if successful, could be followed at once by diplomatic approaches to the Scandinavian countries and Italy, probably giving them a week or two to make up their minds.

5. At best the President's statement could not be made until late in April, and the Conference for the conclusion of the North Atlantic Agreement could not meet at earliest before early May. Late May is a more likely date. If the Congressional leaders favour putting the pact to Congress before adjournment in mid June, every

effort will have to be made to speed up the timetable. They may think it better for the pact to be negotiated but to postpone Senate consideration until after the elections, in which case the timetable would be slowed down.

6. Hickerson emphasizes that the Paper is "a pick and shovel draft" and that it is certain to be changed in a good many respects during the processes of clearance here as well as later on. He thinks it possible that the idea of concluding the pact in the near future may encounter such strong opposition that they will have to concentrate on the President's declaration and leave the pact over for the time being. He says that the President's declaration would require just as elaborate a process of clearance domestically as the pact itself. He thinks that at some early stage they may want to clear the proposals with the leading Republican candidates.

7. Every effort will be made to preserve complete secrecy, at any rate until after the talks with the parties to the Brussels pact. Some public announcement may be made at that time, as otherwise there would be sure to be leaks. Ends.

333.

DEA/283 (S)

*L'ambassadeur aux États-Unis
au sous-secrétaire d'État aux Affaires extérieures
Ambassador in United States
to Under-Secretary of State for External Affairs*

TOP SECRET

Washington, April 2, 1948

Dear Mr. Pearson:

I am enclosing several copies of the paper looking toward the conclusion of a North Atlantic Pact in the form in which it was left at the end of the final discussion yesterday. The purpose of this letter is to comment on the changes in the text from that taken back to Ottawa on March 31st by General Foulkes. At the close of the meeting Mr. Hickerson said that we could doubtless hold several more meetings and make further drafting changes which would improve the paper. Since, however, the object of the paper was to outline a possible course of action and since it was likely to be modified, during the process of clearing here and because the several steps would not probably have exactly the planned results, we ought, in his view, to discontinue our informal talks, especially because of the tightness of the timetable and the need for quick results.

Almost every paragraph of the paper has been changed in some respect from the previous draft. I shall only indicate in this letter the changes of substance and the reasons for which they were made.

In the first recommendation, the proposed Pact is described as "a collective defence agreement for the North Atlantic area" instead of "a security pact for the North Atlantic area". Mr. Bevin for some reason prefers in this connection the word "defence" to the word "security". The substitution of "agreement" for "pact" was made, since it is a more general term. It was thought that probably in the end the agreement would be called a treaty.

In the second paragraph, the first significant change is to include Italy as well as the Scandinavian countries at the second stage of the discussions, provided that this stage is reached after the Italian elections. It is also provided that the approach is to be made by the United States as well as by France and the United Kingdom, and the countries concerned are to be told about the plan for a North Atlantic defence agreement as well as to be asked whether they would accede to the Brussels Treaty in the near future if the President made the proposed declaration.

The third paragraph has been rearranged to put in the forefront the project of a North Atlantic agreement. Because of the suggestion that Italy should be invited to accede to the Brussels Treaty at the same time as the Scandinavian countries, the President's declaration of support would be limited to the signatories of the Brussels Treaty (of course including any of these States which acceded to it) during the interim period before the North Atlantic agreement could come into effect. The last two sentences have been somewhat rephrased with the object of encouraging accession to the Brussels Treaty by the five named countries and other Western European democracies. We had some discussion about how long the Scandinavian countries and Italy should be given to make up their mind about the Brussels Treaty so that they would qualify for full U.S. support in the interim period. Jebb thought that the main purpose should be to bring them into the North Atlantic agreement rather than into the Brussels Agreement. Hickerson suggested that the United Kingdom as well as the United States should join in any assurance of support for eligible countries which did not elect to accede to the Brussels Treaty, and Jebb did not take issue with this view.

The only change in paragraph 4 is to bring in a reference at the end to support under Article 51 of the Charter instead of the more exact promise that the U.K. and U.S. would afford "all the assistance in their power" to Greece, Turkey, or Iran if they were attacked. This was done partly because a pledge of "all the assistance in their power" might be interpreted by the country attacked as involving the immediate despatch of forces to assist in its defence, whereas the implied promise would be to free the country attacked by defeating the attacker in whatever way high strategy might require.

I forgot to mention in connection with the first sentence of this paragraph that Switzerland has been omitted from the list of countries to be invited to the conference on the understanding that a secret approach would be made to the Swiss Government saying that their participation would be welcome if they desired to join. You will also notice in the same sentence that the President's invitations to the conference would also be preceded by secret enquiries in the case of the thirteen countries named in the paragraph.

The outline of the preamble to the proposed agreement is unchanged except verbally by the addition of a specific reference to Article 51 instead of a general reference to the Charter.

Paragraph 5(b) has already been the subject of an exchange of messages between us. I pointed out that the exact language of the paper was more important in paragraph 5 as a whole than in the earlier paragraphs, especially since if it was accepted by the congressional leaders they might not be prepared to agree to any

change of substance later on on the crucial points. I have already informed you that your suggestion that the phrase toward the beginning of the paragraph "which it considers" should be changed to "which is considered" has been passed to Hickerson this morning and that he thought well of it at first glance. When we were discussing this paragraph, I asked whether it was clear that each party would be bound to regard an admitted armed attack on another party as involving a declaration of war against the attacker. The Americans, of course, said that Congress alone had the right to declare war but that in fact they had no doubt that this would be the effect of the obligation.

Paragraph 5(c) contains a change of substance as the first three lines of the previous draft have been omitted because of the alteration in the language of 5(b). The use of the phrase "which it will individually take" in place of the phrase "which it may individually take" in this paragraph was made at my suggestion.

Paragraph 5(d) is only changed by the substitution of a reference to Article 51 in place of Article 54 of the Charter.

Paragraph 5(e) is new, resulting from a lengthy discussion at the meeting on Wednesday, and the first draft was considerably amended at yesterday's meeting. It was recognized all round that the language of this paragraph as it stands is not suitable for inclusion in a treaty. It was also recognized that if a war involving the Great Powers were to start anywhere in the world (e.g., by a Soviet attack on the U.S. forces in Korea), the North Atlantic agreement would be certain to come into operation, as attacks in the North Atlantic area would inevitably take place. It was thought, however, that most of the smaller countries would be hesitant about signing an agreement which would automatically involve them in war if there were trouble between the Great Powers in Asia and that therefore some territorial limitation had to be devised. In the present language there are several anomalies, of which an important one relates to the position of the North Atlantic islands. If Iceland does not become a party (and Hickerson now thinks it will not do so) or if the Azores were attacked after Portugal had refused to become a party, the view was expressed that nevertheless the agreement should come into operation. In the end it may turn out best, provided that all or nearly all the States invited to the conference ratify the agreement, to do what was done in the Inter-American Treaty and describe a defence zone within which the agreement applies.

Paragraph 5(f) is the same as the former 5(e) except for a verbal alteration, and the same applies to paragraphs 5(g) and 5(h), which are the old 5(f) and 5(g).

Paragraph 6 is unchanged, but there has been a change in paragraph 7, since this now provides only for political and military conversations with the parties to the Brussels Treaty. This change was made to bait the hook a little for the countries which are to be asked to accede to that treaty. I was assured that the limitation in language would not in any way interfere with political and military conversations between the United States and Canada.

I shall attempt to put into another letter to you in time for tomorrow's bag some broader reflections³⁸ inspired by the discussions in which I have participated.

Yours sincerely,

H.H. WRONG

[PIÈCE JOINTE/ENCLOSURE]

*Note des participants, discussions Canada/Royaume-Uni/États-Unis
concernant la sécurité*

*Memorandum by Participants in United States/United Kingdom/Canada
Security Talks*

TOP SECRET

[Washington], April 1, 1948

The purpose of this paper is to recommend a course of action adequate to give effect to the declaration of March 17 by the President of support for the free nations of Europe. The recommendations made will require close consultation with political leaders of both parties in order that whatever policy is formulated may be a truly bipartisan American policy.

Recommendations

1. Diplomatic approaches to be made by the Government of the United States to the signatories of the Five-Power Treaty signed at Brussels on March 17, 1948 in order to secure their approval to its extension in the manner outlined below and to inform them of plans for the conclusion of a collective defense agreement for the North Atlantic Area, details of which are given below.

2. An immediate approach then to be made to Norway, Sweden, Denmark and Iceland, and (if the Italian elections are over) also to Italy, through diplomatic channels, by the United States, United Kingdom and France, with the consent of Benelux, with the object of explaining to them the scheme for a declaration by the President on the lines of that recommended in paragraph 3 below, and of ascertaining whether they would be prepared in such circumstances to accede to the Five-Power Treaty in the near future and to enter into negotiations for the North Atlantic Defense Agreement.

3. The President to announce that invitations had been issued to the United Kingdom, France, Canada, Norway, Sweden, Denmark, Iceland, The Netherlands, Belgium, Luxembourg, Eire, Italy, and Portugal (provided that secret inquiries had established the fact that these countries would be prepared to accept the invitations) to take part in a conference with a view to the conclusion of a collective Defense Agreement for the North Atlantic Area designed to give maximum effect, as between the parties, to the provisions of the United Nations Charter. In his statement the President would include a declaration of American intention, in the light of the obligations assumed by the signatories of the Five-Power Treaty and pending

³⁸ Notre copie du document porte l'annotation suivante :
The following was written on this copy of the document:
This will have to wait till next week. H. W[rong]

the conclusion of the Defense Agreement, to consider an armed attack in the North Atlantic Area against a signatory of the Five-Power Treaty as an armed attack against the United States to be dealt with by the United States in accordance with Article 51 of the United Nations Charter. The declaration would state that the United States would be disposed to extend similar support to any other free democracy in Western Europe which acceded to the Five-Power Treaty. If, as a result of the inquiries referred to in Paragraph 2 above, it appears that Norway, Sweden, Denmark, Iceland, and Italy, or any of them, do not wish to accede to the Five-Power Treaty at this stage, consideration would need to be given, in the light of the views of each of the above states, to the extension to them of some assurance of immediate support in case of an armed attack against them which they resisted resolutely. In any event, the declaration would be so phrased as to avoid inviting aggression against any other free country in Europe.

4. Simultaneously with this declaration an Anglo-American declaration to be made to the effect that the two countries are not prepared to countenance any attack on the political independence or territorial integrity of Greece, Turkey, or Iran, and that in the event of such an attack and pending the possible negotiation of some general Middle Eastern security system, they would feel bound fully to support these states under Article 51 of the Charter of the United Nations.

5. It is contemplated that the Defense Agreement referred to in paragraph 3 above would contain the following main provisions:

(a) Preamble combining some of the features of the preamble to the Five-Power Treaty and making it clear that the main object of the instrument would be to preserve western civilization in the geographical area covered by the agreement. The Preamble should also refer to the desirability of the conclusion of further defense agreements under Article 51 of the Charter of the United Nations to the end that all free nations should eventually be covered by such agreements.

(b) Provision that each Party shall regard any action in the area covered by the agreement, which it considers an armed attack against any other Party, as an armed attack against itself and that each Party accordingly undertakes to assist in meeting the attack in the exercise of the inherent right of individual or collective self defense recognized by Article 51 of the Charter.

(c) Provision following the lines of Article III, paragraph 2 of the Rio Treaty to the effect that, at the request of the State or States directly attacked, and until coordinated measures have been agreed upon, each one of the Parties shall determine the immediate measures which it will individually take in fulfilment of the obligation contained in the preceding paragraph and in accordance with the principle of mutual solidarity.

(d) Provision to the effect that action taken under the agreement shall, as provided in Article 51 of the Charter, be promptly reported to the Security Council and cease when the Security Council shall have taken the necessary steps to maintain or restore peace and security.

(e) Delineation of the area covered by the agreement to include (a) the continental territory in Europe or North America of any Party, (b) any territory in Europe occupied by the forces of any Party, (c) the islands in the North Atlantic whether

sovereign or belonging to any Party, and (d) the waters of the North Atlantic and the air over them. (This would include Spitzbergen and other Norwegian Islands, Iceland, Greenland, Newfoundland and Alaska).

(f) Provision for consultation between all the parties in the event of any party considering that its territorial integrity or political independence is threatened by armed attack or indirect aggression in any part of the world.

(g) Provision for the establishment of such agencies as may be necessary for effective implementation of the agreement including the working out of plans for prompt and effective action under (b) and (c) above.

(h) Duration of ten years, with automatic renewal for five-year periods unless denounced.

6. When circumstances permit, Germany (or the three Western Zones), Austria (or the three Western Zones) and Spain should be invited to adhere to the Five-Power Treaty and to the Defense Agreement for the North Atlantic Area. This objective, which should not be publicly disclosed, could be provided for by a suitable accession clause in the Defense Agreement.

7. Political and military conversations to be initiated forthwith with the parties to the Five-Power Treaty with a view to coordinating their military and other efforts and strengthening their collective security.

334.

DEA/283 (S)

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

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

TOP SECRET

[Ottawa], April 3, 1948

NORTH ATLANTIC SECURITY PACT

I am attaching, herewith, three memoranda³⁹ which I have sent to the Minister in the last day or two, together with the documents referred to in those memoranda.

The discussions on the official level were concluded on Thursday last, and further developments are now in the hands of the United States Government. The position seems to be as follows:

1. The timetable has slowed up somewhat, as the consideration being given in Washington to the questions that have been raised has taken somewhat longer than expected. My own feeling is that the Presidential statement will not now be issued before the end of April, or the North Atlantic Conference called before the beginning of June.

2. The Scandinavian States may not be persuaded to accede to the Brussels Pact, but may prefer to wait for the North Atlantic Conference and for the Security Pact

³⁹ Documents 326 et 327 de même qu'un autre document (non imprimé).
Documents 326 and 327 as well as another document (not printed).

which results from that Conference. There is a possibility that Sweden may not wish to sign any Pact.

3. It has been agreed that Italy should *not* be asked to accede to the Brussels Pact, but that, pending the conclusion of the North Atlantic Pact, she should be given the same guarantee in the Presidential statement as is given to the Brussels signatories.

4. There has been considerable discussion in Washington as to whether the North Atlantic Pact should include a provision stating specifically that each signatory will itself determine whether an armed attack has taken place against any other signatory. It would be a considerable political weakening of the Pact if this were spelt out rather than left implicit, and it was finally agreed that it would be desirable to avoid this weakening, if possible. The final form of the draft provision is satisfactory for this purpose, but the actual wording may further be changed by the United States authorities. Those authorities will, once questions of policy have been cleared with the Government, begin to work on the details of a draft for submission to the North Atlantic Conference when it meets. In this regard it is interesting to note that the provisions suggested by us for economic co-operation will be incorporated in the draft.

5. There was considerable discussion whether the North Atlantic Pact should cover a defined area only, as is done in the Rio Pact. It was agreed that this was desirable and that, for instance, an attack by the U.S.S.R. against United States troops in Korea would not automatically involve other signatories to the North Atlantic Pact. In the discussions in Washington we have supported a territorial limitation, and there seems to be general agreement with this point of view.

L.B. PEARSON

335.

DEA/283 (S)

*L'ambassadeur aux États-Unis
au sous-secrétaire d'État aux Affaires extérieures
Ambassador in United States
to Under-Secretary of State for External Affairs*

TOP SECRET

Washington, April 7, 1948

Dear Mr. Pearson:

Here are some general reflections on the discussions here last week and the week before about the conclusion of a North Atlantic Defence Agreement.

Some of the preoccupations of the U.S. Chiefs of Staff were revealed fairly clearly at last week's meetings. While I judge that they would agree that the conclusion of a North Atlantic Agreement would be more likely to be deterrent in its effect on the Soviet Union rather than provocative, it is their duty to take into account the possibility that the Soviet Union might conclude that time would henceforth work strongly against them. Therefore, if they *do* believe that war with the West is inevitable, they might conceivably decide to precipitate war before the

bare bones of the Western alliance had developed muscle and sinew. In consequence, the strictly military view which Chiefs of Staff are bound to take may lead them to approve the proposal on a contingent basis, by attaching some such impossible condition as that the Agreement should be accompanied by full war mobilization in the United States. They themselves, except perhaps for Admiral Leahy, would recognize that such a condition could not be met, but they would leave it to their masters to take the political decision and overrule their military advice. We know pretty definitely that General Marshall and Mr. Forrestal (whom General Gruenther said was enthusiastic about the project) would advise the President to go ahead, and I feel fairly sure that the President would accept this advice.

The Chiefs of Staff may also take a difficult line over giving military assistance in terms of munitions of war to other parties to the North Atlantic Agreement. They may well advise that the military responsibilities of the United States under the Agreement would considerably exceed its strength, and that therefore for some years the total production of new weapons should be allocated to the United States forces. This, too, would be an impossible contingency, and if it were fulfilled the faith of other parties in the value of the Agreement would be shaken. In consequence, provision would have to be made, also by a political decision, for the allocation of scarce equipment and supplies to other countries.

In the same connection, the conclusion of the Agreement will intensify the competition for scarce supplies between military needs and the needs for economic development abroad as well as at home. Unless this is firmly and skilfully handled the effectiveness of the European Recovery Program could be gravely impaired. Steel is the obvious case in point. It was mentioned that supplies necessary for the re-establishment of the industries of the Ruhr, for instance, would be directly competitive with the needs of U.S. industry for military purposes. The Chiefs of Staff might argue that the Agreement, by incurring a risk of war at an early date, should be accompanied by more stringent export control over steel and other supplies needed for rearmament at home.

It was pointed out, and not only by some of the civilians present, that if a strictly military view of the consequences of the Agreement on the lines suggested above were to be adopted — the purpose, of course, being as rapid an increase as possible in the armed strength of the United States — the effect would certainly be that the United States would equip itself to fight a war on the model of the last war; the progress of research in the military field, however, indicated that in ten year's time military forces so equipped would be hopelessly out of date, so that too great a concentration on early rearmament might actually weaken the effective fighting power of the country in ten years or so, and might end in the Soviet Union having a more modern military establishment than the United States.

Another military concern, and one with which the civilian authorities should have every sympathy, came up at various times throughout the meetings. This was that no form of words should be employed in drafting the Agreement which could lead any party to expect that, if it was attacked, the other parties would immediately send forces to its direct assistance. If, for example, Sweden became a party and was invaded by Russia, the Agreement must not state or imply a commitment to send

forces to Sweden. The commitment would be to defeat Russia according to the best strategic concept that could be devised. The offensive against Russia, however, should be undertaken anywhere and in any way that seemed best to the High Command.

The important thing from the European point of view is to secure a definite commitment from the United States extending over a sufficient period of years. Mr. Hickerson indicated cautiously several times that they might find that they were unable to go beyond a Presidential declaration made with the full approval of the leaders of both political parties. He said that this would be as difficult to "clear" with the politicians as a treaty commitment. The British and ourselves took every suitable opportunity of emphasizing that such a declaration would leave a great deal to be desired in the minds particularly of the European countries, and that what was required was a commitment binding on succeeding Congresses and a new Administration. This will, however, undoubtedly be one of the difficult hurdles for them to get over. We shall probably hear about how the Munroe Doctrine — a Presidential declaration — has stood the test of time for over a century, and how other countries should trust the word of a President of the United States without its being backed by a formal alliance, the conclusion of which in peacetime would be a tremendous reversal of the traditional national policy. No-one can say yet how many Senators, for instance, would take this line.

I think, however, that the Chiefs of Staff as well as the President's civil advisers on international and military affairs will exert strong pressure for the Agreement. The Chiefs of Staff want to know where they can operate. They hope to be able if war comes to undertake an effective and quick offensive, and to do this they must be sure in advance of the territory which they can employ. We had, for instance, some talk about the great value of Irish territory for submarine uses and the essentiality of airfields in Iceland, these two countries having been picked out for mention because of doubts whether they could be persuaded to become parties to the Agreement.

If an Agreement on the lines that were discussed becomes a reality, even though the parties might only be the United Kingdom, the United States, Canada and perhaps France and the Low Countries, it should considerably ease our problems in handling defence relations with the United States. For one thing, the military planning which would follow would tend to modify the concentration of the U.S.-Canadian planners on the defence of North America from outside attack. I have for a long time been worried lest our current defence arrangements with the United States should result in too great a concentration of effort and resources on the static defence of the continent, particularly in the case of Canada but also in some measure in the case of the United States. If the North Atlantic is bridged by a new defensive alliance, the problems of North American defence would become a small part of a larger plan, the purpose of which would be the means of defeating the potential enemy. In such a plan, the offensive aspect would be the primary consideration.

Furthermore, our own political difficulties about permitting U.S. forces to conduct certain operations or maintain certain facilities within Canadian territory

ought to be substantially diminished if such activities could be seen as a fraction of a larger scheme.

I doubt that this letter contains much of value, and I have hesitated about sending it.

Yours sincerely,

H.H. WRONG

P.S. I enclose a copy of the Alsop Brothers' column which appeared in the *New York Herald Tribune* and other papers today.† You will see from it that information apparently based on the paper prepared at our meetings has reached the hands of the energetic Mr. Joseph Alsop. This has probably occurred in the course of the clearance of the policy with Congressional leaders. The leak, if leak it be, does not reveal that United States-United Kingdom-Canadian talks have already taken place, nor does it suggest that Canada would be invited to be a party to a defence agreement between the United States and the Western European nations. The article is written in a most understanding way, and I doubt that it will do any harm to the project.

H. W[RO]NG

336.

W.L.M.K./J1/Vol. 443

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

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

TELEGRAM WA-1020

Washington, April 9, 1948

TOP SECRET

Following for Pearson *only* from Wrong, Begins: I asked Hickerson yesterday about the progress made in clearing the security proposals. He said that the paper produced at our meetings had not yet been taken up with the Congressional leaders, although Lovett had twice talked to the President about it. Lovett himself is not completely convinced of the necessity of a pact in addition to a Presidential Declaration, although Hickerson thought it probable that he would come round to giving it his full support. The delay in making progress has mainly arisen from the tremendous pressure on Lovett's time in the last week.

2. I asked whether the project had been discussed with Spaak, who is here for all this week. He said that there had been a general discussion with Spaak of the United States relationship to the Brussels Treaty and to the defence of Western Europe, but no mention had been made of our discussions or of the possibility of early discussions between the United States and the parties to the Brussels Treaty. Spaak at one time had said that he was not particularly concerned about formal engagements, provided that the United States promise of support was publicly stated by the President. This opinion increased Lovett's hesitation over the project for a North Atlantic Agreement.

3. When Spaak accompanies the Prince Regent to Ottawa next week it is worth consideration whether something might be said to him about the importance of a formal commitment by the United States to supplement a Presidential Declaration, so as to bind a future Administration and future Congresses. It might be intimated to him that only in this way would it be possible for Canada to join the United States in underwriting Western European security. Hickerson has been using this argument with Lovett, although he has not given up hope that if they decide on only a Presidential Declaration the Canadian Government would say something to parallel it. I have told him again that this would be most unlikely.

4. He thinks it possible that they might be able to hold the talks with the parties to the Brussels Treaty late next week, but regards it as most unlikely that any North Atlantic Pact could now be negotiated in time for ratification at this session of Congress. He hopes that at least the Conference would be announced and the invitations issued before Congress rises. He may suggest that I should see Lovett to urge on him the importance of the North Atlantic Pact. Ends.

337.

H.H.W./Vol. 4

*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, April 9, 1948

Dear Mike [Pearson]:

I have just sent you a message about a talk with Hickerson concerning the proposed North Atlantic Agreement. He told me yesterday that your suggestion for a minor emendation of the paper produced at our meetings had not been adopted as Lovett thought the original version was a little better from the point of view of clearance with congressional leaders. He made it clear, however, that if it came to drafting a pact, they would be quite ready to consider some other form of words.

In a postscript to my letter of April 7th I referred to the Alsop column which appeared that day. Hickerson doubts that there was any leak from those who knew about our discussions. He thinks that Alsop's reference to a presidential declaration followed by a security pact was intelligent conjecture.

He told me that Vandenberg planned to make a speech in the Senate next Wednesday on security problems in which he would refer to the Brussels Treaty and talk about the desirability of other regional agreements under the Charter. This prospect is likely to hasten the clearance with Vandenberg of the paper that we produced, since they obviously must prevent Vandenberg from taking a line which would be contrary to the proposals in that paper.

Hollis has been engaged in a series of talks at the Pentagon. I have not seen him since the last meeting and doubt I shall have an opportunity of doing so before he leaves for Ottawa on Sunday. When Foulkes was last here, he mentioned that

agreement had been reached to conduct Staff talks on the general basis of the proposals in the paper and that these would be held even if no North Atlantic Pact was negotiated. He has designated Brigadier Smith to represent Canada in these talks. I daresay he has explained more fully to you what has been agreed upon, and you may get further enlightenment from Hollis when he visits Ottawa. If so, I should be glad if you would pass on to me what information you receive on this point.

Yours sincerely,

H.H. WRONG

338.

W.L.M.K/J4/Vol. 309

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

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

TOP SECRET

[Ottawa], April 12, 1948

NORTH ATLANTIC COLLECTIVE DEFENCE AGREEMENT

I sent you Saturday the recent communications from Washington on the "North Atlantic Collective Defence Agreement" (Mr. Bevin seems to have succeeded in securing acceptance for this name).

The situation is now apparently as follows. The official talks have finished and a document agreed on, as a basis for discussion by United States Congressional and political leaders. This document should, I think, be satisfactory to us as it embodies most of the ideas which we favoured. It has been altered somewhat over the earlier draft, but most of the alterations seem to be improvements. The area of the agreement is now territorially limited; it is more closely connected with the Charter; it has been made clear that the obligation of mutual assistance does not necessarily mean sending forces to the point of aggression but in helping to defeat the aggressor by the best means available. This last point is an important one, both for the United States and ourselves.

The timetable has been set back over the earlier optimistic predictions. The "clearance" with Congressional leaders is not yet completed, and on its result will depend future procedure and policy in Washington. In any event, discussions with the Brussels powers will not likely be finished before the end of this week. This makes impossible any "guarantee" statement by the President before the Italian election, which is unfortunate. Discussions with other North Atlantic countries cannot begin until the "Brussels" talks finish. It seems unlikely therefore that there can be a Presidential statement before May, or a North Atlantic Conference before the end of that month. No resulting Treaty, therefore, could secure Senate approval during the present session of Congress. This is somewhat discouraging. However, the most important step is the Presidential statement of intention and if that can be made in early May, too much time will not have been lost. In the recent communications from Washington, two important points have been stressed, one, the attitude

of the United States Services, two, the possibility that the United States Government might decide that no pact of any kind is necessary and that the situation can be met by a unilateral guarantee of assistance by the President after approval by Congressional leaders.

As to the first, United States Service chiefs have expressed some fear that the policy proposed, either by a Pact or a Presidential statement might provoke the U.S.S.R. to armed action. It can be argued convincingly that this is not likely, that the deterrent effect of this "collective security" policy will be far more decisive than its provocative effect. However, the military might use this risk to impose impossible conditions for their approval, e.g., partial mobilisation, an assurance that no arms and essential supplies will be exported until their own needs are filled. Such an attitude, if accepted, might have a most injurious effect on E.R.P. However, the Services may be putting their demands high for tactical purposes with the expectation of being over-ruled by a political decision. It is to be hoped that the necessary political decisions will be taken. However, all this is a matter for the United States Government.

Of more direct concern to us, and other countries, is the possibility that no pact at all will be negotiated by the United States. The argument here is that a unilateral guarantee of assistance to a selected group of states, if attacked, given after Congressional approval, will be adequate to provide the security required. It may be thought that some such statement will acquire the validity and authority in its field that the Monroe Doctrine, based also solely on a Presidential statement, has acquired in *its* field. It is also hoped that, if such a declaration were made, it could be supplemented by one from Canada, though why we, any more than Brazil, Argentina or Australia, should give such a unilateral guarantee is not clear.

I should think that, from almost every point of view, a multilateral security agreement is preferable to a unilateral guarantee.

(1) It would commit the United States to the policy in question much more firmly than a statement, because it would have been ratified by the Senate;

(2) It would embody the element of mutual assistance. Why should the United States and Canada come to the assistance of European countries if those countries are not willing to accept similar obligations to us?

(3) A unilateral guarantee gives unnecessary prominence to the dependence of the European states and seems to underline the satellite character of their relationship to the U.S.A. As such, it might unnecessarily offend their pride.

(4) Moreover, a multilateral security agreement reflects the realities of the situation much more faithfully than a unilateral guarantee by the United States. The United States and Canada need the assistance of the Western European democracies just as they need ours. A Russian conquest of Western Europe would mean for us war, and war on most unfavourable terms. A unilateral guarantee smells of charity (in the worse sense of the word); the Western European democracies are not beggars asking for our charity, but they are potential allies whose assistance we need in order to be able to defend ourselves. This is a point which will have to be made clear to the people of the United States and Canada. The difficulties of doing this in

any case would be great but they will be increased if the United States gives a unilateral guarantee instead of entering into a multilateral security agreement.

(5) One of the real advantages of a Pact is that it would be an important demonstration that security arrangements could be worked out under the UN Charter, in this case, under Article 51. Eventually, other arrangements could be negotiated for other areas until all free countries might be brought in. Such a development would be given a serious setback if the United States at this time abandons a Security Treaty for a unilateral guarantee.

(6) Most important of all, a unilateral guarantee would be nothing more than a pledge of military assistance. If the peoples of Western Europe are to throw their full weight in the scales against Russia they need a good deal more than this from North America, especially since, if there is a war within the next year or so, the Western European countries run an almost certain danger of being occupied for many years by Soviet armies. Russia's allies in Western Europe are not so much now the Communists as the forces of despair, apathy, doubt and fear. It therefore seems to me very important that the peoples of Western democracies should make what Mr. Attlee has called a bold move to raise in the hearts and minds and spirits of all those in the world who love freedom that confidence and faith which will restore their vigour. What is needed is a treaty which is not merely a treaty of military guarantee but something along the lines of the Brussels Treaty, which contains provisions for closer political, economic and cultural cooperation, which sets up new international institutions, and which sets forth the principles of Western society which we are trying not only to defend but to make the basis of an eventually united world.

It is recognised that the decision on this matter is one for the United States Government to make. I would hope, however, that in any discussions with the Americans on the subject we could emphasise the above considerations. It might also be useful to have a talk along these lines with M. Spaak when he visits Ottawa later in the week.

L.B. PEARSON

339.

H.H.W./Vol. 4

*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 AND PERSONAL

Ottawa, April 13, 1948

Dear Hume [Wrong]:

Thank you for your letter of April 9 regarding the proposed North Atlantic Agreement. I am attaching herewith a further memorandum which I sent to the Prime Minister on this subject yesterday. I am somewhat worried that the Ameri-

cans seem to be drifting away from a Pact to a Declaration. The latter would, I feel certain, be much less satisfactory from every point of view.

Hollis arrived yesterday and I have just returned from a meeting which we had with him in Brooke Claxton's office. He did not add very much to the information you have sent, but did indicate that the Service representatives from the three countries had begun their talks in Washington. Apparently the United Kingdom had hoped that these talks would have been devoted to a master strategic plan, but the Americans have insisted that this particular project should be for the moment postponed in favour of the working out of an emergency plan to meet a possible attack within the next few months. Foulkes was given the nature of this emergency plan when he was in Washington and presumably Smith will also know about it. Nothing of course is being said about it up here.

Hollis said this morning that they were also considering the type of Service organization which would be set up to work out military arrangements under any North Atlantic Agreement. They visualize a sort of combined Chiefs of Staff meeting presumably in Washington (though the British would prefer it to be in London) with United Kingdom, United States, Canadian and possibly French membership. Other associated countries would have ad hoc access to this body, something along the lines of that which we had to the Combined Chiefs during the war. Hollis did not see how any body with larger membership could operate efficiently. In fact, he would have preferred an agency representing the two governments only, but thought that this would be politically impossible. I think that it will also be politically necessary to associate Benelux and the Scandinavian countries (if they come in) more closely with any combined agency than is visualized in Hollis' idea. It would be hard to justify a Canadian connection with such an agency that would be closer than that, say, of Sweden or Benelux. It may be, however, that Hollis' reference to Canada's closer connection was a polite recognition of the fact that he was talking in Ottawa.

Hollis added that the British were beginning to build up their side of the Combined Chiefs of Staff organization which, of course, has never been formally dissolved. It had run down to very modest proportions, but the process is now to be reversed.

I am a little worried about Canada's relationship to these developments; whether we should ask for full membership or whether it might not be better to let the United States and United Kingdom carry the main burden with our relationship more or less similar to that which existed during the war. Possibly, the best course might be to have a sort of over-all military cooperation committee of the Atlantic Powers with an executive agency consisting of the United Kingdom, the United States and possibly France. However, all this is in the future. From our point of view, the main problem is the working out of the political arrangements, which, I am sure, should be based on a formal security agreement and not on any European Monroe doctrine.

Yours sincerely,

MIKE (PEARSON)

340.

DEA/283 (S)

*L'ambassadeur aux États-Unis
au sous-secrétaire d'État aux Affaires extérieures
Ambassador in United States
to Under-Secretary of State for External Affairs*

TOP SECRET AND PERSONAL

Washington, April 15, 1948

Dear Mr. Pearson:

You will have gathered from messages sent today and a couple of days ago that Senator Vandenberg's reaction to the proposed security arrangements has not been discouraging. We have now received from the British Embassy a copy of a telegram† to Lord Inverchapel dated April 9th which contains Mr. Bevin's views on the paper which we produced at our meetings here. I am enclosing three copies of this message and also of Lord Inverchapel's reply, † since I think that you may want to send them to the Prime Minister and to Mr. St. Laurent.

You will note from the Foreign Office telegram that Mr. Bevin has consulted Mr. Attlee and a few of his other colleagues and that they have adopted a very favourable attitude toward the proposals. I was somewhat concerned lest we should get back from London some rather niggling criticisms, and I am glad to learn that they have adopted what strikes me as a very broad and statesmanlike position, especially in their insistence that any U.S. pledge to support the Western European democracies should be embodied in a treaty if it is to have the hoped-for effects.

With regard to Lord Inverchapel's answer after he had passed on the contents of the first telegram to Mr. Lovett, I think that Mr. Lovett would now be rather more forthcoming, since his talk with Lord Inverchapel preceded his discussion of the proposals with Senator Vandenberg last Sunday and, of course, Senator Vandenberg's later, more detailed examination with Mr. Dean Rusk, which is the subject of a message that I am sending you today.† Messrs. Hickerson and Rusk are, I think, both thoroughly convinced that the United States ought to enter into a formal international obligation and that a presidential declaration will not do the trick. So, incidentally, is Mr. Reston,⁴⁰ whose views on this point are important because he is a confidant of Senator Vandenberg.

In spite of these encouraging developments, the timetable will still lag considerably behind the optimum timetable that we discussed at our meetings, and therefore the relationship between the possible announcement of a North Atlantic Security

⁴⁰ James Reston, correspondant diplomatique, (*New York Times*), basé à Washington.
James Reston, diplomatic correspondent, (*New York Times*), based in Washington.

Conference and a review by the Ministers concerned in Ottawa of the economic proposals developed by Messrs. Mackinnon and Deutsch remains unsatisfactory.

Yours sincerely,

H.H. WRONG

P.S. I had dictated this before receiving your letter of April 13th on which I may send you some comments later.

H. W[ROG]

341.

DEA/283 (S)

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

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

TOP SECRET AND PERSONAL

Washington, May 8, 1948

Dear Mr. Pearson:

The British Embassy have been good enough to show us two minutes prepared by Balfour on private talks which he had on May 1st with Bohlen, and on May 5th with Kennan. While I was asked not to send copies of these minutes to Ottawa I was told that it would be perfectly all right for me to give you personally the views expressed by these two State Department officials. This I shall do below and at the same time report on a conversation which I had with Hickerson on May 5th.

Both Bohlen and Kennan emphasized to Balfour that their views were personal. They were, however, in agreement in that the suggestions which have come out of our meetings in Washington for an Atlantic pact do not commend themselves to them.

Bohlen said that while the plan elaborated was viewed with some favour by a number of highly placed persons in the Administration, it was, to his mind, open to objection in that it was at once too extensive in character and yet not extensive enough. It was too extensive because it envisaged *inter alia* a treaty in which the United States would be associated with the Scandinavian countries who, he thought, would be unwilling to participate.⁴¹ It was not extensive enough because it did not envisage a United States treaty association with Greece, Turkey and Iran, countries as much threatened by the Soviet Union as those of Western Europe. The idea of concluding an Atlantic pact, therefore, to which the United States would be a party, appeared to him to be mistaken; at any rate as an initial approach to the problem of buttressing the security of the Western European countries which, he admitted, was of vital interest to the United States. He thought that insofar as the

⁴¹ Celle-ci et les quatre notes de renvoi suivantes sont des notes explicatives par E. Reid.

This and the following 4 footnotes are marginal notes by E. Reid.

This can be discovered.

Benelux countries and France were concerned,⁴² the mere presence of United States troops in Germany, pledged to remain there indefinitely, already ensured that the United States would automatically become involved as a belligerent if the Soviets were to make an aggressive thrust towards the west.⁴³ He considered, moreover, that in the present political setting an Atlantic pact would cause undue provocation to the Soviets.⁴⁴ As far as Congress is concerned, he thought that they would be unwilling to undertake so far-reaching a commitment in an electoral year.

As an alternative to a treaty commitment, Bohlen, for his part, favoured an approach to the problem which would concentrate in the first instance at any rate upon the technical questions involved. He thought that in order to enable Western Europe to resist aggression and to provide a deterrent to the Soviet Union, the United States Government should call together a meeting of Western European governments (he specifically mentioned Britain, France, and the Benelux countries), at which their military requirements would be discussed and a plan drawn up for supplying them with U.S. material and equipment to supplement their own armaments. He foresaw that the actual implementation of this plan would have to await the approval of the new Congress. Pending action by the new Congress, he thought that there would be no difficulty in securing from the present Congress a Senate resolution which would formally endorse the assurance to the Brussels powers contained in the President's speech of last March.

Balfour began his conversation with Kennan by expressing regret that Bohlen did not favour the plan for the early conclusion of an Atlantic security pact which, he said, would surely prove a most effective deterrent to the Soviets, besides giving much needed encouragement to the governments and peoples of Western Europe. Kennan immediately said that he and Bohlen saw eye to eye on this matter, which they had discussed at length together. He repeated Bohlen's opinion that the Scandinavian countries would be unlikely to participate in an Atlantic pact, with special reference to Sweden, saying that all available information from that country made it plain that the Swedish Government was obstinately convinced that it could maintain a neutral attitude if another war were to break out. Kennan said that Matthews, the present United States Minister to Sweden, was doing his best to shake the Swedes out of their complacent mood, but the task was an up-hill one.

Kennan then repeated Bohlen's argument that a formal pact was unnecessary inasmuch as United States forces would continue indefinitely in occupation of western Germany and that it was, in any event, unthinkable that America would stand idly by if the Soviets were to make an aggressive move against any country of Europe.

Kennan expressed the conviction that the Russians were fully aware of this state of affairs and he therefore maintained that the best deterrent to action on their part was to make it plain that the United States was prepared to give practical military

⁴² What about Norway, Sweden, Italy & through Italy to France. What about air attacks on Benelux and France.

⁴³ Involved. How much involved. Can US prevent them from being occupied?

⁴⁴ [ilisible]/[illegible]

support to Western Europe and to supply their deficiencies in war material.⁴⁵ He thought that such action on the part of the United States, which might be accompanied by a resolution of the Senate, would offer a more practical means of dealing with the problem than an Atlantic pact, the conclusion of which, in an election year, presented considerable difficulties from the point of view of overcoming an age long American tradition against entry into formal alliances.

When I was talking to Hickerson on May 5th I let it be known to him, without revealing my source, that I was aware of a difference of opinion within the State Department on the question of both the desirability and the possibility of an Atlantic pact. Hickerson made light of any differences inside the Department, saying that they could deal with them and that they should not be regarded seriously. He commented that both Kennan and Bohlen thought that the signature of a formal pact would have very little effect on the Kremlin on the ground that they were always signing mutual assistance pacts themselves to which they paid little attention. (This is not quite what Bohlen told Balfour, which was, as you will have noted above, that an Atlantic pact would cause undue provocation to the Soviets.) Hickerson went on to say that both Kennan and Bohlen believe that the adoption of Selective Service here, and the beginning of staff talks with European countries would be much more of a deterrent.

On the domestic political side of the picture Hickerson said that they have encountered difficulties in working out a programme for rapid action with congressional leaders. In his judgment it was now unlikely that they would be prepared to enter into an Atlantic pact until after the presidential election. In the interim, Senator Vandenberg is expected shortly to introduce a resolution in the Senate which would, in effect, promise aid by the United States to those countries in Europe which resisted further aggression by the Soviet Union and would include references to Article 51 of the Charter. The President would issue a statement endorsing this resolution. In the meantime, discussions with some of the Western European countries could take place, but no invitation to a conference was to be expected, nor was it likely that there would be an early meeting between Bevin, Bidault and Marshall.

I gather that the slower timetable is caused by political jockeying in an election year, rather than by any firm objection to the conclusion of a treaty to which the United States would be party. Hickerson is still strong for the Atlantic pact and naturally regrets the delay. He thinks, however, that the price of preventing it becoming a partisan issue is to delay action. You will recall that I reported in WA-1062 of April 13th that Achilles had told us that one of the serious political complications which had not been clearly foreseen by the State Department was the obvious rivalry for credit for the first move as between the White House and the Senate. It would seem from my talk with Hickerson that the popularity of the idea of an Atlantic pact is itself, in this election year, an obstacle to its being put into

⁴⁵ Not inconsistent. Provide military support + alliance.

effect, since each party might wish to claim the sole credit and not share it with the other party.

Yours sincerely,
H.H. WRONG

342.

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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-1324

Ottawa, May 18, 1948

TOP SECRET

Following for Wrong from Pearson, Begins: I have read with much interest and considerable uneasiness your top secret and personal letter of May 8th on Security Pact developments. I think that Bohlen and those who feel like him are on the wrong track and that the idea that all that is required is to back Western Europe by some form of unilateral guarantee and by supplying arms is wrong and possibly dangerous. It is especially discouraging to hear talk at this stage about an Atlantic Pact provoking the Soviets. I have the unhappy feeling that the big moment has passed when a genuine regional security arrangement could be negotiated on a reciprocal basis under Article 51 and that the United States is now relapsing into policies which are both short sighted and insufficient. That feeling is confirmed by the inadequacy in so many respects of Senator Vandenberg's statement and the indifferent reception that this statement has been given. I feel certain that the Western European states will be discouraged by these developments. On this point, van Roijen⁴⁶ saw us the other day, expressed disappointment with Vandenberg's statement, and added that the feeling of his people was that the Congressional approval for a 70-group air force was a sign of a new sort of isolationism in the United States and abandonment of more progressive and imaginative collective security ideas. He fears that the Scandinavian countries will now congratulate themselves for having been so reserved about possible adherence to the Brussels Treaty.

I will be writing you more fully about these matters, but I wanted to get this short message off at once so that if you share our anxieties you could pass them on informally to the State Department. Certainly the hopes that were inspired by the meetings that we attended some weeks ago seem now to have been largely dissipated and there is, I think, real danger of a reliance on old fashioned alliance policies, dictated by purely military considerations. It would be disastrous, I think, if the Article 51 approach so hopefully begun should now be abandoned. Ends.

⁴⁶ J.H. van Roijen, ambassadeur des Pays-Bas.

J.H. van Roijen, Ambassador of the Netherlands.

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*L'ambassadeur aux États-Unis
au sous-secrétaire d'État aux Affaires extérieures*
*Ambassador in United States
to Under-Secretary of State for External Affairs*

TOP SECRET AND PERSONAL

Washington, May 8, 1948

Dear Mr. Pearson:

In continuation of my letter of May 8th, and with reference to your EX-1324 of May 18th, I am writing to report on conversations which I had yesterday with Hickerson and today at lunch with Kennan, and one which Stone had this afternoon with Achilles.

I talked briefly with Hickerson yesterday about the Vandenberg Resolution and the security pact. Our conversation was somewhat hurried as he was tied up in connection with the Stalin-Wallace letters.⁴⁷

Hickerson said that Lovett had been before the Senate Foreign Relations Committee on the Vandenberg resolution, and that it is expected that the Committee will report the resolution today. He thinks it is a good resolution, the adoption of which and its endorsement by the President should help to keep the issue out of party politics.

I commented that I was concerned over the slow rate of progress, and referred to the military discussions in London between the Defence Ministers of the parties to the Brussels Treaty reported in Vanier's telegram 295 of May 15th.† He agreed that progress abroad was satisfactory and appeared to approve of the results of these talks.

I then said that I was more convinced than ever that a formal commitment by the United States was necessary if the object was to be achieved. I was glad that he cordially agreed with this. He said that this was still the aim of the Department of State. It was, however, essential that the pact should be kept out of domestic politics, and this involved considerable delay before any conference could be called or public announcement made. Probably it would have to wait until after the election, although he thought that there was some possibility that when the conventions were over and the candidates chosen the candidates might agree to go ahead before the elections. They intend in the State Department to try to bring the candidates together soon after the nominations in the hope that during the campaign there will not be a serious divergence on questions of foreign policy. I remarked that if Vandenberg was the candidate it should not be impossible for Truman and him to agree on the convocation of a conference of the Atlantic powers this summer.

⁴⁷ Henry A. Wallace, antérieurement secrétaire au Commerce des États-Unis, a écrit une «lettre ouverte» à Staline publiée dans le *New York Times* le 12 mai; Staline répondit le 17 mai. Voir :

Henry A. Wallace, former United States' Secretary of Commerce, wrote an "open letter" to Stalin published in the *New York Times* on 12 May; Stalin replied on 17 May. See:

FRUS, 1948, III, p. 871.

In any event, he said that the preliminary talks envisaged in the Pentagon proposals could go on after the adoption of the Senate resolution and its endorsement by the President. I have some doubts about this myself, since these talks must envisage the negotiation of a treaty and a leak would bring the danger that the issue would be injected into inter-party politics.

I began my talk with Kennan at lunch today by saying that I was firmly convinced in my own mind that a formal commitment was necessary fully to achieve the purpose in mind. He said that they were still debating this in the State Department, and left me with the impression that he was opposed to a formal commitment. He argued that the United States would inevitably be involved from the first in war against the Soviet Union if there was Soviet aggression anywhere in Western Europe. The only exception he would admit was the possibility that they might not be involved from the beginning in the defence of Italy against an attack by Yugoslavia, provided that the Yugoslavs left the Trieste territory alone. He thought, therefore, that the same results would be achieved whether or not there was a pact.

I opposed this view on two main grounds. I said that many people in the European countries and also in Canada would not be content with a unilateral assurance of U.S. policy, which might be changed if there was a change in the Administration. They wished something to build on which would span a presidential term at least. Even if it were true that they were as much assured of U.S. support now as they would be under an alliance, plenty of people would not think that this was the case, and would therefore refrain from running risks which it was in our interest that they should run. This was a political rather than a military argument, but I was sure it had political validity.

My second point related to the position of Canada. I said that it would be far more difficult for Canada to collaborate in planning defence against Soviet aggression on the basis of a unilateral U.S. assurance than it would be if both countries were parties to an Atlantic agreement. Furthermore, under such an agreement the joint planning of the defence of North America fell into place as part of a larger whole and would diminish difficulties arising from fears of invasion of Canadian sovereignty by the U.S. It would become easier to advocate a policy of Canadian aloofness if the present state of affairs was maintained. An Atlantic pact would go a long way towards curing our split personality in defence matters by bringing the U.S., the U.K. and Canada into regular partnership.

Kennan said that he was much impressed by this latter argument, which had not occurred to him before, and that he would think it over carefully. He admitted that there was some force in my first argument, but seemed to think that this might be met by measures short of a treaty commitment. He was rather more optimistic than Hickerson about the prospects of getting on with discussions with the Brussels powers, and thought that there was a real possibility that, if the pact idea was maintained, progress might be made after the nominations, by agreement between the candidates.

Achilles told Stone this afternoon that he thought that the passage of the Vandenberg resolution, especially if it were, as they hoped, turned into a concurrent resolution, would open the way for the talks with the Brussels powers on the politi-

cal side here, and on the military side, probably in London. Stone did not have long with Achilles as he was on his way to the Capitol to assist in writing the report to accompany the Vandenberg resolution which, as I told you this afternoon by teletype,† was unanimously approved by the Senate Foreign Relations Committee. No reference was made in this brief talk to the opposing views in the State Department, but Achilles is very definitely in line with Hickerson in believing that a treaty commitment by the United States is a highly desirable solution to the regional security problem in the North Atlantic.

Achilles did ask Stone two interesting questions.

The first one, which he said was just "off the cuff" and his own idea, was what would we think about our taking part in the political talks here with the Brussels countries, which he thought would be in the first instance very preliminary and exploratory. Stone said that, of course, during the discussions here it had been clearly the view of everyone, including ourselves, that these talks would be exclusively between the United States and the Brussels countries. He said that he was not aware of any change of view in Ottawa but that he would certainly enquire informally for Achilles' own information. He did know, he said, that we were strongly in favour of the pact idea and he thought that anything that we could do appropriately to advance it we would be prepared to do.

The second question, Achilles said, represented some body of opinion in the State Department that we should take part in any military talks in London, if that is where they were to be held, and what would we think of this. Stone said that he could not, of course, give any authoritative answer, but for his own part he thought that in view of the fact that we would eventually come into military talks if we became party to a pact, it might be well if we were in from the beginning. I think it would be useful if you would let us have your preliminary views on this when you can, as from the way Achilles spoke there has apparently been some discussion of it in the State Department.

Yours sincerely,
H.H. WRONG

344.

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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*

TOP SECRET AND PERSONAL

Ottawa, May 25, 1948

Dear Mr. Wrong,

I have read with very great interest your top secret and personal letter of May 19th regarding conversations which you had with Hickerson and Kennan and Achilles on Atlantic Security arrangements and the one which Stone had with Achilles on the same subject. I hope to be writing you at greater length on this

subject shortly. Meanwhile, my own personal view is that the answer to the two questions which Achilles asked Stone should be both "yes". However, if this matter ever arose it would have to be decided, naturally, by the Government, and I am not certain that their answer would be as unequivocal as mine. However, I think that the odds would be in favour of a governmental affirmative reply.

Last Friday Clutterbuck left with the Prime Minister the attached memorandum from Mr. Attlee. It is a personal and secret communication, and I would be grateful, therefore, if you would consider it as such. However, I think you should see it as it has a very important bearing on the subject of this letter. I am glad that the United Kingdom Government are taking such a forward stand in this matter, and I only wish that the atmosphere in Washington were more favourable to the friendly reception of the United Kingdom suggestions. I suppose that even a British initiative in respect of such a matter as an Atlantic Pact will be affected somewhat by the sour situation regarding Palestine.

Yours sincerely,
L.B. PEARSON

[PIÈCE JOINTE/ENCLOSURE]

Note du premier ministre du Royaume-Uni
Memorandum by Prime Minister of United Kingdom

TOP SECRET

[London], May 22, 1948

ATLANTIC PACT

The following summary of United Kingdom views as to the next steps has been sent to the United Kingdom Ambassador in Washington for his guidance in future discussions with the United States Administration.

(1) We remain convinced that the only satisfactory way of dealing with the present world position and ensuring a considerable and perhaps a long period of peace is the adoption by the United States Government of something like the programme sketched out in previous correspondence. The mere fact that the United States Government were prepared to enter into some kind of regional defence system would by itself encourage democratic forces all over the world and be far the best deterrent to any Soviet miscalculation.

(2) Even if it proved undesirable to propose at the outset that a defensive pact for the North Atlantic area should include all democracies of Western Europe, that would not be a reason for abandoning it. Even if it only included at the outset the United States, Canada and the five Brussels Treaty States it would be greatly preferable to some Presidential declaration or Senatorial resolution. There should, however, be reason to hope that Norway, Denmark and Portugal would come in and eventually also Italy.

(3) What is needed in order to defeat Communist manoeuvres is some definite acceptance of obligations by the United States. London discussions on Germany have shown that the presence of United States forces in Germany is not alone suffi-

cient to remove French uneasiness about their own security. A treaty based on Article 51 of Charter to which the United States would be a party would be the best answer to those who are urging revision of Charter. Ultimate conclusion of some world-wide system based on Article 51 would be rendered practicable if the way were prepared by defence arrangement in North Atlantic area. It is surely along this road that we should try to give a lead and thus to canalise discontent with United Nations in right direction while preserving the centralising and pacifying functions of a central international authority.

(4) What is of the highest importance is for the United States Government to grasp golden opportunity for rallying the democratic nations of the world and calling a halt to aggressive attitude on part of others which we have all had to face.

345.

W.L.M.K./J1/Vol. 309

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

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

TOP SECRET

[Ottawa], May 31, 1948

Mr. Wrong has recently received on a personal basis from the British Embassy in Washington the three attached telegrams -

- Mr. Bevin to Lord Inverchapel (No. 5318 of May 14)†
- Lord Inverchapel to Mr. Bevin (No. 2305 of May 15)†
- Sir John Balfour (U.K. Minister in Washington) to Mr. Bevin (No. 2383 of May 20).†

These have to do with the project for a North Atlantic Pact.

2. Mr. Bevin's telegram sets forth a clear, forceful and well-reasoned argument which should make an impression on any doubters in the State Department about the value of a formal treaty arrangement by the United States, as contrasted with a mere unilateral guarantee.

3. I am surprised that Balfour reports in his telegram that Mr. Bohlen and Mr. Kennan of the State Department have raised as a difficulty the possible isolation of Sweden since the United States Minister in Sweden, who was recently in Washington, told our Embassy there that the United States mission in Stockholm was convinced that the best way to bring Sweden to a more realistic and cooperative frame of mind was by detaching Norway and Denmark from the Scandinavian neutral bloc which the Swedes have been trying to create.

4. Mr. Hickerson has left Mr. Wrong with the impression that the case for the North Atlantic Pact has been more definitely accepted in Washington than Balfour's telegram would imply.

5. Mr. Wrong thinks that from our point of view the aim should be to do what little we can to support the U.K. and U.S. view favouring the negotiation of a treaty shortly after the party conventions have been held in the United States, on the understanding that it will be impossible for the treaty to be ratified by the United

States until early next year. Apparently they intend in the State Department to try to bring the two candidates together soon after they are nominated, in the hope that during the electoral campaign there will not be a serious divergence between them on questions of foreign policy.

6. We cannot now be certain about what the timetable is likely to be. However, from the information available to us, there does seem to be a possibility that discussions will take place this summer between the United States and the Brussels powers on the possibility of the conclusion of a North Atlantic Pact.

L.B. PEARSON

346.

DEA/283 (S)

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

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

TOP SECRET

Ottawa, June 3, 1948

Dear Mr. Wrong,

Before Mr. Pearson left Ottawa, he sent to the Prime Minister, Mr. St. Laurent, Mr. Claxton and Mr. Heeney the attached memorandum of June 1 on the subject of the proposed collective defence agreement for the North Atlantic area. This memorandum brings the story up to date and includes a list of what seem to be the main reasons why, from the Canadian point of view, a multilateral treaty is preferable to a unilateral declaration by either the President or by Congress.

You will find many of these reasons are familiar to you, since they are based on various letters from you to Mr. Pearson.

In sending this to you, Mr. Pearson asked me to say that he would be very interested in your comments on the enclosed memorandum, as well as your comments on and suggestions for revision of the draft of a security pact which I prepared last March. You have a copy of this, dated March 20.†

The occasion for the preparation of the enclosed memorandum was the visit of Mr. Kennan to Ottawa. The United States Ambassador had a dinner for Mr. Kennan at the Embassy, at which there were present Messrs. Atherton, Harrington and Kennan; Claxton, Walter Harris,⁴⁴ Pearson, Pickersgill, Riddell and myself. At dinner the talk ranged over various subjects but, after dinner, virtually the sole topic of conversation was the proposed North Atlantic Pact. During the course of the conversation, we put forward, in one form or another, many of the arguments in favour of the Pact which are set forth in the enclosed memorandum, particularly those which were based upon the peculiar Canadian position.

⁴⁴ Secrétaire parlementaire du secrétaire d'État aux Affaires extérieures.
Parliamentary Assistant to Secretary of State for External Affairs.

Looking over the memorandum I find that we put forward the following of the arguments listed in paragraph 7: (i) (ii) (vii) (ix) (x) (xi) (xii) (xiii) (xvi) and (xviii).

Mr. Pickersgill laid particular emphasis on the tenth argument, which was one which he had himself suggested should be incorporated in the memorandum. Mr. Pickersgill and Mr. Claxton pressed the argument set forth in the first sentence of sub-paragraph 13 — that is, that Canada would find it politically easier to grant defence facilities under a North Atlantic Pact than under an agreement with the United States. They referred to the debate in the House of Commons at the last session on the facilities granted to the United States in Canada.

As you had told us, we found Mr. Kennan particularly receptive to these arguments based on the peculiar Canadian position. Indeed, it seemed to me that your use of these arguments in talking to him had resulted in his conversion.

Mr. Kennan was obviously somewhat nettled at the United States having been pressed so hard by the United Kingdom and Western European countries to make a formal treaty commitment to them. He still feels that it is unrealistic for them to ask for it when they already have a guarantee because of the presence of United States troops in Western Germany. However, he will now go so far as to admit that the state of public opinion in those countries explains why they insist on a military guarantee. At one point, however, his impatience got the better of him and he acknowledged that he was impatient with their arguments and that the European states did not seem to realize that, if the United States gave this guarantee, it would be doing something which would be in the interests of Western Europe but not necessarily in the interests of the United States, since the United States could, at any time, make a deal with the Soviet Union. We naturally took him up on this and he withdrew from this exposed position. However, it did give me a feeling that if you scratch almost any American long enough, you will find an isolationist. They suffer, and you can hardly blame them, from a home-sickness for isolation.

I am sending to Mr. Robertson a copy of this letter and the enclosed memorandum.

Yours sincerely,
ESCOTT REID

[PIÈCE JOINTE/ENCLOSURE]

Note du sous-secrétaire d'État aux Affaires extérieures

Memorandum by Under-Secretary of State for External Affairs

TOP SECRET

[Ottawa], June 1, 1938

COLLECTIVE DEFENCE AGREEMENT FOR THE NORTH ATLANTIC AREA

The secret discussions held in Washington in March, 1948, between officials of the United Kingdom, the United States and Canadian Governments resulted in the attached memorandum of April 1, 1948.⁴⁹ This is in the form of a United States

⁴⁹ La pièce-jointe du document 333/Enclosure, Document 333.

paper recommending a course of action adequate to give effect to the President's declaration of March 17 of support for the free nations of Europe.

2. At the time this paper was drawn up it was contemplated that discussions with the signatories of the Brussels Treaty would take place about April 12; diplomatic approaches would then be made to the Scandinavian countries and to Iceland, Ireland and Portugal; the President would make a statement late in April announcing the calling of a Conference to conclude a collective defence agreement for the North Atlantic area; the Conference would be held in May.

3. This timetable has been slowed down and the programme set forth in the memorandum of April 1 will have to be modified in the light of the Vandenberg resolution (a copy of which is attached).† It is now possible that, after the Vandenberg resolution has been passed, either in its present form as a resolution of the Senate or as a concurrent resolution of both Houses of Congress, talks will take place between the United States and the Brussels signatories and possibly Canada. The North Atlantic Conference might then meet shortly after the party conventions in the United States and the resulting treaty would be submitted to the Senate for ratification in January, 1949.

4. There are two main stumbling blocks to the carrying out of this programme. The first is that the sense of urgency which was present in March has now diminished. The second is that not everyone in the State Department and in other agencies of the United States Government is convinced that a formal treaty is necessary; some of them still are inclined to the view that a unilateral declaration by the President or by Congress, followed by staff talks and perhaps military lend-lease, will be sufficient.

5. The general conviction in March that the conclusion of a North Atlantic treaty was urgent was occasioned in large part by the Russian seizure of control in Czechoslovakia and by rumours of Russian demands on Norway, as well as by the danger of a Popular Front victory in the Italian elections. Since then the Soviet Union has gone in for what appears to be an appeasement offensive.

6. It would seem to be the course of wisdom to regard this appeasement offensive with great suspicion. It may mean that the Soviet Union is not prepared to press forward in Western Europe for another year or so. On the other hand, it is just as likely that it means that the Soviet Union is trying to lull its opponents into a false sense of security and that the Soviet Union may resume its offensive in a few months. So long as Western Europe is as relatively defenceless as it is today, the Soviet Union is subject to a very strong temptation to seize Western Europe while it can do so in a few months and at a relatively low cost.

7. The following appear to be the main reasons why a multilateral treaty is preferable to a unilateral declaration by either the President or by Congress.

(i) Many people in the United Kingdom and Western Europe would not be content with a unilateral assurance of United States policy. They want a commitment which is binding on succeeding Congresses and on a new administration. Even if it is true that a unilateral declaration, plus the presence of United States troops in Western Germany, gives the Western Europeans, in fact, as much assurance of United States support as they would secure under an alliance, plenty of Western

Europeans would not think that this was the case and would therefore refrain from running risks which it is in our interests that they should run. The difficulty from the point of view of the United States is that a formal alliance would be a tremendous reversal of the traditional national policy of the United States. This very difficulty, however, is the reason why the alliance would be of great value to Western Europe: it would be the outward and visible sign of a revolutionary change in United States foreign policy.

(ii) The presence of United States troops in Germany and Austria affords only indirect assurance to Italy and the Scandinavian countries. The talks on Germany which have been taking place in London have demonstrated that the presence of these troops is not sufficient to remove the perpetual uneasiness of the French over their security. Until that uneasiness is removed by the United States entering into a military alliance, it would seem doubtful if a satisfactory agreement can be reached on the settlement of Western Germany.

(iii) So long as Western Europe is not given the restored confidence and vigour which would result from the conclusion of a North Atlantic treaty, the possibility of the success of E.C.A. will be lessened. There must be a greater measure of political security in Western Europe before the governments and peoples of Western Europe can tackle successfully the problems of European economic reconstruction.

(iv) One advantage of a treaty to the United States and Canada is that it would embody the element of mutual assistance. Without such a guarantee of mutual assistance, persons in the United States and Canada who are opposed to our giving a guarantee to Western Europe could ask why the United States and Canada should pledge themselves to come to the assistance of Western European countries if those countries are not willing to accept similar obligations to us.

(v) The conclusion of a treaty would be an effective answer to those in the United States, the United Kingdom and Canada who are demanding drastic revision of the Charter of the United Nations. Without such a positive and spectacular move by the United States, the demand for revision may constitute a real difficulty in the future.

(vi) The conclusion of a North Atlantic treaty would be an important demonstration that effective security arrangements can be worked out under the Charter. It would thus make it easier to conclude other similar arrangements in other areas until all free countries would be brought into one or more defence groups. This would pave the way to the creation of a union of all the free states of the world in a collective defence agreement under Article 51 of the Charter. Such a development would be given a serious setback if the United States at this time abandons a security treaty for a unilateral guarantee.

(vii) It is, of course, possible that all the states of the North Atlantic will not immediately agree to become members of a North Atlantic Defence Treaty. However, the conclusion of a treaty between the Brussels signatories, the United States and Canada would mean the creation of the hard core of a North Atlantic alliance and this alliance would have a magnetic attractive power for other states in the area. Moreover, it is by no means certain that Norway and Denmark would refuse to come into a North Atlantic treaty and if they come in they might eventually pull

Sweden along with them. On the other hand, there is danger that if Norway and Denmark are not invited to become members of a North Atlantic alliance they may be persuaded by Sweden to become members of a neutral Scandinavian bloc.

(viii) It has been suggested that as an alternative to a North Atlantic treaty there might be joint staff discussions between the Brussels powers and the United States and that these discussions might be followed by the re-introduction by the United States of military lend-lease. This proposal, however, is not an alternative to a treaty since one of the main objects of the treaty would be to provide a constitutional basis for staff discussions and joint planning and as a result of these discussions and plans the United States and Canada might agree that, as part of their contribution to the common defence, they would re-introduce lend-lease and mutual aid in order to help their Western European allies to re-arm as quickly as possible.

(ix) One argument which is particularly strong from the Canadian point of view is that it would be far more difficult for Canada to collaborate in planning defence against Soviet aggression on the basis of a unilateral United States assurance than it would be if both countries were parties to an Atlantic treaty. Furthermore, under such a treaty the joint planning of the defence of North America would fall into place as part of a larger whole and the difficulties arising in Canada from the fear of invasion of Canadian sovereignty by the United States would be diminished. If the present state of affairs is maintained or even if there is merely a Presidential or Congressional declaration, the advocates in Canada of a policy of aloofness would be able to strengthen their position. An Atlantic treaty would go a long way towards lessening the political difficulties of defence planning in Canada by bringing the United Kingdom, the United States and Canada into partnership.

(x) A further advantage to Canada of an Atlantic treaty is that it would help to ensure that Canada was not pushed out ahead of the United States in the event of war. In the last two wars Canada has gone to war more than two years before the United States. A treaty commitment by the United States instead of a congressional resolution would lessen the danger that this might happen again.

(xi) Another disadvantage to Canada of a mere congressional resolution is that, unless it were followed quickly by the calling of a conference to frame an Atlantic treaty, the Canadian Government might be placed in a somewhat difficult position. There might be demands in Canada that the Government take some action similar to that taken by the United States Congress or even going beyond it, but it might be difficult to decide what action the Canadian Government could wisely and usefully take to supplement the public statements already made by the Prime Minister and by Mr. St. Laurent.

(xii) The military planning which would follow the conclusion of a treaty would tend to modify the present rather unrealistic concentration of United States and Canadian planners on the passive defence of North America from outside attack. If the North Atlantic is bridged by a defence alliance, the problems of North American defence would be seen as a small part of a larger plan, the purpose of which would be to defeat the enemy by offensive operations.

(xiii) There are a number of North Atlantic countries which, like Canada, would find it politically easier to grant defence facilities to a North Atlantic Union than to the United States. Thus it would be easier for Denmark to accord defence facilities in Greenland as part of its contribution under a North Atlantic treaty than it would be under a bilateral Danish-United States agreement. The same would be true of Ireland and Iceland. It is not, of course, certain that Iceland and Ireland would be willing to sign a North Atlantic treaty but there is at least a possibility that they might do so and unless they do so there would seem to be virtually no chance of their being willing to collaborate in planning defence against Soviet aggression.

(xiv) A mere promise of support from the United States without corresponding mutual guarantees from Western Europe would not provide as satisfactory a basis for war planning as would be provided by a treaty. If United States support is to be effective in Western Europe, the United States chiefs of staff must know where they can operate in the event of war or in an emergency. They must know the bases from which they can undertake a quick and effective offensive. They must be sure in advance of the territories which they can employ. They must, if necessary, establish bases immediately. All this will be much easier to do under a treaty.

(xv) It has been suggested that the conclusion of a treaty might provoke the Soviet Union into taking offensive action in Western Europe. The danger of the Soviet Union taking offensive action in the near future in Western Europe arises in the main out of the relative ease with which the Soviet Union could at present occupy Western Europe. In the short run, the way to minimize that temptation is to persuade the Soviet leaders that, if they did occupy Western Europe, the United States and its allies would wage unlimited war against them until Western Europe was liberated. The conclusion of a treaty would therefore be a deterrent. The other way in which a treaty would help to minimize the danger of an immediate Soviet aggression would be if it were followed by a very considerable increase in the military strength of our Western European allies who will have to bear the primary responsibility for manning the first line of defence of the North Atlantic community, at the Elbe.

(xvi) Until the line of defence at the Elbe can be strengthened to such an extent as to give Western Europe a reasonable guarantee against occupation by the Soviet Union, the Western European peoples know that if war breaks out they will be subjected to the horrors of Soviet occupation from which they will be released only at the end of a long war. The ever-present consciousness of this fact will of necessity make it more difficult for the governments and peoples of Western Europe to run the risks involved in a policy of restraining the Soviet Union, risks which it is in our interests that they should run. The governments and peoples of Western Europe will be the more reluctant to run those risks if they believe that once they are occupied they will have little or no say in the making of the larger political and strategic decisions by their Western allies. The conclusion of a North Atlantic treaty would make it possible to set up formal international bodies not only for making plans for preventing war but also for making plans for the waging of war. The existence of these bodies would help to ensure that, in the event of war, the occupied Western European countries had a say in the making of the larger political and strategic decisions by the supreme war council and the combined chiefs of

staff. It is in the general interest that these countries should have a say, because of their political experience, maturity and moderation.

(xvii) A unilateral guarantee gives unnecessary prominence to the dependence of the Western European states and seems to underline the satellite character of their relationship to the U.S.A. As such, it might unnecessarily offend their pride.

(xviii) Moreover, a multilateral security agreement reflects the realities of the situation much more faithfully than a unilateral guarantee by the United States. The United States and Canada need the assistance of the Western European democracies just as they need ours. A Russian conquest of Western Europe would mean for us war, and war on most unfavourable terms. A unilateral guarantee smells of charity (in the worst sense of the word); the Western European democracies are not beggars asking for charity, but they are potential allies whose assistance we need in order to be able to defend ourselves. They are Canada's first line of defence. This is a point which will have to be made clear to the people of the United States and Canada. The difficulties of doing this would be great in any case but they will be increased if the United States gives a unilateral guarantee instead of entering into a multilateral security agreement.

(xix) Most important of all, a unilateral guarantee would be nothing more than a pledge of military assistance. If the peoples of Western Europe are to throw their full weight in the scales against Russia they need a good deal more than this from North America, especially since, if there is a war within the next year or so, the Western European countries run an almost certain danger of being occupied for many years by Soviet armies. Russia's allies in Western Europe are not so much now the Communists as the forces of despair, apathy, doubt and fear. It is therefore very important that the peoples of the Western democracies should make a bold move to raise in the hearts and minds and spirits of all those in the world who love freedom that confidence and faith which will restore their vigour. Just as the last war was a "struggle for the control of men's minds and men's souls" so is the present cold war. What is now needed is a treaty which is not merely a treaty of military guarantee but something along the lines of the Brussels Treaty; it should contain provisions for closer political, economic and cultural cooperation; it should set up new international institutions; it should set forth the principles of Western society which we are trying not only to defend but to make the basis of an eventually united world. By concluding such a treaty, the Atlantic Community could become "a model of what we hope the whole world will some day become."

347.

DEA/283 (S)

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

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

TELEGRAM WA-1761

Washington, June 16, 1948

TOP SECRET. IMPORTANT.

Following for the Acting Under-Secretary only, Begins: I asked Hickerson today what their plans were for proceeding with the proposed Defence Agreement with the Western European countries now that the Vandenberg resolution has passed the Senate.⁵⁰ He said that they were anxiously considering the best means of progress and that a decision would not be reached before the latter part of next week. For one thing, they do not wish to make any move while there is a slight prospect that Congressman Eaton's⁵¹ Bill may be adopted before adjournment on Saturday. (This Bill includes the substance of the Vandenberg resolution and also authorizes approval of the United Nations convention on privileges and immunities and of the Loan Agreement for the construction of United States headquarters. See my WA-1747 of June 15th.†)

2. He was sure, however, that there would be diplomatic conversations in Washington with the parties to the Brussels Treaty in the near future, and that the United States would be represented at the military talks in London which are going on under that Treaty. Beyond that at present he was not prepared to go, but he will give me further information as soon as they have cleared their programme.

3. I asked him whether it was likely that the President would take the occasion of the adoption of the Vandenberg resolution to make a public statement advancing the plan in the direction projected at the Pentagon talks in March. He said that this was still under discussion. In view of the bitter references to this Congress made by the President on his western trip and the Congressional reaction to them, he thought that it might be preferable for a full statement to be made by the Secretary of State, which would be briefly endorsed by the President. If questioned this week at a press conference, Mr. Marshall will confine himself to welcoming the adoption of the Vandenberg resolution as an outstanding example of bi-partisan foreign policy.

4. It is likely, but not yet certain, that we shall be asked whether we wish to participate in the diplomatic talks here with the Brussels partners and also in the military conversations in London. It is unnecessary as yet to seek a Ministerial decision on this, but I may have occasion to ask within a few days for a fairly rapid

⁵⁰ Pour le texte de la résolution du Sénat 239 du 11 juin (résolution Vandenberg), voir :
For the text of Senate Resolution 239 (the Vandenberg Resolution) of June 11, see:
FRUS, 1948, III, pp. 135-6.

⁵¹ Charles A. Eaton, membre de la Chambre des Représentants (New Jersey), président du Comité des Affaires étrangères de la Chambre des Représentants et du Comité d'enquête sur l'aide extérieure.
Charles A. Eaton, Representative (New Jersey), Chairman, House Foreign Relations Committee and House Select Committee on Foreign Aid.

reply. My own opinion is that the advantages of participation considerably outweigh the disadvantages, especially in view of Mr. St. Laurent's public statements on the need for organizing the forces of the democratic countries. The talks in London would be secret, but an announcement would, I think, have to be made about the diplomatic talks here.

5. I think that before long I should receive instructions to see Mr. Marshall and discuss with him the Canadian attitude towards a North Atlantic Defence Agreement. The occasion might be our reply to an invitation to participate in the talks already referred to, if such an invitation is received. I shall probably shortly submit a request for instructions; this will depend on the timetable and programme now under consideration in the State Department.

6. The State Department is greatly cheered by the passage of the Vandenberg resolution by the overwhelming vote of 64 to 4. The debate is good reading. We are preparing an analysis of it which we will soon forward together with the relevant part of the Congressional record.† Whether this vote records in fact a momentous change in United States foreign policy will depend on how the policies approved by the resolution are developed, but its adoption does help to clear the way for new moves of the utmost importance. I have doubts whether the discussion of the resolution in the Senate and the press has been explicit enough to make people realize that it blesses the participation of the United States in entangling alliances in Europe. As usual, the pathway from the general to the particular is likely to be steep and devious.

7. I shall send you later this week some comments on your letter of June 3rd and the memorandum enclosed with it. Ends.

348.

DEA/283 (S)

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

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

TOP SECRET

Washington, June 17, 1948

Dear Mr. Reid,

In your letter of June 3rd you gave me a welcome account of the discussion of a North Atlantic defence agreement with Mr. Kennan during his recent visit to Ottawa and asked me to comment on the memorandum which had been prepared summing up the arguments in favour of a formal agreement.

I have no criticism to make of the general line of argument in the memorandum and I do not propose to enter into detailed points of verbal criticism. I therefore confine myself to discussing a few points where I think the language of the memorandum might leave misconceptions. I arrange these in the order of the paragraphs of the memorandum and not in the order of their relative importance.

1. In the last sentence of paragraph 5 it is suggested that the Soviet Union has gone in for an appeasement offensive. If that is so, it is the most offensive appeasement offensive in my memory. It is true that Soviet pressures at a number of points have slackened since the successful coup in Czechoslovakia, but there is no evidence of any general desire or intention on the part of the Soviet Government to remove or reduce particular causes of friction by changing their policy so as to meet the Western Powers half-way or quarter-way. I see neither appeasement nor an offensive in the present comparative lull. If they were really aiming at some settlement or abatement of differences, they would not have followed the course they did in the Molotov-Bedell Smith⁵² exchange and the Wallace-Stalin open letters.

2. In paragraph 6 it is said that the Soviet Union might now seize Western Europe at a relatively low cost. This seems to me only to be true in the sense that they could probably now occupy a great stretch of Western European territory with a lower expenditure of men and munitions than is likely to be the case a few years hence. The cost now, however, includes the cost of war against the United States, at a time when the Russians have no atomic weapons and have barely restored their economy to the state of production that prevailed when they were attacked by the Germans in 1941.

3. Argument (i) in paragraph 7 might well be pushed further. The events of the last fortnight in Congress have revealed very clearly the wide difference between the right wing Republicans, who control the leadership of the House of Representatives (but fortunately do not comprise more than about half the party in the Senate) and the Republican supporters of the bi-partisan foreign policy, on questions of foreign policy. I shall be writing more fully on this later on. It lends emphasis to the importance of a multi-lateral agreement binding the United States for not less than ten years because such an agreement would commit the whole Republican Party and considerably reduce the range in which the compass needle of U.S. policy could swing.

4. In sub-paragraph (ii) of paragraph 7, I think it goes too far to suggest that a military alliance with the United States would remove French uneasiness over their security. The French know perfectly well that in the event of war they are in grave danger of Soviet occupation, no matter who their allies may be, and they are scared stiff at the prospect. At most, such an alliance would abate their uneasiness.

5. I am not sure myself of the validity of the argument in sub-paragraph (v) of paragraph 7, nor am I certain that it is in our interest that the proposals for the drastic revision of the Charter could or should be silenced by a military alliance involving the United States.

6. In sub-paragraph (vi) of paragraph 7 I make the minor point that it seems to me rather unrealistic to refer to military alliances concluded in the light of the reservation contained in Article 51 of the Charter as being made "under the Charter". They are made outside the Charter, not under it, although they do not conflict with

⁵² Walter Bedell Smith, ambassadeur des États-Unis en Union soviétique.

Walter Bedell Smith, Ambassador of United States in Soviet Union.

the terms of the Charter. I think, indeed, that if at San Francisco the construction now being put on Article 51 had been put forward, it would have been rejected and the Article would have been differently drafted.

7. In the same sub-paragraph, I am far from sure that I would like to see a collective defence agreement in which "all the free States of the world" would be partners. My own conception of possibilities is more modest and, I believe, more practical. It envisages perhaps four or five agreements covering different areas, with the connecting link between them the participation of the United States in them all and the participation of the United Kingdom in all except the inter-American treaty. If the fear of war were to diminish greatly, a general super-structure might be erected. In the present state of affairs I would prefer to limit the participating countries in each case, because the larger the alliance the more unmanageable and ineffective it tends to become. Coalitions are hard enough to control in wartime, but they are a great deal more difficult to manage in time of peace.

8. In sub-paragraphs (x) and (xi) reference is made to a congressional resolution in contrast to a treaty. This I imagine is a slip, because what has been proposed is a presidential declaration, endorsed by congressional leaders and coming within the general terms of the Vandenberg Resolution.

9. I think that there is some confusion of thought in references in sub-paragraphs (xvi), (xviii), and (xix) to the possibility of a Soviet occupation of a large area in Western Europe. Sub-paragraph (xvi) seems to envisage the strengthening of the line of the Elbe so that it would be difficult for Russian forces to pass beyond it. Sub-paragraph (xix) emphasizes the danger of a Soviet occupation of Western Europe within the next year or two. I doubt that the line of the Elbe could ever be made a formidable Maginot Line, and that certainly could not be done unless Western Germany was re-armed and admitted as a military ally. It is a mistake, I think, to lay so much emphasis on a North Atlantic agreement as a military guarantee against Soviet invasion, for the prospect is that no matter how much might be done to strengthen Western Europe, Soviet invasion of at least part of the territory will remain feasible for a long time to come. A North Atlantic agreement would have its greatest effect in making clear to the Russians against what countries they would have to fight if they passed the line of the Elbe and in encouraging the peoples of Western Europe to bestir themselves in strengthening their defences by giving them an assurance over a long term of instant support in case they were attacked.

10. Sub-paragraph (xix) of paragraph 7 is open to the criticism that it sets the sights too high. If we do get a North Atlantic defence agreement, it is going to be simpler than the sort of treaty proposed in this paragraph. I see no prospect that the United States would in the next year or so sign a treaty that goes as far as the Brussels Treaty. If that is the expectation in Ottawa, I think that steps should be taken to disabuse those who hold it. Certainly it is essential that we should be ready to approach the establishment of a real North Atlantic community by stages and not expect to get there at a rush. I believe that the central thing to concentrate on now is to secure a military undertaking on the lines of paragraph 5 of the document produced in the Pentagon talks last March with some simple general article which

would cover economic collaboration and set up some sort of consultative organ or organs. If the other parties to the negotiation insist on something more they may wreck the whole project.

You also suggest in your letter that I should propose revisions of your draft of last March of a security pact. What I have just written gives the reason why I think it superfluous to undertake such a task at this time. The most that we should aim at is a modest elaboration of the Pentagon suggestions embodied in a treaty of not more than ten articles at the outside.

Yours sincerely,
H.H. WRONG

349.

DEA/283 (S)

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

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

TELEGRAM EX-1579

Ottawa, June 18, 1948

TOP SECRET

Following for Mr. Wrong only from Reid, Begins: Your WA-1761 of June 16 on the proposed North Atlantic Security Agreement.

2. I discussed this with the Minister yesterday and he has forwarded your teletype to the Prime Minister with a covering note.† The note summarizes your teletype and then says:

"Mr. Pearson discussed with me before he left Ottawa the possibility of our receiving invitations to participate in diplomatic talks in Washington and military conversations in London.

He recalled that during the discussions in Washington in March it had been the general view, with which we had concurred, that the preliminary diplomatic conversations between the United States and the Brussels partners would be exclusively between the United States and those countries. Mr. Pearson's own personal view was, however, that it would be in our interest to accept an invitation to participate in the Washington diplomatic talks if it was felt by the United States that our participation would help to advance the project.

Mr. Pearson also thought that if, as a result of the diplomatic talks, there were to be exploratory talks in London on military matters it might be advisable for us to be represented so that our position might be made clear from the outset."

3. For your own personal information, I might add that the Minister himself feels that if we are asked to take part in the diplomatic conversations in Washington and military talks in London, we should accept. He feels that it would be difficult to explain a refusal to accept an invitation if one is forthcoming in view of the statements which the Canadian Government has made in support of a defence agreement between the North Atlantic and the Western European countries.

4. I note that, in the last sentence of paragraph 4 of your teletype, you say that you think an announcement would have to be made about the diplomatic talks in Washington. My own personal feeling is that we might be put in a somewhat embarrassing position if a public announcement were made of these talks and we were not included in them. No doubt we could find some formula which might be satisfactory, but my guess is that quite a number of people in Canada would expect, as a result of the statements recently made by the Minister, that Canada would be invited to these preparatory talks in Washington.

5. In paragraph 5 of your teletype you speak about the probability that you will shortly be submitting a request for instructions to see Mr. Marshall and discuss with him the Canadian attitude towards a North Atlantic defence agreement. I know how pressed you are, but I know that you can also sympathize with the position I am in and I would, therefore, hope that you might accompany your request for instructions with a teletype to me setting forth the kind of instructions which you think would be wise and useful to have sent to you.

6. It may be that the Government's policy will be further clarified by the statement which the Minister of National Defence will make on his Defence Estimates early next week. Ends.

3^e PARTIE/PART 3

DISCUSSIONS PRÉLIMINAIRES AU SUJET DE LA SÉCURITÉ DU 23 JUIN 1948 AU 31 DÉCEMBRE 1948 À WASHINGTON WASHINGTON EXPLORATORY TALKS ON SECURITY: JUNE 23, 1948 TO DECEMBER 31, 1948

350.

DEA/283 (S)

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

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

TELEGRAM WA-1832⁵³

Washington, June 23, 1948

TOP SECRET. MOST IMMEDIATE.

Following for the Acting Under-Secretary *only* from Wrong, Begins: Security Talks. Mr. Hickerson this afternoon verbally gave me an invitation for the Government of Canada to participate in diplomatic talks in Washington with representa-

⁵³ Note marginale :/Marginal note:

I gave copies this evening to the P[ri]me M[in]ister and the SSEA [Secretary of State for External Affairs] who agreed that Canada should accept the invitation and that Mr. Pearson should attend. *I have repeated this telegram to N.A. Robertson.

*I have told Mr. Wrong & Mr. Pearson of this decision. E. R[eid] June 23/48 10⁰⁰ p.m.

tives of the United States and the parties to the Brussels Treaty, to whom a similar verbal invitation is being extended today. The suggested date for the opening of the talks is Tuesday morning, June 29th. I undertook to transmit this invitation immediately and to request an early reply.

2. The procedure contemplated is that the European countries should be represented by persons now in Washington. Mr. Lovett will probably preside at the opening session at which a smaller working party might be appointed. It is not proposed to have any military representation, at any rate during the first phase of the talks. The suggestion is that the Ambassadors of the countries concerned should act as the senior representatives and that the total representation of each country should be not more than three. Luxembourg will probably not be directly represented. The date is probable but not firm. The United States participants will vary according to the subject matter, but will be drawn wholly or mainly from Messrs. Hickerson, Bohlen, Kennan, Reber and Achilles.

3. As to publicity, Hickerson proposed that the substance of the talks should be regarded throughout as top secret, and that no announcement about them should be made until the question had been discussed at the initial meetings. He thinks that a brief public announcement ought then to be made which would play up the United States initiative as the taking of steps to carry out the Vandenberg Resolution (the gist of which is now included in the Republican Party platform).

4. He said that the desire was to keep the procedure as informal as possible, along the lines that were observed at the Pentagon talks in March. (Incidentally, the occurrence of the Pentagon talks would have to be kept secret throughout from France and the Benelux countries). There would be no minutes and no formal agenda, and a frank expression of views without committing Governments would be encouraged.

5. As to topics of discussion they proposed on their part the four following items. The comments in brackets after each item are my own expansion based on my discussion with him.

(1) The situation in Europe as it affects security, including estimates of Soviet intentions. (This would be a general exchange of views, not an effort to arrive at an agreed appreciation).

(2) Security measures taken and to be taken in Europe by the Five. (This would cover the steps taken and contemplated to execute the Brussels Treaty).

(3) Security relations with other Western European countries. (This would cover discussion of the possible expansion of the Brussels Treaty, and problems such as the effect of United States participation in a treaty to which some of the free countries of Europe, such as Sweden or Switzerland, might not become parties).

(4) Nature of United States association under Vandenberg Resolution with European security arrangements. (This would cover the arguments for and against the negotiation of a treaty committing the United States to assist European countries in danger of attack or actually attacked, as well as related questions. The discussion might lead to the development of an outline proposal).

6. Hickerson said that they would be ready to add any topics which the countries invited might wish to bring up.

7. He thought that the talks might go on intermittently for most of the summer, but hoped that the first phase could be concluded within a fortnight or so. He said that the invitation to Canada to take part in the diplomatic talks also covered participation in any military staff talks that might be agreed on.

8. On the assumption that the proposal for a North Atlantic defence treaty would emerge, he said that they would have to go very carefully before anything was signed, to the point of assuring themselves that the result would be acceptable to a two-third's majority of the Senate. As he remarked, it would be fatal for the United States to sign a treaty which was rejected by the Senate. The debate on the Vandenberg Resolution and the terms of the Republican platform encourage them to believe that they can secure approval for a commitment on the lines of the Pentagon recommendations.

9. I shall communicate further tomorrow on the subject of our representation and other questions which will arise if the Government accepts the invitation. Ends.

351.

DEA/283 (S)

*Note du sous-secrétaire d'État par intérim
aux Affaires extérieures*

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

[Ottawa], June 23, 1948

TOP SECRET

Mr. Wrong telephoned me about 6.30 this afternoon to say that he was sending me a teletype about an invitation which he had just received from the State Department for Canada to participate in talks in Washington beginning Tuesday morning, 29th June.

Copies of the teletype were available shortly after 8 p.m. and I was able almost immediately to see the Minister who arranged for us to call on the Prime Minister in his office in the House.

The Prime Minister was relieved to learn that the long expected talks were about to take place and authorized our acceptance of the invitation. He also authorized me to ask Mr. Pearson to return from his trip in order to participate in the talks as a direct link between the Canadian Government and the Washington discussions.

I got in touch with Mr. Pearson and Mr. Wrong by telephone and informed them of these decisions.

I also told Sir Alexander Clutterbuck.

E[SCOTT] R[EID]

352:

DEA/283 (S)

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

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

TELEGRAM WA-1849

Washington, June 25, 1948

Following for the Under-Secretary *only* from Wrong, Begins: Security talks. Here are some random reflections and suggestions on the talks which will probably begin on June 29th.

1. In view of the public statements made in Canada on the desirability of a North Atlantic Pact, I doubt that we need any detailed instructions for the talks provided that the Pentagon proposals of last March can be accepted as a general guide. We should not, in my judgment, aim at present at a more elaborate treaty than that outlined in the Pentagon document.

2. It is still uncertain whether the State Department is fully convinced that a treaty commitment is desirable. I have talked the matter over with Franks today. He tells me that he brought up the subject with Marshall last week and that Marshall then took the line that they should get further with military discussions before taking the issue up diplomatically. Marshall seems to have changed his mind at a meeting in the State Department on Monday when it was decided to hold the diplomatic talks. I think that Lovett is inclined to be sympathetic but not fully satisfied on the treaty proposal. Bohlen still tends to oppose it, while Kennan appears to be converted. Hickerson is the staunchest advocate. Probably our main concern next week should be to play up all the arguments for a treaty commitment, from our more detached point of view as a North American country and as a smaller Power.

3. I should think that most of the discussion on the first three topics suggested by the State Department (see paragraph 5 of my WA-1832 of June 23rd) can be left to the other participants, and particularly the Brussels partners. We could have a good deal to say on the 4th topic. I had thought of suggesting the addition of a 5th topic dealing specially with the relationship of Canada to European security arrangements, but in view of the informality of the proceedings I doubt that this is necessary.

4. Hickerson remarked yesterday that if the talks began on Tuesday we should expect some word of them to reach the press by Wednesday. I should not be surprised if word leaked out in Paris at any time. We should therefore be ready to discuss on the first day what announcement ought to be made. I doubt that an announcement will cause much surprise or arouse great interest except on one point — the participation of Canada in the talks. The adoption of the Vandenberg Resolution, the endorsement of it in the Republican platform, and conjectural despatches from Washington and European capitals, have prepared the way for talks of this nature. On June 23rd Lovett informed the press that, as recommended by the Vandenberg Resolution, the United States would soon start talks with the countries of "The Western European Union" to explore the possibility of United

States military support. He said that the talks would initially be diplomatic, but that they were likely to be followed by military discussions. This statement attracted little notice in the press; it had in fact been prepared before the decision had been taken to begin the talks at once.

5. The participation of Canada will be a surprise to a good many, but I have no doubt that it will be cordially welcomed here and in the European countries. It may inspire a good deal of comment on the place of Canada in the western world. It will help to serve the purpose of indicating that the talks look towards a North Atlantic Agreement and not merely a military underwriting by the United States of the Brussels Treaty.

6. You might consider whether some advance notification should be sent not only to Canada House but also to our Ambassadors in France, Belgium and the Netherlands. They are likely to receive many enquiries about Canadian participation, and it may be well to let them know what sort of comment they can make. I think that the Ambassadors in France, Belgium, and the Netherlands should not be given any information about our participation in the Pentagon talks in view of the importance of keeping secret from the French that they were left out of the first discussions. Ends.

353.

DEA/283 (S)

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

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

TOP SECRET

[Ottawa], June 26, 1948

I attach a highly selective file of recent material on the North Atlantic pact. I think you will find that this will give you what you need.

I haven't included anything before 1st June since the memorandum of 1st June, which you signed before you left, gives the background. There is attached to the memorandum of 1st June the text of the Vandenberg Resolution and the memorandum of 1st April agreed on in the Pentagon talks.

The latest document which has come in is Wrong's teletype WA-1849 of 25th June. It has just come in this moment and I haven't yet been able to give any consideration to what should be done with it. I am inclined at the moment to hold it until I have had a chance to talk to you since I would myself disagree with Wrong's view, expressed at the end of paragraph 1, that we should not at present aim at a more elaborate treaty than that outlined in the Pentagon document, and I would not wish to pass Wrong's message to the P.M. and the Minister without considering whether we should not at the same time pass on an alternative recommendation.

I shall therefore withhold taking any action on Wrong's teletype until we have had a chance to talk about it tomorrow morning.

Arnold Heeney is also anxious to talk to you about the relationship of the military planning which has been going on with the forthcoming defence talks.

I attach a top secret document, prepared for yesterday's meeting of the Chiefs of Staff Committee, on short range plans.⁵⁴ It is the relationship of the kind of material covered in this document with what is going to go on in Washington that Heenev wants to talk about.

My own views on the kind of instructions, if any, which should be provided for our participants in the Washington discussions are set forth in my memorandum of today's date, which you will find at the top of your file.

Attached to this memorandum is a revision, also of today's date, of the draft which I prepared in April of a pact.⁵⁵ I have made a considerable number of changes in the draft in an effort to make it more politically acceptable. I still suggest a weighted voting system, but do not suggest any formula for arriving at the weighted votes. The more I think of it, the more it seems to me clear that in a political matter like this all one can do is put down on paper what seems to be a reasonable number of votes for each country.

I have not given my two memoranda of today's date any circulation.

You will find on the file a letter of 17th June from Wrong, commenting on our memorandum of 1st June. I have not yet had a chance to do a reply to this letter of Wrong's.

You will note that in the paragraph numbered 10 on page 4 he develops somewhat his argument that we should not set the sights too high in the discussions with the United States and he goes on to say that, if the other parties to the negotiation insist on something more than a simple document, "they may wreck the whole project."

It seems to me that Wrong has made too big a jump in this paragraph. There is a profound difference between setting one's sights high and taking the line that if you can't get what you want you won't take half a loaf. I shouldn't think that any one of the participants in the Washington talks would break the negotiations because the United States would not go as far as they want them to go. That doesn't mean that we should not press the United States to go as far as we think they ought, in their interest as well as ours, to go.

If Mr. Dulles is to be Secretary of State, I would think that he might be attracted by the kind of large and imaginative proposals which Bevin and we have been thinking of.

E[SCOTT] R[EID]

⁵⁴ En apparence le document 364/Apparently Document 364.

⁵⁵ Voir le document 467 pour une ébauche postérieure.

See Document 467 for a later draft.

354.

DEA/283 (S)

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

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

TOP SECRET

[Ottawa], June 26, 1948

CANADIAN ATTITUDE TOWARDS A NORTH ATLANTIC DEFENCE AGREEMENT

1. The Canadian Government welcomes the proposal of the United States Government that diplomatic talks on security matters take place between the United States and Canada and the signatories of the Brussels Treaty. The Canadian Government hopes that as a result of these talks agreement will be reached on the principles of a North Atlantic defence treaty.
2. The Canadian Government is not only willing to recommend to the Canadian Parliament and people that Canada enter into an agreement, but is anxious that the agreement come into force as quickly as possible.
3. Our willingness and our anxiety arise out of our belief that it must be made clear to the Soviet Government that, if it attempts by direct or indirect aggression to subdue any more free nations, it will not succeed unless it can overcome us all.
4. In the opinion of the Canadian Government, the best guarantee of peace today is the creation and preservation by the nations of the Free World, under the leadership of the United Kingdom, the United States and France, of an overwhelming preponderance of force over any adversary or possible combination of adversaries. We also believe that the Soviet menace to the Free World makes it necessary that the Free World create and maintain a sufficient degree of political, military economic and moral unity to ensure that this preponderance of force is so used that the free nations cannot be destroyed and defeated one by one.
5. In order to provide as soon as possible the nucleus of a larger union of the Free World, we believe that a North Atlantic defence agreement should be completed. It should consist, at least, of the signatories of the Brussels Treaty and the United States and Canada. It is to be hoped that it would also include other democratic and freedom loving states of Western Europe.
6. The overwhelming preponderance of force which must be created must not only be military; it must be economic; it must be moral. In order to create that preponderance it will therefore be necessary to balance tangible against intangible considerations.
7. Just as in the last war, so also today we are engaged in a "struggle for the control of men's minds and men's souls". It is therefore necessary constantly to keep in mind the necessity of the defence agreement being a basis for what might be called a spiritual mobilization of the liberal democracies, as well as being a basis for political, economic and military cooperation against Soviet threats. It is essential that the states which are members of the defence agreement should be bound together not merely by their common opposition to totalitarian communist aggres-

sion, but by a common belief in the values and virtues of western civilization, by a common concept of democracy and a positive love of it and of their fellow men, and by a determination to make their kind of democracy work for the promotion of mutual welfare and the preservation of peace for others as well as for themselves.

8. It is to be assumed that a North Atlantic defence agreement would appeal, as does the Brussels Treaty, to the "principles of democracy, personal freedom and political liberty, the rule of law and constitutional tradition, all of which are the common heritage" of the peoples of the signatory states. The Scandinavian countries, Iceland, Ireland and Italy could properly subscribe to these principles. It would, however, be difficult, if not impossible, to claim that the present regime in Portugal, much less that in Spain, embodies these principles. The Canadian Government is therefore of the opinion that on balance it would be unwise to invite Portugal (or of course Franco Spain) to join the North Atlantic agreement.

9. The agreement could, however, provide that the executive board set up under the agreement could extend the guarantees of the agreement to any state whose defence is vital to the defence of the Atlantic community.

10. The Brussels Treaty provides, in our opinion, a pattern for the proposed North Atlantic defence treaty. Its purpose, like that of the North Atlantic treaty, is not merely negative; it is to create a dynamic counter-attraction to Communism — the dynamic counter-attraction of a free, prosperous and democratic society as opposed to the totalitarian and reactionary society of the Communist world.

11. We believe therefore that the North Atlantic treaty should be much more than a mere military alliance. We believe it should, like the Brussels Treaty, set forth in its preamble the principles of western society which we are trying not only to defend but to make the basis of an eventually united world. We believe that the Atlantic treaty should make provision for closer economic, social and cultural collaboration between the signatories. We believe it should provide for the peaceful settlement of all disputes between the signatory states. We hope, for example, that the signatory states will find it possible to agree that all legal disputes between them will be referred to the International Court of Justice. (It is difficult to reconcile the reservations in Article VIII of the Brussels Treaty with the declared belief of the signatory states in the rule of law between nations.)

12. We believe that Article IV of the Brussels Treaty provides a satisfactory formula for dealing with armed attack since it makes clear that each signatory undertakes to give to each of the other signatories, in the event of armed attack, "all the military and other aid and assistance in their power."

13. We think, however, that the Brussels Treaty does not deal satisfactorily with the problem of indirect aggression. It is clear that the Soviet Union hopes and expects to extend its domination without resorting to armed attack. Since the end of hostilities, the Soviet Union has successfully avoided making armed attacks upon the countries which it has subdued. It is to be assumed that the Soviet Union will continue to try to follow the strategy of indirect aggression. The North Atlantic treaty will not appear to be very impressive or effective if it is a treaty to guarantee us against the kind of attacks on our independence which might have been made

thirty years ago, but not the kind of attacks which may be made during the next decade.

14. It would seem to us, therefore, that the Atlantic treaty must be a treaty of defence against not only armed attacks, but also against "attempts by any state to undermine the political or economic independence of any signatory state, by intimidation or by subversive processes of political or economic infiltration."

15. It may be contended that the inclusion in the Atlantic treaty of a clause along these lines would be a violation of the Charter of the United Nations since Article 51 on which the treaty will have to be based refers merely to "the inherent right of individual or collective self defence if an armed attack occurs against a member of the United Nations." However, the most important provision of the Charter is paragraph 4 of Article 2, under which all the Members of the United Nations have pledged themselves to refrain in their international relations from the threat of force against the political independence of any state or in any other manner inconsistent with the Purposes and Principles of the United Nations. If a Member of the United Nations attempts to undermine the independence of another state by intimidation or by other subversive methods, it has violated this solemn undertaking of the Charter and its violation of the Charter would release the other Members of the United Nations from their obligation under the Charter not to threaten or use force against that delinquent state.

16. Three years ago we had hoped that under the Charter of the United Nations special agreements would be reached between the member nations and the Security Council under which the member nations would "undertake to make available to the Security Council on its call . . . armed forces, assistance and facilities, including rights of passage." These agreements would "govern the numbers and types of forces, their degree of readiness and general location, and the nature of the facilities and assistance to be provided." These provisions in the Charter have, for the time being, become a dead letter. We believe that they could properly now be inserted in the North Atlantic defence agreement. In order to avoid delay resulting from the necessity of concluding special agreements, we believe that an annex to the North Atlantic treaty might set forth the interim agreement of each signatory to keep certain forces and facilities available. More precise agreements could be concluded later after the treaty has come into effect.

17. Very great care should be taken in the drafting of the agreement to make clear that the parties to the agreement are partners in peace and in war, and that the relationship between them is not that between exposed states which are asking for assistance and less exposed states which are being asked for assistance. The United States and Canada need the assistance of the Western European democracies just as they need ours.

18. The Canadian Government believes that the chief obstacles to the creation by the Free Nations of an overwhelming preponderance of force over the Soviet states is the despair, the apathy, and the doubt which is so widespread in the Western World. The existence of this despair, apathy and doubt makes it essential that the North Atlantic democracies make a bold and imaginative move sufficient to raise in

the hearts and minds and spirits of all those in the world who love freedom that confidence and faith which will restore their vigour.

19. In our opinion this means not only that the Atlantic Treaty must be more than a mere military alliance but that it must create new imaginative types of international institutions which will be outward and visible signs of a new unity and purpose in the Western World. These new institutions should have within them the possibility of growth and adaptation to changing circumstances. They should be given titles symbolic of the ultimate goal of the world order which we have in mind and of which we are building an essential foundation.

20. For this reason we suggest the use of such terms as these in the treaty:

(1) "Atlantic Community" for the international organization established by the treaty;

(2) "Atlantic Nations" instead of "signatory states" or "contracting parties";

(3) "Board for Collective Self-Defence" instead of "consultative council";

(4) "Military Cooperation Committee" instead of provision for meetings of defence ministers or of defence experts;

(5) "Atlantic Parliament" instead of "assembly of the organization".

21. We also suggest that an effort be made to make a clean break with the old issues of "veto" and "unanimity" by setting up a system of weighted voting. We have in mind a system under which the largest state, the United States, would have, say, forty votes, the smallest state, Luxembourg, one vote and others in rough proportion. Under such a system of weighted voting it might be possible for all the signatory states to agree to accept decisions made by a two-thirds majority. The United States would in fact have a veto since it would cast more than one-third of the total possible vote, but it would be a logical and defensible veto.

22. Because the treaty should be a human and compelling document, calculated to strike the imagination of the peoples of the Free World, it is important that every effort be made to write it in simple, every-day language without the use of ancient forms and terms. We would hope, for example, that the preamble could be written in the name of the people of the Atlantic Community and not in the names of the heads of the contracting states; and that the preamble would not be couched in the "whereas" or "considering" form but be a simple direct recital in a series of short sentences setting forth the creed of our North Atlantic Community. We would hope, as already mentioned, that such terms as "high contracting parties" or "signatory states" can be avoided. We would hope that it may be possible to use simple, direct and crisp language.

355.

DEA/283 (S)

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

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

TOP SECRET

[Ottawa], June 30, 1948

PROPOSED NORTH ATLANTIC DEFENCE TREATY

Mr. Wrong's comments on the memorandum of June 1 summing up the arguments in favour of a formal agreement. (Mr. Wrong's letter of June 17 to Mr. Reid, in reply to Mr. Reid's letter of June 3 enclosing the memorandum of June 1).

In the light of Mr. Wrong's most useful comments, I suggest that the following changes should be made in the memorandum of June 1:

Paragraph 5

Change the last sentence to read: "Since then, Soviet pressure at a number of points has slackened."

Paragraph 6

Change the first sentence to read: "It would seem to be the course of wisdom to regard this slackening of pressure with great suspicion."

Change the last sentence to read: "So long as Western Europe is as relatively defenceless as it is today, the Soviet Union is subject to a very strong temptation to seize Western Europe while it can do so in a few months, with a lower expenditure of men and munitions, than is likely to be the case a few years hence."

Paragraph 7

Sub-paragraph (i). Add after the second sentence the following: "The events in Congress during the first half of June reveal very clearly the wide differences on foreign policy between the right-wing Republicans who control the House of Representatives and the Republican supporters of a bi-partisan foreign policy. This emphasizes the importance of a multilateral agreement binding the United States for not less than ten years, because such an agreement would commit the whole Republican Party and considerably reduce the range within which the compass needle of United States policy could swing."

Begin the next sentence with the word "moreover".

Sub-paragraph (ii). Substitute "abated" for "removed" in the last sentence.

Sub-paragraph (vi). Change the first sentence to read: "The conclusion of a North Atlantic Treaty would be an important demonstration that effective collective security arrangements can be worked out which do not conflict with the Charter."

Sub-paragraphs (x) and (xi). Substitute "presidential declaration" for "congressional resolution".

2. This covers the suggestions made in the following numbered paragraphs of Mr. Wrong's letter of June 17: 1, 2, 3, 4, 6 and 8.

3. In his fifth numbered point, Mr. Wrong comments on sub-paragraph (v) of paragraph 7. He is not certain that it is in our interest that the proposals for the drastic revision of the Charter should be silenced by a military alliance. This raises a very large question of Government policy, but my impression is that Mr. St. Laurent has on a number of occasions during the past year taken this position pretty firmly. Moreover, regardless of the merits of the argument, it is an argument which appears to appeal both to the State Department and to the Foreign Office.

4. In numbered paragraph 7 of his letter, Mr. Wrong comments on sub-paragraph (vi) of paragraph 7. He is far from sure that he would like to see a collective defence agreement in which "all the free States of the world would be partners". Here, too, this is a matter on which Mr. St. Laurent has taken a clear and consistent position. Moreover, Mr. Wrong's arguments are not inconsistent with the position taken by Mr. St. Laurent since Mr. St. Laurent would agree that the immediately desirable objective is the North Atlantic Defence Treaty, and the union of all the free States of the world is a more remote objective.

5. The points made by Mr. Wrong in his numbered paragraph 9 are important, but I do not think that they require any rewording of sub-paragraphs (xvi), (xviii) and (xix) to which he refers. It was not intended that these paragraphs should give the impression that a North Atlantic agreement would be a guarantee against a Soviet occupation of Western Europe. The point of sub-paragraph (xvi) was that, since this Soviet occupation will remain feasible for a long time to come, we should at least give the Western Europeans the guarantee that if they are occupied they will still have a reasonable say in the making of the larger political and strategic decisions of the allies. The point of sub-paragraph (xviii) was to make it clear that our interests would be served by a strengthening of the line of defence of the Atlantic community at the Elbe.

6. In his numbered paragraph 10, Mr. Wrong comments that sub-paragraph (xix) is open to the criticism that it sets the sights too high and that, if the other parties to the Washington discussions insist on something more than a military undertaking with some simple, general article which would cover economic collaboration and set up some sort of consultative organs, "they may wreck the whole project". The definite purpose of sub-paragraph (xix) was to set the sights high, but it was not intended to give the impression that, if we could not get the whole loaf, we would refuse half a loaf. We should not, I think, assume too easily that the United States administration and Senate cannot be persuaded to accept something more than the

minimum set forth by Mr. Wrong. I think that Mr. St. Laurent is convinced that something more than that minimum is required by the existing international situation and that his view on this is shared in the United Kingdom, France and Benelux. If this is what we believe, it seems to me that we owe it to the United States to make our beliefs clear to them. Moreover, it is not only in Western Europe that something more imaginative than the Brussels pact might create greater enthusiasm and public support. Sometimes it is politically easier to put through a big imaginative scheme than to get agreement on a half-way measure, particularly if the half-way measure is written, as was Dumbarton Oaks, in the language used by tired civil servants. I am not convinced that something along the lines of the provisional and tentative draft of June 26 would not appeal to someone like Mr. Dulles.

E[SCOTT] R[EID]

356.

DEA/283 (S)

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

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

TELEGRAM 1024

Ottawa, July 2, 1948

TOP SECRET

Following for High Commissioner, Begins: Security Talks. The following is for your own personal information. Within the Department here the information has been given to only three of the officers. You should not, repeat not, initiate a discussion with the Government to which you are accredited, but if they raise the matter with you, you may indicate that you have received the following information for your personal guidance.

2. The United States State Department has proposed that diplomatic talks on security matters take place between representatives of the United States, the five Brussels Treaty Powers, and Canada, and should begin in Washington on July 6th. These talks would cover the whole question of the security of Western Europe and the nature of the United States association under the Vandenberg Resolution with European security arrangements. The United States proposal is that the first phase of the talks should be non-military and that the European countries should be represented by persons now in Washington. The talks might go on intermittently for most of the summer but the State Department hopes that the first phase could be concluded in a fortnight or so. The State Department proposes that the substance of the talks should be regarded throughout as top secret and that no announcement about them should be made until this question has been discussed at the initial meetings. The talks, at least in the first phase, will be informal and will not commit Governments.

3. In making the proposal, the State Department said that, while the passage of the Vandenberg Resolution had opened the door for a discussion of a North Atlantic Defence Treaty, the United States Administration would have to go very care-

fully before anything was signed in order to be certain that the resulting Treaty would be acceptable to a two-thirds majority of the Senate. However, the debate on the Vandenberg Resolution and the terms of the Republican platform encourage them to believe that the Senate will approve of a North Atlantic Defence Treaty.

4. The Canadian Government has agreed to participate in the discussions and will be represented in the initial discussions by Pearson, Wrong and Stone. The United Kingdom Government has also accepted the invitation and we assume that France and the Benelux countries will be ready to take part.

5. The attitude of the Canadian Government to the proposal for a North Atlantic Defence Treaty has been made clear in the following public statements of which you now have or will soon have copies:

- (a) The Prime Minister's statement of March 17th in the House of Commons;
- (b) My statements of April 29th and June 19th in the House of Commons;
- (c) Statement in the House of Commons on external policy and defence by the Minister of National Defence on June 24th;
- (d) The concluding section of my speech in Toronto on June 11th.

I would draw your particular attention to my statement of June 19th (House of Commons Debates, pages 5551-2) in which I said that Canada has been crusading for the completion of a Western Union or North Atlantic Pact under which the Western European democracies, the United Kingdom, the United States and Canada would guarantee each other's security and would pool and coordinate their potentials for defence purposes so that any possible aggressor would know that he would have to be prepared to overcome us all if he attempted any aggression. We do not, repeat not, think that a Defence Pact that does not include the United Kingdom and the United States would be sufficiently impressive to require Canada to be a party to it.

6. In my speech of June 11th I had said that the best guarantee of peace today is the creation and preservation by the nations of the free world, under the leadership of Great Britain, the United States and France, of an overwhelming preponderance of military, economic and moral force over any possible adversary. The Canadian Government believes that Canada should play its full part in creating and maintaining that overwhelming preponderance of force and the necessary unity for its effective use. The Canadian Government does not, repeat not, however, believe that a Defence Pact which did not include both the United Kingdom and the United States would create the kind of overwhelming balance which we consider is required and which would justify Canadian participation.

7. The United Kingdom Government has instructed its High Commissioners in Canberra, Wellington and Pretoria to inform the Australian, New Zealand and South African Prime Ministers, respectively, of the forthcoming diplomatic discussions in Washington. Notwithstanding the instruction in paragraph 1 above, our High Commissioners in those three countries may discuss the matter orally with these Prime Ministers.

8. This telegram is being sent to our Ambassadors in Paris, Brussels and The Hague, and to all our High Commissioners other than the Acting High Commissioner in Newfoundland.

9. I need not emphasise the great secrecy which should surround this whole matter, at least at the present state. Message ends.

357.

DEA/283 (S)

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

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

TOP SECRET

[Ottawa], July 3, 1948

SECURITY DISCUSSIONS

I am sending, for your consideration, a draft statement on Canada's association with the proposed security discussions, which might be issued, if you agree, on Monday morning, to coincide with Mr. Bevin's statement in London. As you know, we had hoped that Mr. Bevin's suggested statement could be altered to include a reference to Canada and to add the words "and North Atlantic" after "Western European".

The State Department, however, are anxious to avoid using the words "North Atlantic" in security discussions at this stage, though they agree that this reference may be required later, if treaty arrangements are worked out. I think they are making a mistake here, but, as agreed with you on the telephone a few minutes ago, we are not pushing further for this amendment at this time.

The draft statement for release in Ottawa (which I read to you over the telephone) is as follows:

"The following question was asked in the House of Commons in London today: 'What arrangements have been made for discussions between the Powers adhering to the Brussels Treaty and representatives of the United States Government regarding American armed aid to Western Europe?'

The Foreign Secretary's reply to this question included the following:

'There will undoubtedly be a constant exchange of views in Washington between the Governments of the United States, the United Kingdom, the other parties to the Brussels Treaty and Canada concerning Western European security arrangements, and United States and Canadian association with them.'

The Canadian position in regard to such security arrangements and Canada's association with them, was made clear by the Prime Minister in the House of Commons on March 17th, when he said: 'The Canadian Government has been closely following recent developments in the international sphere. The peoples of all free countries may be assured that Canada will play her full part in every movement to give substance to the conception of an effective system of collective security by the development of regional pacts under the Charter of the United Nations.'

The proposed Washington discussions, at this stage at least, will be purely exploratory and on the diplomatic, not the governmental level.

The Canadian Government has been glad to accept the invitation to participate in them, and the Canadian Ambassador in Washington has been asked to make himself available for that purpose. In these diplomatic discussions he will be assisted by officials of the Department of External Affairs as required from time to time."

L.B. PEARSON

358.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], July 7, 1948

WESTERN UNION; SECURITY DISCUSSIONS, WASHINGTON

8. *The Secretary of State for External Affairs* referred to the public statements made in London, Ottawa and Washington respecting conversations between the United States, the United Kingdom and other parties to the Brussels Treaty and Canada concerning Western European security arrangements and U.S. and Canadian association with them. These discussions were now going on in Washington.

There was little to add to what had been announced, except to emphasize that this exchange of views would be of an exploratory nature, on the official rather than the government level.

(External Affairs memorandum to the Minister, July 7, 1948 and attached telegrams).†

9. *The Cabinet*, after discussion, noted with approval the Minister's report.

359.

DEA/283 (S)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*
*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-1968

Washington, July 7, 1948

TOP SECRET

Following for Reid from Pearson, Begins: Confirming my telephone conversation, would you please tell the Prime Minister and the Minister that the talks here are going well along lines which should be very satisfactory to us. The Americans have apparently decided that the basis for any security arrangements should be broad and have emphasized that neither a military alliance of the old sort, nor a unilateral guarantee is sufficient to achieve the purpose desired. Mr. Lovett keeps referring to a "North Atlantic system" and to the fact that arrangements agreed on should be positive and not merely negative; that co-operation should be wider than merely military co-operation and should be closely related to the principles and purposes of the United Nations.

At first the French Ambassador showed an inclination to direct the discussions to the military aspects of security, but he agreed this morning that the talks here should concentrate on the wider political approach.

The general discussion should finish Friday, when it is hoped that working parties will be set up to go into the separate matters under discussion in greater detail.

I expect to be back in Ottawa Sunday and will be in a position to report then on what has happened here. Ends.

360.

DEA/283 (S)

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

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

TOP SECRET

[Ottawa], July 10, 1948

WASHINGTON EXPLORATORY TALKS ON SECURITY

I enclose copy No. 22 of the record of the first two meetings held in Washington on 6th July,³⁶ to which the informal title has been given "Washington Exploratory Talks on Security". Extraordinary security precautions have been taken to preserve the complete secrecy of these talks. The precautions are explained in the attached teletype No. WA-1979 of 8th July from Washington. You will note that it has been

³⁶ Voir /Sec:
FRUS, 1948, III, pp. 148-55.

agreed that there should be no telephonic communication on the subject and that telegraphic communication should be limited to the indispensable minimum. This is partly because of the subject matter of the talks themselves and partly because premature leakage might seriously embarrass the State Department in its relations with the Congressional leaders.

2. I also enclose teletype WA-1997 of 9th July† from Washington, from which you will note that we should have by Monday the records of the third and fourth meetings⁵⁷ and that Mr. Pearson, who will reach here tomorrow, will be able to make a full report on all five meetings.

3. The first phase of the Washington exploratory talks has now been concluded and it has been agreed that the talks on the present level should not be resumed until after the governments concerned have had an opportunity of commenting on this week's conversations. This will mean a gap of not less than a week or ten days, and perhaps longer. In the meantime, a working party will go ahead with drawing up a program for more detailed studies based on the records of this week's meetings.

4. You will recall that in the memorandum which I sent you on 17th June before we received the invitation to participate in the Washington talks I reported to you on the probability of our receiving invitations not only to diplomatic talks but also to exploratory talks on military matters with the signatories of the Brussels Treaty and the United States. You will also have seen the message from Washington, WA-1908 of 1st July, which confirmed that we would probably be receiving an invitation to participate in the exploratory military talks and which went on to say that the terms of reference which would be given to the United States officers would probably be in some such terms as to proceed to London to participate in talks with the military representatives of the Brussels Treaty countries on a non-member basis with a view to coordinating the defence of Western Europe with that of the United States and Canada.

5. At the very first meeting of the talks in Washington Mr. Lovett, the Under-Secretary of State, mentioned that the United States had already received an informal invitation to send qualified officers to exploratory military talks and that he assumed that both Canada and the United States would shortly be receiving formal invitations.

6. A formal invitation has not yet come in, but I expect we may be receiving it in a few days through Sir Alexander Clutterbuck. It looks as though the military talks may begin towards the end of next week.

7. The State Department has also promised to let us have within a few days the terms of reference of the military observers whom they are sending to London. They are sending Major General Lemnitz, the Deputy Commandant of the National

⁵⁷ Voir :/See:

ibid., pp. 155-60, 163-9.

Pour un compte rendu de la cinquième réunion, voir :

For a record of the fifth meeting, see:

ibid., pp. 169-82.

War College, and they are also hoping to send Major General Gruenther, the Director of the Combined Staff, along with a number of other officers.

8. The military talks will, of course, be purely exploratory. Participation on our part should be useful in helping us to relate plans for Canada-United States joint defence with the larger Anglo-United States arrangements.

9. Our present understanding is that the main topics which will be discussed in the exploratory military talks will be

(a) a review of the present organization and state of training and equipment of the military forces of the Brussels Treaty powers;

(b) steps which might be taken to sort out the types of equipment now in use by the Brussels Treaty powers in an effort to ensure that only one type of equipment will be used in future in each country (apparently at the present time the French, for example, are using both United Kingdom and United States surplus military equipment);

(c) future equipment requirements — those available from local manufacture and those available from outside.

By Monday, 12th July, the picture should be somewhat clearer and I shall look forward to discussing the matter with you then.

LOUIS S. ST. LAURENT

361.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], July 13, 1948

...

WASHINGTON EXPLORATORY DISCUSSIONS ON SECURITY

7. *The Secretary of State for External Affairs* reported progress since the meeting of July 7th.

The discussions had been adjourned for a short interval. It appeared possible that a proposal would emerge for the conclusion of a treaty along the lines of the Rio pact. U.S. representatives had emphasized the necessity of an effective joint organization among Western European nations. The possibility of rationalizing the supply of equipment among the Brussels powers was under examination and a "stock taking" was in process.

Care was being taken by U.S. participants to have due regard to the "bi-partisan" approach. There would, of course, be no final commitment possible until after the Presidential election in November.

8. *The Cabinet*, after discussion, noted with approval the Minister's report.

...

362.

W.L.M.K./J1/Vol. 443

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

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

TELEGRAM WA-2023

Washington, July 14, 1948

TOP SECRET

Following for Pearson *only* from Wrong, Begins: Reference security talks. The Working Party met this morning and I attended the meeting accompanied by Stone. We drew up a paper, which is given in my immediately following teletype, which is designed as a guide to the Working Group's subsequent meetings. The general plan is that after discussion in the group on each of the points in this paper seriatim, sub-Committees will probably be appointed to draft papers on each point as briefly as possible. It is probable that the Working Group will, for the time being, not attempt to prepare any paper on Item 2.

The next meeting is scheduled for 3:00 o'clock tomorrow afternoon when Item 1 will come up for discussion. Ends.

363.

DEA/283 (S)

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

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

TELEGRAM WA-2024

Washington, July 14, 1948

TOP SECRET

Following for Pearson *only* from Wrong, Begins: Reference my immediately preceding teletype. Following is the text of the breakdown of the agenda which is to serve as a guide in discussions of the Working Party, Begins:

1. The situation in Europe as it affects security.
 - (a) Estimates of Soviet intentions.
 - (b) Nature of the threat
 - (i) Military threats
 - (ii) Indirect aggression.
 - (c) Estimate of effect upon Soviet policy of action by participating countries working toward collective security.
2. Security measures taken and to be taken in Europe by the Five.
 - (a) Measures already taken by Brussels Pact countries.
 - (b) Measures contemplated by them.

(This item cannot be fully developed until the United States and Canadian representatives have reported on their talks in London.)

3. Security relations with other Western European countries.

(a) What countries should be covered in any North Atlantic security arrangement.

(b) Scope and form of arrangements which can serve the security needs of countries participating here and of others important to North Atlantic security.

(c) Problem of other countries.

4. Nature of North American association with North Atlantic security arrangements.

(a) Basic criteria, including relationship to Charter of other international engagements.

(b) Desiderata of European countries.

(c) Desiderata of North American countries.

5. Conclusions. Ends.

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W.L.M.K./J1/Vol. 309

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

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

TOP SECRET

[Ottawa], July 16, 1948

WASHINGTON SECURITY TALKS

There is little that I can add to the written reports on these talks which have been sent to you. They went off very well, indeed, and were conducted in a very friendly, frank and informal atmosphere. Their exploratory and non-committal character was kept constantly in mind.

Mr. Lovett proved to be an exceedingly good chairman, while Sir Oliver Franks and Mr. Van Kleffens played very useful parts. They are both first rate men, of course, and did much to ensure that the discussions were conducted on a high level. I do not know of any more impressive person at international talks of this kind than Sir Oliver Franks. He should be a most successful Ambassador in Washington.

Since the general discussions ended last Friday, and while the governments themselves are considering the reports that have already been submitted to them, a working group has commenced to examine some of the detailed questions which arose. The working group is presided over by Mr. Bohlen of the State Department; Mr. Wrong and Mr. Stone are representing us.

The working group has decided to go carefully through the records of all the meetings previously held and to prepare a list of topics for further consideration, probably starting with a brief appreciation of the risks to the security of Western Europe and North America. The group may also make a preliminary estimate of the

provocative as opposed to the deterrent effects of a North Atlantic collective security agreement and may also go into the very important problem of indirect aggression and how to meet it. The attached telegrams Nos. 2023 and 2024, from Mr. Wrong give the text of an annotated agenda which is to serve as a guide in the discussions of the working party.

Related to these political talks, though not arising directly out of them, are meetings of the Military Committee of the Brussels pact countries to be held in London shortly to discuss, on the technical military level, coordination of plans, standardization of equipment, etc., of the forces concerned. The United States feel it is desirable that their services should be represented at such meetings. The question of supplies for and standardization of equipment of the Brussels forces cannot, of course, be effectively decided, or even discussed, without the United States being consulted, as much of the equipment and supplies will come from that country. They are therefore anxious to have their military experts participate in these discussions. It has also been suggested by the Brussels powers and the United States that Canada should participate. I understand that Mr. St. Laurent has mentioned this matter to you; that it has been discussed by the Minister of National Defence and the Chief of the General Staff; and that it has been agreed that such participation is important for us. Decisions made in Europe in regard to supply and equipment matters will have a very direct bearing on plans for our own forces. It may be decided, for instance, that certain Brussels pact countries are to be supplied by British type military equipment. As our own forces are tending, for obvious reasons, to become standardized on a United States equipment basis, such a decision might facilitate this process by providing a market for some of our surplus British type equipment. For this and other reasons, it has been felt that if the United States officers participate in these London talks, ours should do so as well.

The invitation to attend was received yesterday by the attached telegram from Robertson.†

Mr. St. Laurent and Mr. Claxton, after consultation with the Chief of the General Staff, agree that the Canadian Services Representative at these meetings might be Brigadier Graham who is stationed at Canada House and who is to take up his position in Ottawa shortly as Vice Chief of the General Staff.

L.B. PEARSON

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PCO/Vol. 112

*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, July 23, 1948

Dear Mr. Pearson:

The only progress that I have to report in the security talks is the completion by the working party of the draft paper on Item 1† — the situation in Europe as it affects security. I enclose three copies of this paper for your information (numbered 5, 6 and 7).

I am not too happy about this paper but I think that it will have to be revised in the light of the papers produced on the other items. I think, therefore, that it might be accepted provisionally as a working paper.

Much as I like and advocate brief papers, I think that this particular one represents an effort to be too brief. I would, for example, have preferred an extension of the discussion of the provocative and deterrent considerations as well, perhaps, as some analysis of indirect aggression. The paper, as you will see, limits itself to two brief references to indirect aggression.

The working party has been working slowly indeed. The reason for this is that the representatives of the U.K., France and the Benelux countries believed that they were not in a position to contribute to a discussion of Items 3 and 4 until they had some information, both on the views of their individual governments and the joint views of their governments as these may have come out of the meetings at The Hague. It was, we know, the intention of the Foreign Ministers to discuss at The Hague progress which has so far been made in the talks in Washington, and presumably to indicate whether, from their point of view, these talks were going in the right direction. It is feared now, however, that the Berlin crisis and the fall of the French Government may have meant that very little time was devoted to this matter. In any event, until yesterday afternoon at 3.00 o'clock none of the Ambassadors here had had any reaction whatsoever from their people at home.

I must confess that I myself, and I think the same can be said of the State Department people, am not able to see why the working party could not have gone ahead with the exploratory talks. I cannot help but fear that delay might be interpreted as deliberate procrastination and remove from the State Department the first full blush of its enthusiasm. Certainly, delay in present circumstances, which is caused by the European countries, would, it seems to me, be difficult to explain to Senator Vandenberg. At yesterday's meeting of the working party, however, Reber suggested in no uncertain terms, and it was generally agreed, that beginning Monday the party should get on with its job, whether or not fresh instructions have been received by the European representatives from home. He pointed out that the discussions in the working party were, after all, merely to blaze some trees to help the

Ambassadors' meeting, which itself, by common consent, was nothing but exploratory and involved no commitments whatsoever on anybody's part.

Yours sincerely,
H.H. WRONG

366.

H.H.W./Vol. 4

*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, July 27, 1948

Dear Mr. Wrong,

I have received your letter of 23rd July with the Working Party draft paper on Item 1 "The Situation in Europe as It Affects Security". I agree with you that this is a somewhat inadequate analysis of the subject, though it is clear enough as far as it goes and the views expressed seem to me to be sound.

I think that it is most unfortunate that the Benelux countries and the United Kingdom and France are not pushing ahead with the Working Party. I suppose the delay has been due to two factors: one, the meeting of the Foreign Ministers in The Hague, which may have caused hesitation in Washington until instructions could be received from that meeting, and two, the general feeling that there is no need to hurry this work because the immediate problem is one of getting arms to the European countries rather than tying up the United States to any Atlantic security arrangements. I suppose the European countries feel, in fact, that such a tie-up has already taken place because of the presence of United States troops in Europe and the fact that the United States would be involved from the beginning in any Soviet attack on Europe. This point of view is, I think, profoundly wrong and shortsighted. I feel myself that it would be folly for the European states concerned not to push ahead with the North Atlantic security pact because of their worry about immediate military assistance. Their main hope, it seems to me, lies in the development of a genuine regional mutual assistance system in which the United States will play a leading part. Circumstances favour such a development in the United States now, but it may be different two or three years from now.

In this connection, I am enclosing herewith a letter from Dupuy† which conveys, to me at least, a depressing impression of lack of imagination in certain European quarters. I hope shortly to reply to this letter at some length and will send you a copy.⁵¹

Yours sincerely,
L.B. PEARSON

⁵¹ Voir le document 372./See Document 372.

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H.H.W./Vol. 4

*Note de l'ambassade aux États-Unis**Memorandum by Embassy in United States*

TOP SECRET

[Washington], July 27, 1948

THE SEVEN POWER MEETING, JULY 26, 1948: CONSIDERATION OF
COUNTRIES FOR MEMBERSHIP IN THE PACT RESULTING
FROM THESE DISCUSSIONS

At an early stage in the discussion it was decided that whatever pact might result from these Seven Power discussions should be designed to include the countries of the North Atlantic and Western Europe. The meeting then turned to the consideration of each of the possible member countries in turn, but in no definite order. It was decided that the Seven Powers taking part in these discussions should all be members.

The countries of the Western Hemisphere which were considered in addition to Canada and the United States were Newfoundland, Brazil and one or two other Latin American countries. While it was considered that Brazil would be useful as a staging point for United States forces proceeding to Europe via the southern route, it was the consensus that the United States could probably secure such facilities under the pact concluded at Rio de Janeiro, and that the inclusion of Brazil in this pact would merely lead to further complications. The only complication which was mentioned was the possibility of jealousy on the part of Argentina and Chile. It was decided not to discuss the possible membership of any Latin American country other than Brazil. It was unanimously agreed that Newfoundland would have to be a participant, either as a tenth province of Canada, as a colony of the United Kingdom, or as an independent Dominion.

In considering the countries of Western Europe which might subscribe to the pact, notice was taken of three main factors:

- (1) what each country could contribute to an alliance;
- (2) whether the security of each country was menaced at the present time; and
- (3) a mélange of subsidiary matters, such as the presumed willingness of each country to participate and the possibility that omitting any given country from the alliance would by that fact itself invite Soviet aggression against that particular country.

Below is a list of countries together with the factors which were considered in each case.

Ireland would be an asset to any alliance of North Atlantic and Western European countries because of the bases it could provide. However, Irish security is not menaced by its present lack of outside support, nor is it probable that the Soviet Union would embark upon a direct attack upon Ireland if it were left out of such a pact.

Iceland would be a most important asset as a base for planes flying from the United States to Europe. It was noted that the Icelandic Constitution outlaws war

and makes no provision for armed forces of any sort. It is not at the present time menaced with attack nor, due to its position, would it be probable that the Soviet Union would launch an attack against Iceland because of its omission from the pact under consideration. It is not clear whether Iceland would be willing to subscribe to the pact.

Norway would be a desirable member because of the bases it could supply (and, although this was not mentioned, presumably because the same bases in Soviet hands would be a serious menace). The present state of Norwegian security was not touched upon, but it was considered that Norway would be willing to subscribe to the pact, especially if Sweden could be brought in, but possibly would be willing to do so anyway.

Sweden would be a desirable member but appears to be most unwilling to undertake any commitments with the western world. It was remarked, however, that the other two Scandinavian Foreign Ministers would try after the Swedish elections this fall to persuade the Swedish Foreign Minister to throw in his lot with the west.

Denmark would be a most important member as it could contribute Greenland to the northeast staging route for aircraft passing from the United States to Europe. The Netherlands representative also thought that Denmark was important as controlling half of the Kattegat. (He thought Swedish membership was important in order to control the other half.) It was considered that Denmark would be willing to be a member, possibly even if Sweden declined membership.

Spain. It was considered that in the long run it was fundamental that Spain should be a member of whatever organization springs from the pact envisaged by these conversations. It was recognized, however, that so long as the present government is in power in Spain it would be politically impossible for either the United Kingdom or France to countenance Spanish membership. Both the United Kingdom and United States members remarked on the extreme importance which was attached to Spanish bases by their respective General Staffs. It was considered that the omission of Spain from the pact, however, would not menace Spanish security, and might not even be particularly important as Spain would be compelled to go to war against the Soviet Union if shooting once started.

Portugal was considered a desirable member, principally because of its possession of the Azores. A disadvantage to Portuguese membership was considered to be Portugal's desire (shown during negotiations during the recent war) that any guarantee extended to Portugal itself should also be extended to all Portuguese colonies, including Timor. Portugal's security was not considered to be under immediate threat and it was the general opinion that Portugal would ultimately be involved for the same reason as Spain.

Switzerland was considered to be a desirable member but it was generally thought that it was pointless to discuss Swiss membership or to extend an invitation to Switzerland as that country would probably flatly refuse to depart from its policy of neutrality.

Western Germany was considered to be a desirable member. Though no definite reason was stated for its desirability, by inference German industrial potential would be its principal asset. It was also mentioned that the deliberate omission of

Germany at the present time might have the effect of turning the Germans toward the Soviet Union. The French member immediately raised the question whether this meant that the United States envisaged the rearmament of Germany. After some debate it was decided that in effect Western Germany would automatically be a party to a pact of the North Atlantic and Western European countries for the reason that its territory was in a position little different from that of a colony of the United Kingdom, the United States or France.

Austria was considered eligible for membership in theory, though there were serious difficulties in practice, because the Soviet forces control most of Austrian industrial potential. It was generally agreed that Austrian membership should be considered in the same manner as Italy's membership.

Italy was considered a borderline country. While it would be very little of an asset, its omission would invite Soviet interference. Rather to keep Italy out of Soviet hands than from any desire to secure whatever help Italy might have to offer, it should be a member. The French representative introduced some objections to Italian membership on the ground that Italy was a Mediterranean rather than an Atlantic country, but it was pointed out that it would be politically impossible for the United States to guarantee the security of almost every country of Western Europe except Italy in view of the large Italian population in the United States.

There was some discussion of Greek and Turkish participation. It is known that the Turkish Government is most anxious not to be omitted from any pact of the nature envisaged by these discussions, but it was the opinion of the meeting that if the pact were extended from the North Atlantic and Western Europe, first to Greece and later to Turkey and possibly Iran, it might end up in China too. The general opinion, therefore, was that participation in this arrangement should be confined to the countries of the North Atlantic and Western Europe (including Italy and possibly Austria), but that however desirable it might be to protect the security of Greece, Turkey and Iran, it would be necessary to leave that problem to be decided elsewhere.

368.

DEA/283 (S)

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

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

TOP SECRET

Washington, July 29, 1948

Dear Mr. Pearson:

Hickerson is now back from a holiday and is attending meetings of the working group for the security talks. Yesterday at lunch I asked him to give me his present estimate of the possible timetable. He said that in his judgment the Administration here will not be able to commit themselves definitely to any scheme for an agreement before mid-November. He thought that the elections would have to take place before the commitment stage was reached, and that there would have to be time

after the elections for them to count heads in the Senate to ensure that there would be a safe margin of approval over the necessary two-thirds in the Senate. He, therefore, is not anxious that at this time we should press on too hard with the talks, although they should be continued steadily through meetings of the working group, perhaps three times a week.

By the time the commitment stage is reached it should be possible to summon a conference fairly promptly, and the conference ought not to have much real work to do. Two or three days of speechmaking and discussion might suffice. He thinks the conference on the whole should meet in Europe. If it were to meet on this side of the Atlantic, it would be preferable in his judgment for it to meet in Canada rather than in the United States.⁹⁹

They are anxious in the State Department to maintain pressure on the Brussels Powers for the achievement of concrete results in the military sphere and for some extension of the Brussels Treaty. They recognize that some of the countries of Western Europe whose participation in a North Atlantic Pact would be very desirable, if not essential, would not be willing to adhere to the Brussels Treaty as well. They must, however, if they are to carry opinion here with them, have evidence that Western European union is more than a name in both the economic and the military spheres.

I should judge from this that the probability is that the talks will proceed in a fairly leisurely fashion through the summer, but might be speeded up a little in the early autumn. As usual, the timetable has to be governed by domestic political circumstances in this country, but no one can deny the relevancy of these considerations in an election year such as this. Few things could be more damaging than the signature of a North Atlantic Agreement which failed to secure the approval of the Senate. The introduction of the issue into the campaign might result in a number of commitments by individual candidates which could not readily be undone.

Yours sincerely,

H.H. WRONG

⁹⁹ Note marginale :/Marginal note:

It would not be desirable to have the meeting in Canada if any other place can be arranged.

St. L[aurent]

369. DEA/283 (S)

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

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

TOP SECRET AND PERSONAL

Washington, July 29, 1948

Dear Mike [Pearson]:

I think that I should perhaps try to give you a very brief report on progress from meeting to meeting in the working group of the security talks. As Hume [Wrong] told you in a letter today, it now looks as though the group will meet Mondays, Wednesdays, and Fridays during August at least. The meetings normally last from 2 to 2½ hours.

As you know, at the last two meetings⁶⁰ we have been discussing Item 3, particularly (a) What countries should be covered in any North Atlantic security arrangements?

We have been wandering backwards and forwards over Western Europe and the North Atlantic and finally yesterday we generally agreed that insofar as immediate participation in a Western European — North Atlantic security arrangement is concerned, the following countries should be approached. The list below is, of course, additional to the seven countries which are participating in the present talks.

- (1) Norway.
- (2) Denmark.

It was generally agreed that both Norway and Denmark would participate.

- (3) Sweden.

It was generally agreed that Sweden would be very hesitant and would probably refuse if approached now. The fact of Norwegian and Danish participation, however, would certainly carry considerable weight. It was also thought that the situation might be changed by the results of the forthcoming Swedish elections.

- (4) Iceland.

It was considered that Iceland might hesitate. She has the disadvantage of having no armed forces whatsoever, as well as a clause in her Constitution outlawing war. (A similar clause, you will recall, was removed from the constitution of Luxembourg some time ago.) It was the general view, however, that Icelandic security would not be materially affected whether she joined or not. Hickerson also reported that some time ago when some Icelandic cabinet ministers were in Washington, he

⁶⁰ Pour un compte rendu de la sixième réunion du groupe de travail le 26 juillet, voir :
For a record of the sixth meeting of the working group (26 July), see:
FRUS, 1948, III, pp. 201-4.

Il y a une note éditoriale au sujet de la septième réunion (28 juillet).

There is an editorial note on the seventh meeting (28 July).

Ibid., pp. 204-5.

arranged for some of the top planners on the military side here to give them, without any mincing of words, a picture of Iceland's importance strategically from the United States point of view in the event of war, and, in consequence, how Iceland would have to be used by the United States forces. This came as no surprise to the ministers. A thought in connection with Iceland which must be borne in mind is that at the present time the Communists are relatively stronger there than in any of the Scandinavian countries. They do not, however, hold any cabinet posts.

(5) Ireland.

It was felt that Ireland would almost certainly join, particularly after the encouraging speech on foreign policy which McBride⁶¹ gave some days ago, in which he surveyed the world situation rather more realistically than has been ever done before the Dail before.

(6) Portugal.

Hoyer Millar observed that Portugal would, from the U.K. point of view, have to be invited to join, but that she might be a little hesitant because of the position of Spain. Hickerson observed, of course, that the importance of the Azores made it essential for Portugal to be a party to any arrangement.

(7) Italy.

It was generally agreed⁶² that Italy should be invited to join and that the possibility of her being a member at the same time of a Mediterranean security arrangement should not be lost sight of. It was very definitely the general view that the security risk of leaving Italy out would be very much greater than the security risk of taking her in. The French put in some mild reservations about the advisability of including Italy. One of their arguments was that the participation of Italy would increase the provocative effect of any arrangement. Hickerson observed that the provocative versus the deterrent effects presented a problem which must be very carefully studied at some stage, and he added that some of his colleagues in the State Department had their honest doubts on this point. He did not think, however, that the inclusion of Italy would materially increase the provocative effects of any arrangement. The French on the whole in their reservations about Italy were on pretty weak grounds in view of their own relations with Italy at the moment. I feel that their reservations in this matter are just part of their general tactics to keep the arrangement as exclusive as possible, having lost any hope of getting what they really want, which is a unilateral guarantee of their territorial integrity.

(8) Switzerland.

It was generally agreed that Switzerland would be a most desirable participant, but that she would almost certainly choose to maintain her centuries' old neutrality policy. It should, however, be explained to the Swiss that an invitation to them was not forthcoming because it was felt it might embarrass them. If, on the other hand, they wished to be invited, they certainly would be invited to join.

⁶¹ S.M. McBride, ministre des Affaires extérieures de l'Irlande.

S.M. McBride, Minister of External Affairs of Eire.

⁶² Celle-ci et les trois notes de renvoi suivantes sont des notes marginales par L.B. Pearson :

This and the following 3 footnotes are marginal notes by L.B. Pearson:

We devoted some time to discussing the three countries which eventually might become parties to any arrangement, as follows:

(1) Austria.

It was the general view that Austria should be invited on the signature of a treaty of peace.

(2) Spain.

It was the general view that Spain should be invited whenever an invitation becomes politically possible. The British and the Americans both pointed out that there would be a deep difference of view between political and military thinking as regards Spain, but that political thinking in both countries would probably have to prevail. The French said that any consideration of Spanish participation would be quite impossible as far as they were concerned at the present time.

(3) Germany.

It was felt that any paper that the working group should produce must mention the future possibility of German participation. By "future", we were thinking in terms of at the conclusion of a treaty but not later than the end of military occupation. The French alone took the strongest exception and said that any mention of German participation in even a working paper would have to carry also an indication that they were opposed. We may be able to find words which might satisfy the French, but their feelings about Germany go so deep apparently as to make it impossible for them to envisage that country ever again becoming a respected and respectful member of the Western European — North Atlantic community of nations. Their arguments are purely emotional and have no basis of logic.

At last Monday's meeting there was a lot of rather confused discussion during which it developed on several occasions that people simply did not know whether other people were talking about Brussels Pacts, North Atlantic Pacts, or North American Pacts. After the meeting, therefore, I wrote out a little paper, a copy of which I enclose, and which Hume and I have been over and revised, which I had intended tabling yesterday. I discussed it with Jack Hickerson before yesterday's meeting, however, and he thought it was a little premature, although he personally fully agrees that alternative (B) must be our goal. The Americans, however, attach such importance to the extension of the Brussels Pact that they will almost certainly use first the possibility and, if it develops, the actuality of their participation in a broader arrangement to bring the strongest kind of pressure on the Brussels Pact countries to take in more members.⁶³ As Jack told Hume yesterday, they intend to make absolutely certain before they put it up that any agreement which does go before the Senate⁶⁴ will be ratified. I think they feel that the ideal arrangement which they could put before the Senate would be a proposal of a security pact to which the three parties would be: the United States of America, Canada, and the United States of Western Europe. Since they cannot achieve this ideal situation they honestly feel that the more evidence that they have in hand that Western Europe is tending towards unity the easier will be their selling job.

⁶³ This is, I think, quite the wrong approach.

⁶⁴ This is quite unrealistic.

I am not sure that it will now be necessary to table this paper or one like it. In his opening remarks yesterday Jack went far towards clarifying the basis of the discussion which followed by suggesting that we should all understand that in discussing these various countries we were discussing them only in connection with their possible adhesion to a Western European — North Atlantic Pact and without any reference to the possible extension of the Brussels Pact. At practically every meeting, however, the Americans do bring up the question of the extension of the Brussels Pact and ask for the views of the Brussels Pact governments on this point.⁶⁵ The present views of all of the Brussels Pact countries, some stronger than others, as it now turns out, are those given in note (i) under alternative (A) in my paper.

This paper, or one like it, might serve a purpose later on, however, and it would be useful if I could have your comments. One thing which it would do would be to place on the table of the working group several points which were pretty well threshed out in the Pentagon talks.

Yours ever,

TOMMY [STONE]

[PIÈCE JOINTE/ENCLOSURE]

Note du ministre de l'ambassade aux États-Unis

Memorandum by Minister, Embassy in United States

TOP SECRET

[Washington], July 28, 1948

There has been some confusion in the talks regarding ultimate objectives and means of achieving them. Some clarification came out of Monday's meeting. It might, however, be useful to set down some thoughts which might serve as a guide to further discussions.

Two alternatives offer:

(A) an extension of the Brussels Pact followed or accompanied by the formation of a North Atlantic regional arrangement between the Brussels Pact powers and the North American group.

Notes on (A):

(i) The Brussels Pact countries are apparently reluctant to proceed at once with an extension of their pact to include other countries, even if other countries would be willing to join, which is doubtful. There has been no knocking at the door yet and it is doubtful that there will be without something more tangible than a vague plan to form a North Atlantic regional arrangement. The attitudes of both parties and non-parties to the pact towards its extension are based, of course, on considerations of the effect of this on their "security risk". This alternative (A) presents, therefore, the problem of the hen and the egg, and any timetable which might ensure its success is difficult to foresee at this stage.

⁶⁵ Surely the Americans must see that no one is going to join the Brussels Group as long as the question of U.S. association with Atlantic security is not decided.

(ii) The Brussels Pact contains military guarantees which are firmer than the Rio Pact, which means that they are firmer than the United States could give.⁶⁶ This might make for complications if a North Atlantic Pact were made between groups of countries where the groups would to some extent constitute "units" even though each country would, of course, become party by its own act. Similar complications might arise from the fact that United States-Canadian mutual defence arrangements are not comparable to the Brussels Pact in form or substance.

(B) A security arrangement between the countries of North America and Western Europe which would be *sui generis*, not directly depending on the existence of the Brussels Pact or the U.S.-Canadian mutual defence agreements.

Notes on (B):

(i) This is not to say that existing regional arrangements will not help in completing the North Atlantic arrangement. They have, in fact, sown the seed in the public mind. They do not provide, however, exact models for more comprehensive arrangements.

(ii) The Brussels Pact does indeed provide a hard core in Europe and, whether or not it be extended, it is further evidence of the tendency among the countries of Western Europe to work together for many purposes. This tendency has also been demonstrated in other ways.

(iii) It should be noted, however, that some European countries whose participation in a North Atlantic arrangement is important or even essential would be unwilling⁶⁷ to join the Brussels Pact under any circumstances but would accept a broader agreement.

(iv) It would be quite impossible for Canada and the United States to sign the Brussels Pact as it stands. Here there is a tendency to argue around in circles. It is true that North American participation in any security arrangement would make it much more attractive to many countries, and in most cases would be the determining factor in their decision to join. The particular regional arrangement which is under discussion now would not, however, be conceivable without North American participation. Therefore, it cannot be achieved by the extension of the Brussels Pact.

(v) The conception to aim at is, therefore, a security arrangement between the North Atlantic countries, which is internally braced and strengthened by more intimate and far-reaching arrangements between some of the parties, such as the Brussels Pact (in its present form or with some extension) and the arrangements between the United States and Canada.⁶⁸ The North Atlantic arrangement, however,

⁶⁶ Une copie tirée des documents Wrong, volume 4, comprend cette modification et celles de deux notes de renvoi qui suivent :

A copy from the Wrong Papers, volume 4, includes this amendment and those in the following 2 footnotes:

Rewrite first sentence to read:

The Brussels Pact contains military guarantees which are more firm than those the United States is willing to give.

⁶⁷ For "would be unwilling", substitute: "might be unwilling".

⁶⁸ Delete all after brackets in first sentence.

should permit the participation of countries which have not adhered to more intimate defence agreements such as these.

370.

DEA/283 (S)

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

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

TOP SECRET

Washington, July 30, 1948

Dear Mr. Pearson:

With reference to my letter dated July 29th on the security talks, I neglected to mention that the question of Brazilian participation in North Atlantic security arrangements was also raised. While the importance of Brazil to North Atlantic security was recognized, it was the general feeling in the working group that the participation of this country would present complications. It was considered that Brazilian, as well as other Latin American cooperation, would perhaps be assured in case of need through the Rio Pact in view of the fact that with common United States membership in both arrangements the two security pacts would be interlocking.

The question of North Africa was also raised, but it was considered that North African participation would be assured by that of France.

Yours sincerely,

THOMAS A. STONE

371.

H.H.W./Vol. 5

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

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

TOP SECRET

Ottawa, August 4, 1948

Dear Tommy [Stone],

With reference to your letter of 30th July regarding membership in the North Atlantic security group, I agree without reservation that Brazil should *not* be included. In fact, it would be very embarrassing if she were, because there would be a regular rush of Latin American applications for membership with unfortunate results.

Yours sincerely,

MIKE [PEARSON]

372.

DEA/283 (S)

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux Pays-Bas*

*Secretary of State for External Affairs
to Ambassador in The Netherlands*

DESPATCH 453

Ottawa, August 4, 1948

TOP SECRET

Sir,

I have read with much interest your despatch No. 231 of July 22nd.† In connection with paragraphs 2, 3 and 4 dealing with the "Washington talks", I feel that the French and Belgian point of view on security as reported is both short-sighted and wrong. In this regard, C.R.O. telegram 148 of 27th July† reporting on the meeting of the Consultative Council states that the French and Belgian delegations showed themselves restive at the slow progress of the Washington conversations. I had assumed that this referred to the Washington political security conversations and that, therefore, the view expressed did not coincide with that which you gave in your despatch under reference of the French and Belgian reactions. However, I note that in your despatch No. 228† you state in paragraph 4 that the French and Belgians had expressed their anxiety at the slowness of the progress made in arranging United States military support to Western Europe. There seems to be a discrepancy here as the Washington conversations in question are not concerned directly with military support, but with the formation of a political security grouping. It is true, however, that the French and Belgian representatives at these talks have on occasion confused the two things with consequences which, as I shall try to point out below, are unfortunate.

2. It would be surprising to me if representatives of France and Belgium, in the light of the history of the last forty years, expressed less interest in a long term security policy than in measures to meet the short run emergency. Surely they must realize that there is now an opportunity to work out formal treaty arrangements by which the United States will accept its full share of responsibility for the security of the West European and North Atlantic democratic community, and that it is vitally important to take full advantage of this opportunity. If discussions to this end interfered with arrangements for meeting the present emergency or increased the danger of Soviet aggression, I could understand the hesitation of the French and Belgians. But, as I see it, this is not the case. The Americans have made it clear that they will do what they can to help immediately, provided the Brussels countries are themselves doing everything possible, individually and, even more important, collectively to strengthen their own defences. Naturally, with American troops in Europe they are bound to take this attitude because they know that, along with the Western European countries, they will at once be at war if and when the Russians commit an act of aggression. But to build long range policy on this situation; to assume that all that is required is a flow of arms to the European countries from the U.S.A. and to

assume that first priority should be given to the consolidation of the Western Union group with United States military support displays, so it seems to me, a serious misunderstanding of the present position. What is required, I think, is for the Brussels powers to push ahead with a regional collective security pact under the United Nations, which would include the United States and Canada. The European countries have everything to gain and nothing to lose by this, as it would not interfere with any immediate assistance to Europe which the U.S.A. is willing to give. There is no possibility of any formal unilateral backing of the Brussels countries by North America, and it is folly for the French and Belgians, misled possibly by the fact that Germany is now garrisoned in part by U.S. troops to think so.

3. At the recent Washington talks, M. Bonnet took at the beginning the narrow view that all that mattered was immediate security, and what North America could do at once to prevent Europe being over-run by an aggressor. But he was very clearly told by Mr. Lovett that what was required was much more than this; that the U.S.A. was not interested in providing unilateral guarantees, but very interested in giving and receiving assistance within the framework of a regional security agreement. The Canadian position is, of course, similar. We would have nothing to do with any unilateral guarantee. Emphasis on such a guarantee by continental countries merely strengthens the suspicion that the European countries are interested, not so much in building up an effective collective security grouping, as in securing military supplies and assistance from across the Atlantic.

4. Of course, it is quite true that the security talks begun in Washington in July cannot result in any concrete results until after the U.S. elections. (The attached letter from Mr. Wrong will give you some idea of the possible timetable.) But there is a great deal of preparatory work to be done and it will create a bad impression — indeed it has already done so — if the French and other European delegations to these talks hang back and hesitate to take any initiative, in the absence of instructions from their governments.

5. For the first time in United States history, developments in domestic policy and the consciousness of a great menace to her security (the two are, of course, tightly related) have made it possible for Washington, not to follow, but to take the lead in working out collective security arrangements — not merely for an emergency but as part of long term policy. These arrangements will cover countries which have suffered grievously in the past because such arrangements did not exist until after war had begun. I should have thought that a change of this kind in U.S. policy would have been greeted in Paris and in Brussels with great relief and enthusiasm and that they would have pressed ahead with all speed to reduce to a treaty commitment a policy which would have saved them in 1914 and 1939 and which may be more difficult to implement in 1952 than in 1948. Any holding back or reservations now by European countries would be disastrous. If the U.S.S.R. attacked Western Europe during the next, say, twelve months, nothing that the U.S.A. would be able to do during this period — under any emergency arrangements — could prevent Soviet forces over-running continental Europe. But if the U.S.S.R. were tempted to commit an aggression three or four or five years from now, the certainty that an attack on any one European state would be an attack on the U.S.A. as a signatory to an Atlantic Pact, might prevent the aggression taking

place. Furthermore, the other signatories to that pact during these years would secure more material help from North America for their own defence than they could in any other way. I suggest, in fact, that only within the framework of such a security arrangement can the maximum military assistance which may be required in the years ahead be granted.

6. That is why I feel certain that the European countries concerned have everything to gain and nothing to lose by concluding such a pact at the earliest possible moment. It is depressing that some of them seem unable to see this.

7. Since beginning this despatch, I have received a further communication from Washington which is attached herewith and which deals with the matter discussed above.⁶⁹ I would call your attention particularly to the last paragraph of Mr. Stone's letter.

8. I am sending a copy of your despatch and this reply to London, Washington, Paris and Brussels.

I have etc.

L.B. PEARSON
for Secretary of State
for External Affairs

373.

H.H.W./Vol. 5

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

TOP SECRET

Washington, August 4, 1948

Dear Mr. Pearson:

I was shown today at the State Department a copy of a telegram from the United States Embassy in Brussels giving a summary of Spaak's present views on a North Atlantic security arrangement as expressed to Alan Kirk there.

Spaak described the Washington conversations so far as "confused and rambling". (The date of this telegram was July 25th). He expressed the view that a North Atlantic Pact would be premature; he did not think it wise, for example, to invite Norway and Denmark as long as the military potential of the west remained at or near its present level. Greenland and Iceland he thought might be in a different position, but he still had doubts about the timeliness insofar as they were concerned. Furthermore, he thought that the provocative effect which the conclusion of such a pact would have on the Russians was also not justifiable if one took into account the present military potential of the North Atlantic countries.

Spaak said, however, that he would be prepared to accede to the United States wishes if the United States on her side was prepared to back up a regional commit-

⁶⁹ Voir le document 373/See Document 373.

ment of this kind in a substantial manner. The Brussels Pact, for example, contemplated immediate military action by all signatories in the event of an attack upon one. He doubted that the United States could make this kind of commitment, and he said that some of his colleagues were doubtful about what action the United States would take were Russia to march into Germany now. Spaak said that he himself had no doubt in his mind that any Soviet aggression which would bring Soviet military forces into the United States Zone of Germany, and, therefore, into conflict with United States forces, would mean war in which the United States would participate, and he added that he had made an effort to convince his doubting colleagues that this would be the case.

On the receipt of this telegram from Brussels and of another one along similar lines, although not quite so strong, from The Hague, an instruction to the Ambassadors in all the Brussels Pact countries was drafted in the State Department. I enclose a copy of this draft which Achilles gave to me today. This instruction was not, in fact, sent, not, Achilles said, because it was disapproved by his superiors but because it was decided to use the arguments in it in the discussions here, rather than to start arguing, as he put it, "all over the place".

I am not sure that Lovett has seen this draft telegram, but Achilles did say that Bohlen has approved the substance of it, and it was Bohlen's idea that the case which it makes should be presented in the discussions in Washington. The draft, therefore, is important as indicating State Department lines of thought, at least for the working party talks and I am, therefore, sending a copy of it along to you.

Yours sincerely,

T.A. STONE

[PIÈCE JOINTE/ENCLOSURE]

*Projet du télégramme du département d'État des États-Unis
à l'ambassade des États-Unis en Belgique*

*Draft telegram from United States Department of State
to Embassy of United States in Belgium*

TOP SECRET

[Washington, n.d.]

Substance of following should be communicated orally to Spaak and foreign ministers of other Brussels Treaty countries (Embtel 1484 July 24 and Hague tel 455 July 21):

Vandenberg resolution lays down framework and essential conditions for US support for Brussels Treaty countries. These are: (1) US association must be within framework of UN Charter, (2) it must be by constitutional process, i.e. treaty obligations must be clearly defined and approved by two-thirds of Senate and material assistance will require legislation and appropriations, (3) arrangements must be based on continuous and effective self-help and mutual aid, i.e. US assistance must supplement rather than replace efforts of others and must be two-way with Europeans contributing maximum to US security, and (4) arrangements must affect (i.e. increase) US national security.

Parties to Brussels Treaty are among most geographically secure of European states. US Govt has made amply clear its desire to assist in restoration their collective military potential subject (repeat subject) to all of foregoing conditions. We do not (repeat not) consider that US can effectively support Brussels Treaty arrangement as presently constituted except within framework of North Atlantic arrangement, terms of which would fulfil all four conditions. Treaty establishing North Atlantic collective arrangement within Charter framework would clearly define obligation of all parties including US (conditions 1, 2 and 3) and provide basis for implementing legislation and appropriations. Membership is particularly important to condition 4. In our view any arrangement which did not include Greenland (Denmark) Iceland and Norway would not (repeat not) adequately enhance our national security. We consider these areas vital both to our own defense and to maintenance of sea and air communications essential for any operations on European continent. Military weakness of those countries is immaterial, what is essential is keeping their territory available to west and denying it to east.

We fully realize importance of avoiding appearance of provocation. References in both reflets to possibility of Soviets considering Atlantic arrangement as threat are comprehensible only insofar as Soviets would so regard any (repeat any) arrangement for US military cooperation with, or support for, western European countries. Charter framework and provision for positive cooperative development of common western civilization as well as common defense should reduce this danger. We are convinced that, until military potential of western world can be restored over long-term, best short-term protection for west and deterrent to aggression from east lies in proceeding quietly but firmly to confront Soviets with organized determination of west to resist attack.

374.

DEA/283 (S)

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

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

TOP SECRET

Washington, August 4, 1948

Dear Mr. Pearson:

The time is approaching when the security talks working group will be considering the actual clauses of a possible North Atlantic-Western European Pact. You will recall that at the Pentagon talks we drew up an outline of a possible pact. For convenience of reference, I attach this outline with some modifications which I have made in it, with a view to having it tabled in the working group, bearing in mind that four of the countries there represented are unaware of the previous Pentagon talks.

The modifications which I have made are as follows:

(1) In paragraph (a) I have added the last sentence.

(2) In paragraph (e) I have removed the details of the geographical delineation which was suggested at the Pentagon on the assumption that this would have to be worked out afresh.

(3) In paragraph (h) I have removed the suggestion of a definite number of years on the same assumption as above.

With reference to the last sentence that I added to paragraph (a) (Paragraph (1) above), I had a talk with Achilles yesterday and I find that the State Department are very much in favour of the idea that the pact should contain some very positive statements about the intentions of the signatories to cooperate in the economic, social and cultural fields and that it should set up, of course within the framework of the Charter, some kind of machinery for this purpose. In this connection, Achilles has had what seems to me an interesting idea, on which he has put a memorandum into circulation in the State Department. He has gone to the Preamble of the Constitution of the United States and lifted from it the six objectives therein stated which he thinks might in some cases with modification and in some cases without be incorporated not only in the Preamble of a pact, but in articles. The objectives, as you know, are:

To form a more perfect union

To establish justice

To ensure domestic tranquillity

To provide for the common defence

To promote the general welfare

To secure the blessings of liberty to ourselves and our posterity.

It is interesting that Achilles in his memorandum says with reference to the first objective, "To form a more perfect union", that whether we like it or not, the only ultimate answer to the problem of establishing any kind of comfortable security must be the creation of authorities, both political and military,⁷⁰ to which countries of Western Europe and the North Atlantic would have to surrender some degree of their national sovereignty.

I shall not go into this matter any further now, but I shall, of course, keep you informed as to how far some of these ideas are injected into the present discussions. Mr. Reid will be interested in Mr. Achilles thinking.

In the meantime, it would be useful if I could have any ideas which you might wish put forward in the talks when we reach the question of the actual form of a pact.

Yours sincerely,

THOMAS A. STONE

⁷⁰ Note marginale :/Marginal note:
Good. E.R[cid]

[PIÈCE JOINTE/ENCLOSURE]

Note du ministre de l'ambassade aux États-Unis
Memorandum by Minister, Embassy in United States

TOP SECRET

[Washington], August 3, 1948

SUGGESTIONS FOR THE MAIN PROVISIONS WHICH MIGHT BE CONTAINED
IN A NORTH ATLANTIC — WESTERN EUROPEAN SECURITY PACT

(a) Preamble combining some of the features of the preamble to the Five-Power Treaty and making it clear that the main object of the instrument would be to preserve western civilization in the geographical area covered by the agreement. The Preamble should also refer to the desirability of the conclusion of further defence agreements under Article 51 of the Charter of the United Nations to the end that all free nations should eventually be covered by such agreements. The Preamble might also contain a direct reference to the intentions on the part of the signatories to cooperate positively in the economic, social and cultural fields.

(b) Provision that each Party shall regard any action in the area covered by the agreement, which it considers an armed attack against any other Party, as an armed attack against itself and that each Party accordingly undertakes to assist in meeting the attack in the exercise of the inherent right of individual or collective self defence recognized by Article 51 of the Charter.

(c) Provision following the lines of Article III, paragraph 2 of the Rio Treaty to the effect that, at the request of the State or States directly attacked, and until coordinated measures have been agreed upon, each one of the Parties shall determine the immediate measures which it will individually take in fulfillment of the obligation contained in the preceding paragraph and in accordance with the principle of mutual solidarity.

(d) Provision to the effect that action taken under the agreement shall, as provided in Article 51 of the Charter, be promptly reported to the Security Council and cease when the Security Council shall have taken the necessary steps to maintain or restore peace and security.

(e) A clause which would contain a delineation of the area covered by the agreement.

(f) Provision for consultation between all the parties in the event of any party considering that its territorial integrity or political independence is threatened by armed attack or indirect aggression in any part of the world.

(g) Provision for the establishment of such agencies as may be necessary for effective implementation of the agreement including the working out of plans for prompt and effective action under (b) and (c) above.

(h) A clause setting forth the duration of the pact with provision for automatic renewal.

375.

DEA/283 (S)

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

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

TOP SECRET

Washington, August 6, 1948

Dear Mr. Pearson:

Under cover of my letter of August 4th I sent you a copy of that part of the final Pentagon paper in which were set forth provisions which might be included in a security pact for the North Atlantic area. I now enclose a copy of a redraft of this extract which has been prepared in the State Department. I must emphasize that when this paper was given to me in the State Department it had not gone very far. By Monday morning next, however, it will probably have been considered by Bohlen, Hickerson and the other top working level officials there and at that time I hope to be in a position to let you have further observations on it.

I thought I would send you this draft, however, in view of the fact that I am inclined to think that it will be substantially approved for presentation in the working group. I gather that it is quite possible, although not at all definite, that Bohlen may still speak a little piece in the working group raising some doubts which he apparently still has in his mind as to the advisability of attempting to conclude any formal pact at the present time. I am sure, as has been indicated by evidence which I have sent to you, that any doubts in Bohlen's mind on this score are very much less serious than they were some weeks ago and I would certainly much prefer in present circumstances that any divergence of views which may exist between him and his colleagues in the State Department should be settled in the bosom of his own family rather than in open discussion with the representatives of six other countries in the working group. I have hinted as much in conversations with officials of the Department, drawing their attention particularly to the French and Belgian attitude, which I do not think should be encouraged and which might be by Bohlen's piece. It is difficult, however, in matters of this kind, even when one is on intimate terms with officials of the Department, to do more than hint, especially in view of the fact that although I have not talked with him direct in the matter, I have been given to understand that Hickerson feels (perhaps Bohlen insists) that he, Bohlen, should speak his piece.

I do not think that the enclosed document or any revision of it as may be made will be tabled at Monday's meeting of the working group by the United States representatives. It will, however, be brought forward soon and as I suggested in my letter under reference, it would be most useful if I could have your views.

Yours sincerely,

THOMAS A. STONE

[PIÈCE JOINTE/ENCLOSURE]

Note du ministre de l'ambassade aux États-Unis
Memorandum by Minister, Embassy in United States

TOP SECRET

[Washington], August 5, 1948

SUGGESTIONS FOR THE MAIN PROVISIONS WHICH MIGHT BE CONTAINED
IN A SECURITY PACT FOR THE NORTH ATLANTIC AREA

(a) Preamble combining some of the features of the preambles of the Charter, the Rio and Five-Power Treaties and making it clear that the main objective of the instrument would be to preserve and develop western civilization in the geographic area covered by the agreement. It would refer to the desirability, until the United Nations is in a position to assure universal security, of the progressive development of regional and other collective arrangements for the maintenance of international peace and security. It would express the determination of the Parties to unite their strength, on the basis of continuous and effective self-help and mutual aid, to maintain international peace and to increase general and national security.

(b) Provision similar to Articles I and II of the Rio Treaty, condemning war and undertaking not to resort to force in a manner inconsistent with the Charter or the present agreement and undertaking to submit all controversies to methods of peaceful settlement.

(c) Provision for individual and collective effort to promote the economic well-being of their peoples, achieve social justice and further the development of free democracy and individual liberty.

(d) Provision for individual and collective effort, on the basis of continuous and effective self-help and mutual aid, to strengthen the individual and collective capacity of the parties to resist aggression.

(e) Provision that each Party shall regard an armed attack in the area covered by the agreement against any other Party as an armed attack against itself, and that each Party accordingly undertakes to assist in meeting the attack in the exercise of the inherent right of individual or collective self-defense recognized by Article 51 of the Charter, each Party determining for itself whether in fact an armed attack has occurred.

(f) Provision following the lines of Article III, paragraph 2 of the Rio Treaty to the effect that until coordinated measures have been agreed upon, each one of the Parties shall determine the immediate measures which it will individually take in fulfillment of the obligation contained in the preceding paragraph and in accordance with the principle of mutual solidarity.

(g) Provision to the effect that action taken under (e) and (f) above shall, as provided in Article 51 of the Charter, be promptly reported to the Security Council and cease when the Security Council shall have taken the necessary steps to maintain or restore peace and security.

(h) Delineation of the area covered by the agreement.

- (i) Provision for consultation between all the Parties in the event that any Party considers that it is threatened by armed attack or indirect aggression.
- (j) Provision for the establishment of such agencies as may be necessary for effective implementation of the agreement, including the working out of plans for prompt and effective action under (e) and (f) above and for the progressive attainment of the objectives listed under (c)
- (k) Clauses providing for ratification and setting forth the duration of the pact with provision for automatic renewal in the absence of denunciation.

376.

DEA/283 (S)

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

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

TELEGRAM EX-1978

Ottawa, August 10, 1948

TOP SECRET

Following for Stone only from Pearson, Begins: Security talks. Your letter of August 6 enclosing draft memorandum of August 5 on provisions which might be contained in a security pact. Following are my comments on paragraphs of memorandum:

Paragraph (a). This would be improved by adding at the end the sentence from your draft of August 3, "The preamble might also contain a direct reference to the intentions on the part of the signatories to cooperate positively in the economic, social and cultural fields." This is covered in paragraph (c) but the objective could also appropriately be mentioned in the preamble.

Paragraph (b). It might be better to say "all controversies between them".

Paragraph (d). This would be improved by amending the last line to read, "to resist direct and indirect aggression".

Paragraph (e). (1) It is, of course, most undesirable to underline the reservation that each party determines for itself whether an armed attack has occurred. I sincerely hope that the State Department can eventually persuade the Senatorial leaders that such a provision is unwise and unnecessary. If the State Department insists on putting this reservation in, you should urge them to accept the language of the Pentagon draft, "Provision that each Party shall regard any action in the area covered by the agreement, which it considers an armed attack against any other Party, as an armed attack against itself." This is bad enough but not as bad as the language in the August 5 draft.

(2) It is probable that we shall have to be content with the Rio formula but that does not mean that we should not associate ourselves, particularly at the beginning of the talks, with efforts of the Brussels countries to get something which will sound more reassuring to their peoples, such as, "and that each Party accordingly undertakes to give immediately to any other Party which is attacked all the military,

economic and other aid and assistance in its power." This is more or less the Brussels formula. The advantage of the Brussels formula is that the parties promise to fight an all-out war if one of them is attacked. They obviously will have to fight an all-out war so why not say so instead of using the vague term "assist in meeting the attack" which hostile critics could say means the kind of assistance Mexico gave in the last war.

(3) If the U.S. worry is the constitutional right of Congress to declare war, isn't that point met by the words "in its power."?

(4) This formula would not mean that the U.S. would necessarily throw all their forces into Western Europe. They would remain the judge of how and where the military aid could best be given.

377.

DEA/283 (S)

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

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

TELEGRAM EX-1979

Ottawa, August 10, 1948

TOP SECRET

Following for Stone only from Pearson, Begins: Security talks. Your letter of July 29 enclosing draft paper which you prepared on the subject of the relationship between the formation of a North Atlantic pact and the extension of the Brussels pact.

1. In your letter you said that this paper, or one like it, might possibly be tabled at some time in the discussions.

2. I am in general agreement with the paper. A number of small points have, however, occurred to me.

3. [Aii]. I think it would be unwise for a Canadian representative to table a paper containing an acceptance of the State Department line that the United States will not give a military guarantee firmer than that given in the Rio pact. I have developed this point in my teletype of today commenting on your letter of August 6.

4. [Biii]. In line 4 I suggest the substitution of "might" for "would".

5. [Bv]. Is it quite correct to speak of the defence arrangements between the United States and Canada as being more intimate and far-reaching than those which may be made under a North Atlantic pact? The North Atlantic pact would presumably contain contractual obligations and there are no contractual obligations of importance between Canada and the United States.

6. I sympathize entirely with the desire of the United States that Western Europe should demonstrate its willingness to unite politically and economically. The slow pace of the movement towards the unification of Western Europe is disappointing. However, I think that it may well be true that the goal of unification of Western Europe can be reached more quickly by approaching it indirectly through the con-

clusion of a North Atlantic pact than by attempting to reach it more directly. Once the Western European countries get a firm guarantee from the United States and machinery set up for the coordination of defence planning and for the pooling of resources, they will be given that renewed confidence and vigour which will make it easier for them to go ahead with plans for the unification of Western Europe.

7. Certainly it cannot be expected that the Brussels signatories can take on additional security risks by the addition of new members until the North Atlantic pact has come into force.

8. In your letter you give a list of the countries which it is generally agreed should be invited to join the North Atlantic pact. As you know, we have always been doubtful of the wisdom of inviting Portugal on political grounds, unless the strategic considerations are overriding. Also, I see great difficulties to the inclusion of Italy in any North Atlantic regional Pact. Once you depart from this regional concept, how can you object to the inclusion of Greece or Brazil or even Australia.

378.

DEA/283 (S)

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

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

TOP SECRET

Washington, August 10, 1948

Dear Mr. Pearson:

Yesterday afternoon the Working Group in the seven-power security talks reached Item 4 on the agenda: the nature of the association. The general character of the discussion was an explanation of the United States' position by Mr. Bohlen, a statement of their frustration by the French delegation, and an attempt by the United Kingdom, ourselves, and the Netherlands to reconcile the French to political necessities: the Belgians, as usual, contributed nothing.

The United States' position, as stated by Bohlen, was as follows. There were two problems in relation to European and American security, one short-term, the other long-term. The short-term problem, in the United States' view, had two aspects: first, the provision of military supplies to the powers signatory to the Brussels Pact, and second, the fact of the presence of United States troops in Germany. (I shall refer to this second aspect later.) In so far as the provision of immediate military assistance to the Brussels powers was concerned, Mr. Bohlen thought that this question was altogether outside the purpose of these meetings. It must be, and presumably was being, explored in London. Bohlen did not say where the decision as to what should be done should lie, but, by inference, it would be taken by the United States alone. He laid emphasis on the fact that the United States Government actually does not know yet just what types of materiel the Brussels powers need. General Lemnitzer is in London to secure that information.

Hoyer Millar later asked whether the existence of a long-term arrangement would not influence the Congress in its action on the short-term needs of the Brussels powers. Bohlen replied that he thought its existence would be helpful but not vital: the long-term arrangement would be slow in maturing and could not be rushed for the purpose of influencing the Congress.

Armand Bérard (French Minister) stated that his Government had thought the present conversations were to be concerned with military aid to the Brussels powers rather than with the formation of a larger association. The French people, he said, were like a man who has been told that, if he will but climb 2000 feet up a mountain, he will secure a wonderful view. But, having made the ascent, he is told that the view cannot really be obtained from there after all: let him climb another 2000 feet and he will surely secure the view. He thought that overcoming the "deception" that the French people would feel would present a major political problem. The French, having risked the Brussels Pact, now want some security before they undertake further risks in a larger association. This argument was never fully countered. (In fact, it did not need to be as the analogy was not altogether a true one: the United States did not promise anything at the end of the first stage.) Bohlen pointed out, however, that for the United States the Brussels Pact was not enough. If the United States confined its efforts to the Brussels powers, then it would by neglect jeopardize the security of other countries which would be left out — Norway, Denmark, Iceland, Ireland, Italy, Portugal — and with those areas endangered, or lost to the enemy, United States help to the Brussels powers would be small. Indeed, as he pointed out later, without the Azores, Iceland, and Greenland, help could not be got to Europe in significant quantities at all. Furthermore, on the other side of the picture, any pact which did not include these areas vital to the defences of North America would fail, at least in part, to meet one of the United States desiderata — that it must contribute to the security of this country.

Turning to the long-range problem, Bohlen said that the United States wanted to know with what it is being asked to associate itself. It could not undertake a multitude of small arrangements (United States-Brussels Powers; United States-Norway and Denmark; United States-Italy, etc.). The Congress will require security in a "single package", to include not only the Brussels powers but also the otherwise-neglected countries: Denmark (including Greenland), Norway, Sweden, Iceland, Ireland, Portugal and Italy.

The United States would like to see as large a European union as possible, but realized that in the present talks we must try to decide whether such a union is possible before or after an Atlantic pact, whether as an extension of the Brussels Pact or through some other instrumentality. In his words, "Is the Brussels Pact a period, or a first step capable of expansion?" He emphasized that, though the direct contribution of countries like Iceland, Denmark, and Portugal might be negligible, they are of vital importance as providing the bridge from the United States to Europe through Iceland, Greenland, and the Azores.

For the United States, the Rio Pact was the point of departure, capable of some variations certainly, but not variations which would bring it into line with the European pacts which provide for *automatic* action. He stressed that Europeans should

not expect the United States public radically to change long established habits of thought overnight. It had come a long way, but was not yet ready to participate in treaties of the European alliance type. He thought, however, that the effect of Article 3 of the Rio Pact was just as prompt as that of Article IV of the Brussels Pact. In both pacts, each country was the final judge of its own contribution.

In considering the second aspect of the short range problem Bohlen thought that the presence of United States troops in Germany afforded the best guarantee the United States could possibly give to the Western European countries. In fact, the United States was likely to be attacked before those countries. A pact at the present time could therefore add little or nothing to the real commitments of the United States, nor could any sort of engagement or undertaking on its part change the present situation one iota. The real value of a pact in the short term view would derive from its psychological effect on the people of Europe and from its assuring that vital strategic areas would be available for our use. Bérard pointed out that the French "could not accept" a pact which did not provide a guarantee of some pre-planned immediate help in case of attack. While he did not reply to this directly, Bohlen had already made the points, that nobody need ever expect the United States to maintain a field-force of fifty or a hundred divisions (its contribution would be in air and sea power), and that the United States would be bound to consider the over-all strategical picture rather than the territorial integrity of any one party to the arrangement. In so far as "pre-planned immediate help" was concerned it was pointed out that a pact would in all probability set up organs of consultation — indeed the present military talks in London might be regarded as indicative of the kind of closer relationship in all matters of defence which might develop between the signatories.

Bohlen stated that there were two fundamental provisos in relation to any pact for North Atlantic security if the United States is to be a party: (1) the pact must come within the framework of the Charter of the United Nations, and (2) the pact must allow for the division of powers in the United States constitution, which gives to the Congress the right to declare war.

I said that I thought that Bohlen had made a useful contribution to the discussions in drawing a clear distinction between the short and long term considerations. I doubted, in fact, that except in so far as the two points mentioned were concerned — the importance of safeguarding for our use vital strategic areas and the psychological effect on Western Europe — short term considerations came within the terms of reference of this group. Nothing that we could do or say here could in any way alter the facts of the present situation and it seemed to me hardly our business to talk about it except incidentally to our real business — ways and means of assuring the long term security of the North Atlantic-Western Europe area. I emphasized again our view that what we must aim at is a common pool of security. In so far as we in Canada were concerned, some comfort could be drawn from an arrangement under which European countries would come to our assistance in the event of an attack launched at us over the North Pole.

I had the impression that Bérard took Bohlen's remarks to heart. He was made to realize to some extent at least that he was flying well off the beam — especially

when Achilles read to him excerpts from some of the early Marshall-Bidault-Bevin telegrams out of which these talks grew.

The next meeting of the Working Group is set for Thursday, August 12th, at 3:00 p.m. It is possible that by the middle or end of next week we may be far enough advanced to call a further Ambassador-Lovett level meeting which I hope you would be able to attend.

Yours sincerely,

THOMAS A. STONE

379.

DEA/283 (S)

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

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

TELEGRAM 140

Ottawa, August 11, 1948

TOP SECRET

Following for Doré only from Pearson, Begins: My letter of August 4 on Washington security talks, enclosing copy of our despatch No. 453 of August 4 to the Canadian Ambassador in the Netherlands.

Since writing you I have received further disturbing reports of Spaak's hesitations about an Atlantic security pact. He is reported to have said that he thinks it is premature and that the provocative effect on the Russians is not justifiable if one took into account the present military potential of the North Atlantic countries.

2. If you see no objection, I think it would be useful if you could discuss this matter with the Foreign Office on an informal basis. You could put our views along the lines set forth in our despatch No. 453.

3. The reports which we have received from Washington indicate that the trend of thinking in the State Department is in the direction of a Pact. This trend would, I think, be reversed if the Brussels countries are hesitant and negative in their attitude. On the other hand a forthcoming attitude by the representatives of all the Brussels countries in the Washington discussions might make it possible to get a North Atlantic pact much closer to the Brussels treaty than to the Rio treaty.

4. I would hope, too, that Spaak's brilliant and creative mind would be impressed by the possibility of our being able this year to give an institutional form to the North Atlantic community. This community is a real commonwealth of nations which share the same democratic and cultural traditions. If a movement towards its political and economic unification can be started this year, it would be a great accomplishment.

380.

H.H.W./Vol. 5

*Procès-verbal de la réunion du Groupe de travail**Minutes of Meeting of Working Group*

TOP SECRET

[Washington], August 12, 1948

1. *Leakage to the Press*

Mr. Hickerson read an article from the *New York Star* of 11th August (written by Kuh),⁷¹ speculating on the substance of the seven-power meetings and on the demands of the respective parties. It was agreed that there was sufficient accuracy in the account to show a leak had taken place. Mr. Hickerson also noted that there had been a Soviet broadcast along the same lines, but less well-informed, on 7th August. It was agreed that the press should receive *No Comment* to enquiries, but should be referred to the earlier release.

2. *Proposal for a Pact*

Mr. Hickerson: Suggested taking the pre-amble of the U.N. Charter word for word.
Mr. Bérard: Asked whether agreement on common measures against an attack would take place before or after the attack?

Mr. Hickerson: Thought after. Human ingenuity could not foresee circumstances of attack.

Mr. Bérard: Chief pre-occupation of the European countries is with preventing an invasion.

Mr. Achilles: Rio Pact does not preclude prior planning, but neither does it make it mandatory.

Mr. Hickerson: It would be possible to prepare plans beforehand, but the treaty could not contain any requirement that the plans go into effect automatically.

Mr. Reuchlin:⁷² In view of Article 3 of the Rio Pact, would the situation not be like that at Pearl Harbour (i.e., if an attack against any was an attack against each, would the U.S. not regard itself as directly attacked as at P.H.).

Mr. Hickerson: The President can take steps as Commander-in-Chief but if the treaty bound him to take those steps before Congress had declared war, the Senate would not approve the treaty. The 3rd Rio article really promises merely that something will be done, that Congress will be consulted. But the Senate will not approve a treaty which binds a future congress to declare war. The State Department is anxious that no pact should be rejected by the Senate, or accepted with many reservations.

Mr. Reuchlin: Then article 3 would allow preparatory planning.

Mr. Achilles: So would article 10.

Mr. Stone: Pre-amble should say something about economic and cultural co-operation.

⁷¹ Frederick Kuh, "U.S. Seeks Atlantic Pact: Ties Alliance to Arms for West Bloc".

Voir *New York Star*, le 11 août 1948/(datée de Londres, le 10 août).

See *New York Star*, August 11, 1948/(datelined London, 10 August).

⁷² Jonkheer J. Reuchlin, ministre, ambassade des Pays-Bas aux États-Unis.

Jonkheer J. Reuchlin, Minister, Embassy of the Netherlands in United States.

Mr. Hickerson: Agreed.

Mr. Bérard: To what area is treaty to apply?

Mr. Hickerson: The State Department has an absolutely open mind and would welcome ideas.

3. Pact the only solution.

Mr. Stone: What answer is there to item 4 of the agenda of the working-group other than a pact?

Nobody produced one.

381.

DEA/283 (S)

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

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

TOP SECRET

Ottawa, August 13, 1948

Dear General Vanier,

On August 4 I sent you an exchange of despatches between The Hague and Ottawa on French and Belgian reactions to the Washington security talks. I have now received the enclosed top secret letter from Mr. Stone reporting on the discussions in Washington on August 9 of the Working Group. At this meeting they dealt with the nature of the association which might be formed by the North Atlantic powers.

2. It is discouraging to read Mr. Stone's account of the line taken by the French representative in these discussions, particularly since it appears that he was acting under instructions from his Government.

3. I hope Mr. Stone is correct in his impression that the French representative took to heart the remarks made by Mr. Bohlen and that he will soon receive new instructions from Paris.

4. Since the national interests of Canada are so deeply involved in the success of the Washington discussions, I should be grateful for anything which you could do in Paris to help convince the French Foreign Office that the national interests of France require the conclusion at the earliest possible date of a North Atlantic pact.

5. Since the discussions in Washington are at present on the level of second-in-commands of missions, it would not, I think, be appropriate at the present time for the matter to be discussed direct with the French Foreign Minister or on anything but an informal basis. If you see no objection, however, I think it would be useful if you or Mr. Ritchie could as soon as possible discuss the matter with the appropriate official or officials in the Foreign Office on an informal basis.

6. In all the capitals concerned I think the reports of the Washington discussions have been given a very restricted circulation. It would therefore be necessary for you to find out which officials in the Foreign Office are familiar with what is hap-

pening in Washington. You will know much better than I who would be the best person to talk to. The only person I can think of at this distance is Mr. Dennery.

7. Our despatch No. 453 of August 4 to The Hague, which I sent you on August 4, contains a statement of some of our views which you might find useful in your discussions with the French Foreign Office.

8. I do not think you need deal with Mr. Bérard's contention that the French were "deceived" about the nature of the conversations in Washington. The preliminary correspondence between Mr. Bevin, Mr. Marshall and Mr. Bidault made the nature of these conversations clear.

9. The important thing is that the French seem to be so obsessed by the dangers of an immediate Soviet occupation that they do not realize the benefit to them of a long term commitment by the United States.

10. I realize that the French may be somewhat cynical about impatience over their concentration of interest on the short run danger, shown by overseas countries where distance still gives relative security against armed invasion and occupation, though not against air attack. I do not think, however, that either we or the Americans are impatient with them on this score. We fully realize how exposed they are and we know that France would probably never recover from the effects of a Soviet occupation. If we had any reason to believe that the conclusion of a North Atlantic pact would make more likely the Soviet occupation of France, we would therefore comprehend fully the apparently negative attitude which they appear to have adopted towards the conclusion of a North Atlantic pact.

11. However, it does not seem to me that the conclusion of a North Atlantic pact would increase the danger of a Soviet occupation of France. Indeed, it seems to me that on balance it would progressively lessen that danger.

12. One way in which war may occur in the near future would be as the result of the Soviet Union thinking that the Western powers were bluffing in their opposition to Soviet demands and that they would not, in fact, be prepared, regardless of what they say, to carry their opposition to the point of actual war. A formal treaty commitment by the United States would make it less likely that the Soviet Union would make this miscalculation.

13. Another danger is that the United States may press the Russians too hard and too fast and not leave them a way out which would save their faces. To lessen this danger, the Western European powers will have to exert a steady and constructive influence on Washington. The establishment of a North Atlantic union will give them additional channels through which to exert this moderating influence. Under a North Atlantic pact there would presumably be established a Consultative Council of Foreign Ministers, a Council of Defence Ministers and a combined Chiefs of Staff, as well as some permanent consultative committee. The pact will also contain undertakings among the members to consult. There will thus be established, at least in outline, a semi-constitutional structure of the North Atlantic powers.

14. The establishment of this kind of constitutional structure serves the interests of countries like France. Arnold Toynbee, in his recent book *Civilization on Trial*, made some illuminating remarks about the advantages to countries like France and the United Kingdom of some constitutional form of world government. His argu-

ment has a bearing on the present proposals for the formation of a North Atlantic union. The passage which I have in mind reads as follows:

"It is only if there is some constitutional form of world government that powers can continue to count as great powers — and really to play that part — in spite of their war potential being no longer a match for the war potential of the Soviet Union and the United States. In an even partially constitutional world community, Great Britain, the continental West European countries, and the Dominions can still have an influence in international counsels far in excess of the ratio of their war potential to that of 'the Big Two'. In an even semi-parliamentary international forum, the political experience, maturity, and moderation of countries like these will weight heavily in the balance alongside of the grosser weight of Brennus' sword. In a pure power-politics world, on the other hand, these highly civilized but materially less powerful states will count for nothing compared with the United States and the Soviet Union."

15. One argument which some of the French may use to explain their lukewarmness to a North Atlantic pact is that it would be provocative to the Russians — the argument that the Belgians used against staff talks a few weeks before the Nazis overran their country. It would seem to me that, while weak measures might be provocative, firm measures might well prove a deterrent. If the history of the last twenty years doesn't prove that, it doesn't prove anything.

16. I agree that the Russians might provoke a war if they considered that the balance of forces was rapidly and progressively tipping against them. However, if this argument is pursued to its logical conclusion, it means that the North Atlantic world should continue to be weak.

17. But the French do not want to remain weak. They want to receive immediate assistance from the United States in building up their armed forces. They should be the last, then, to argue that one way of not provoking the Russians is for the West to refrain from strengthening itself. If this strengthening is to go on — as the French and Belgians agree it must — what argument is there against doing it within a collective security Pact?

18. So much for the short-run considerations. I am convinced that, on balance, even the short-run considerations make it apparent that it is in the interests of France to press for the conclusion of a North Atlantic Pact. The argument from long-run considerations is even more apparent.

19. The events in the United States Congress during the first half of June reveal very clearly the wide differences between the right-wing Republicans who control the House of Representatives and the Republican supporters of a bi-partisan foreign policy. This emphasizes the importance of a multilateral agreement binding the United States for not less than ten years, because such an agreement would commit the whole Republican Party and considerably reduce the range within which the compass needle of United States policy could swing. The difficulty from the point of view of the United States is that a formal alliance would be a tremendous reversal of the traditional national policy of the United States. This very difficulty, however, is the reason why the alliance would be of great value to Western Europe: it

would be the outward and visible sign of a revolutionary change in United States foreign policy.

20. Another advantage to France of a treaty commitment by the United States (and by Canada) is that it would embody the element of mutual assistance. Without such a guarantee of mutual assistance, persons in the United States and Canada who are opposed to our giving a guarantee to Western Europe could ask why the United States and Canada should pledge themselves to come to the assistance of Western European countries if those countries are not willing to accept similar obligations to us.

21. The French must sometimes be somewhat concerned by statements made in Canada and the United States about the measures we are taking to defend North America from outside attack. We, too, here have been worried by the possibility that our defence planners might be tempted to an unrealistic concentration on the passive defence of North America. One of the advantages of a North Atlantic treaty is that it would help the planners in Ottawa and Washington to see the problems of a passive North American defence as a small part of a larger plan, the purpose of which would be to defeat the enemy by offensive operations.

22. The French, particularly from their experience in the last war, must be worried by the possibility that if war should break out they will have little or no say in the making of the larger political and strategic decisions by the Western allies. The conclusion of a North Atlantic treaty would make it possible to set up formal international bodies, not only for making plans for preventing war, but also for making plans for the waging of war. The establishment in peace time of these bodies would help to ensure that in the event of war France and other Western European countries had a say in the making of the larger political and strategic decisions.

23. If the United States and Canada are to continue to give economic and military assistance to Western Europe it is essential that the people in both countries look upon the Western European countries as partners and not as clients. It is not going to be easy, particularly in the United States, to secure general acceptance of this truth. It will be easier to get this general acceptance if we are members together of a North Atlantic union.

24. It is not going to be easy for our friends in Washington to get agreement within the administration and in Congress for the kind of North Atlantic treaty which the present situation requires. Their task would, however, be made much more difficult if France is hesitant and querulous.

25. It will not, in any event, be possible for France or any other country to get into the North Atlantic treaty every provision that it would like to see in it. It may be that the final treaty will be vague where we would like it to be precise.

26. I know that it is easier for some one reared in the British constitutional tradition to accept imprecision in a matter of this kind than it is for a Frenchman. However, I hope that the French will realize that a North Atlantic treaty, even if it is not as precise as they would like it to be, will create a new living international institution which will have within itself possibilities of growth and of adaptation to changing conditions. The North Atlantic community is a real commonwealth of

nations which share the same democratic and cultural traditions. If a movement towards its political and economic unification can be started this year, none of us can forecast the extent of the unity which may exist five, ten or fifteen years from now.

Yours sincerely,

[L.B. PEARSON]

382.

DEA/283 (S)

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

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

TELEGRAM WA-2253

Washington, August 13, 1948

TOP SECRET

Following for Pearson *only* from Stone, Begins: I am transmitting below the text of the paper which the United States group submitted to the Working-Group yesterday as a basis for discussion. In presenting the paper, Hickerson emphasized that it was put forward solely to give direction to the discussion, and did not constitute an American attempt to lay down terms to the European participants. The paper does not try to set forth any specific wording, but confines itself to outlines; no attempt to arrive at a wording will be made until the Ambassadors and Mr. Lovett have met once more. Perhaps one caveat ought to be mentioned in this respect, however: the United States group is very much attached to the wording of the Rio Pact about "to assist in meeting the attack" (proposed Article 3). Hickerson acknowledged that this paragraph is going to be the most difficult in the whole Pact, and the one requiring most extensive negotiation.

2. The text in its entirety is as follows, Begins:

(Draft)

TOP SECRET

August 10, 1948

PROVISIONS OF THE RIO TREATY WHICH MIGHT BE SUITABLE
FOR INCLUSION IN A NORTH ATLANTIC SECURITY ARRANGEMENT

Note

This paper represents no commitment, expressed or implied, or position of the United States Government. It represents merely a compilation of provisions in the Rio Treaty which, in the informal opinion of the State Department Working Group, might be contained in a North Atlantic security arrangement to which the United States might become a party. Certain commitments which the group is strongly of the opinion should *not* be included in a North Atlantic arrangement are indicated at the end of this paper.

The State Department Working Group considers that in any such North Atlantic arrangement Canada and the United States would constitute the North American anchor point and the parties to the Brussels Treaty the European anchor point. It also considers that such an arrangement would neither increase adequately the national security of the United States nor provide the Western European countries with adequate assurance that North American ground and air forces or supplies could effectively be brought to their assistance in time of war if the two anchor points were not connected by inclusion of the vital North Atlantic territories of Denmark (Greenland), Iceland, Ireland, Norway and Portugal (the Azores).

Preamble

A statement of the parties' desire to consolidate and strengthen their relations of friendship. (Par.1)

A statement that the parties wish to establish a system, consistent with the purposes and principles of the United Nations, dealing with those matters relating to the maintenance of international peace and security which are appropriate for regional action. (Par.3) (See Brussels, par.5)

A statement that the obligation of mutual assistance and common defence between the parties is essentially related to their democratic ideals and to their will to co-operate in the fulfillment of the principles and purposes of a policy of peace. (Par.6) (See Brussels, par.2)

A statement that peace is founded on justice and moral order and, consequently, on the international recognition and protection of human rights and freedoms, on the indispensable well-being of the people, and on the effectiveness of democracy for the international realization of justice and security. (par.7) (See Brussels, pars. 1 and 2)

A statement that the parties have concluded the treaty in order to assure peace, through adequate means, to provide for effective reciprocal assistance to meet armed attacks against any of them, and in order to deal with threats of aggression against any of them. (Par.8) (See Brussels, pars. 5 and 8)

Articles

1. Condemnation of war and undertaking not to resort to the threat of use of force in any manner inconsistent with the provisions of the Charter or of the Treaty. (Art.1)

2. An undertaking to submit every controversy which may arise between the parties to methods of peaceful settlement. (Art.2) (See Brussels, Art. VIII)

3. Provision that an armed attack by any State against a party shall be considered as an attack against all the parties and that, consequently, each party *undertakes to assist in meeting the attack* in the exercise of the inherent right of individual or collective self-defence recognized by Article 51 of the Charter. (Art. 3, par.1) (See Brussels, Art. IV)

4. Provision for individual determination by each party, pending agreement upon collective measures, of the immediate measures which it will individually take in fulfillment of the obligation contained in the preceding paragraph and in accordance with the principle of mutual solidarity. Provision for immediate consultation

with a view to reaching an agreement upon collective measures. (Art.3, par.2) (See Brussels, Art. IV)

5. Delineation of the area within which an armed attack will bring paragraphs 3 and 4 above into operation. (Art. 3, par.3 and Art. 4) (See Brussels, Art. IV)

6. Provision to the effect that measures of self-defence taken under paragraphs 3 and 4 above may be taken until the Security Council has taken the measures necessary to maintain international peace and security. (Art.3, par.4) (See Brussels, Art. V)

7. Provision to the effect that the parties will immediately advise the Security Council fully concerning measures taken under paragraphs 3 and 4 above. (Art. 5) (See Brussels, Art. V)

8. Provision for consultation if the inviolability or the integrity of the territory or the sovereignty or political independence of a party should be affected by indirect aggression or by an armed attack outside the area delineated in paragraph 5 above. (Art. 6) (See Brussels, Art. VII, par.2)

9. A statement that none of the provisions of the Treaty shall be construed as impairing the rights and obligations of the parties under the Charter. (Art. 10) (See Brussels, Art. V)

10. Provision for the establishment of agencies to implement the treaty. (Art. 11 and 21) (See Brussels, Art. VII)

11. Provisions covering accession, ratification and duration. (Arts. 22-25) (See Brussels, Arts. IX and X)

In the opinion of the State Department Working Group, the United States Government could not constitutionally enter into any Treaty which would provide that the United States would automatically be at war as a result of an event occurring outside its borders or by the vote of other countries without its concurrence. The group does not consider the provisions of the Rio Treaty concerning voting (Arts. 14 and 16-20) or any provisions concerning voting suitable for conclusion in North Atlantic security arrangements. Text ends.

3. I should very much like to have your comments (by teletype if possible) by Monday noon. The next meeting of the working group is at 3 p.m. on Monday. Ends.

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PCO/Vol. 112

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

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

TOP SECRET

Washington, August 13, 1948

Dear Mr. Pearson:

With reference to paragraph 5 of your despatch No. 453 of August 4th to the Canadian Ambassador to The Netherlands, I think it is worth putting on the record a solemn and serious statement made by Hickerson at yesterday's meeting of the working group.⁷³ You will recall that during the Ambassadors' meetings Lovett made a similar statement.

Hickerson said that the fact that these talks were taking place in Washington was indicative of the most radical change in United States foreign policy which had ever taken place and he wanted the representatives of the countries present to appreciate this fully. With a thorough appreciation, Hickerson said, he thought that other countries would be able to understand that, in so far as the State Department was concerned, its officials were unwilling to risk failure in implementing this new United States foreign policy. It would be disastrous if they were to put forward to the Senate an unacceptable act or treaty. It would be almost equally disastrous if a pact or treaty were to be ratified with a series of hampering reservations after protracted debate. During negotiations, therefore, it was the intention of the State Department to maintain the closest possible contact with political leaders in both Houses and to take their advice and counsel as to the phraseology and the content of a pact or treaty which would be acceptable to the Congress. I have no doubt in my own mind that, in so far as Hickerson personally is concerned, he will press for a pact under which United States obligations will be clearly expressed and as broad as is constitutionally possible.

Yours sincerely,

THOMAS A. STONE

⁷³ Pour un compte rendu de la dixième réunion du groupe de travail (le 12 août), voir :
For a record of the tenth meeting of the working group (on 12 August), see:
FRUS, 1948, III, p. 212-3.

384.

H.H.W./Vol. 5

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

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

TOP SECRET

Washington, August 13, 1948

Dear Mr. Pearson:

In my letter of 29th July I gave you an outline of the thinking on which discussion of Item 3 of the agenda of the working group of the Washington Security Talks was based. After several further meetings the working group produced a paper on the same plane as the paper of 22nd July on Item 1, forwarded to you on 29th July by Mr. Wrong. I enclose copies 22, 23, and 24 of the new paper on item 3.⁷⁴

Your message EX-1979 of 11th [10] August raises questions as to the participation of Portugal and Italy. From my report of 10th August on the meeting of 9th August, you will, I think, see that the United States group is of the opinion that strategic considerations are over-riding in the case of Portugal. The United States group has maintained throughout that, to fulfil the desideratum that the arrangement must augment United States security, the pact must deny the stepping-stone islands (both northern and southern) to the prospective enemy, and must ensure their availability to the Western European and North Atlantic bloc. The inclusion of Italy is based partly on strategic considerations, but possibly even more on political necessity: it would be almost (probably entirely) impossible to get the Senate to ratify a security pact from which Italy was excluded. The working group's comments on Italy in the paper on Item 3 (last sentence of 2(f)) show that Italy is regarded as a country which ideally should be in at least two security-groups.

One argument which the United States group uses with respect to countries like Italy and Portugal is as follows. There is a large body of sentiment in the United States (and in the Senate) which wants to see a confederation of Europe. No steps can be taken by the Executive which might offend these people by appearing to hamper European unity. Therefore no security pact can be so drawn that it is possible for Europe's well-wishers to say that the pact tends to divide rather than to unite. Consequently, the security pact must include *all* western European countries if possible in order to give them uniform defence-interests. Spain is excluded only reluctantly, on the part of the United States, at least.

I shall comment on other points in your EX-1979 later as discussion of Item 4 progresses.

Yours sincerely,
T.A. STONE

⁷⁴ Pour le texte définitif, dont ce document faisait partie, voir la pièce jointe du document 398.
For the final text, of which this paper formed a part, see enclosure to Document 398.

385.

DEA/283 (S)

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

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

TELEGRAM EX-2013

Ottawa, August 16, 1948

TOP SECRET. MOST IMMEDIATE.

Following for Stone only from Pearson, Begins: Your WA-2253 of August 13. United States paper submitted to the Washington security talks.

1. Heading of paper. I do not like the reference to the Rio treaty in the heading, though I of course realize the domestic political reasons which presumably led the United States to use this heading. I hope that any paper submitted by your Working Group will not, repeat not, contain a reference to the Rio treaty in its heading. The heading could read "Provisions which might be suitable, etc.", and the references in the paper to the Rio treaty could be put on the same footing as the references to the Brussels treaty, e.g., "See Rio, paragraph 1".

2. Preamble. (a) There is nothing in the preamble about the intention of the signatories to cooperate positively in the economic, social and cultural fields. I wonder if you brought this up at the last meeting and if you were turned down. In any event, you might try again.

(b) There is no mention in the last paragraph of the preamble of indirect aggression. It would be better to say, "to meeting armed and other forms of attack against any of them and in order to deal with threats of aggression, direct and indirect, against any of them."

3. Article 3, Pledge. (a) As I said in my EX-1978 of August 10, I think the use of the Rio language in this article is unwise and unnecessary. "Assist in meeting the attack" is certainly susceptible of the meaning "all aid short of war", and this is surely not, repeat not, the intention of the State Department. If this were the nature of the undertaking in the North Atlantic treaty, might it not mean that Canada would be fulfilling its obligation under the treaty, in the event of a Soviet attack upon the United States, if its assistance to the United States went no further than United States assistance to Canada in the last war up to Pearl Harbour?

(b) Even assuming that the United States is not constitutionally able to enter into a treaty which would provide it could be automatically at war, this does not, repeat not, mean that the United States could not undertake to go to war if the United States decides that an attack has taken place.

(c) I would suggest that the use of the Rio formula is inconsistent with the draft of the paper on the first item of your agenda dated July 28, † "Weak measures might only be provocative; firm measures may well prove a deterrent". Surely it is essential in the treaty to make clear to the Russians that the signatories are prepared to embark on an all-out war against them if they should attack. Surely it is also neces-

sary, as your paper points out, to remove the sense of insecurity felt by the peoples of Western Europe.

4. Provisions missing. I regret to see that there are no provisions corresponding to the useful paragraphs (c) and (d) of the draft paper of August 5 which you sent us on August 6 — "Provision for individual and collective effort to promote the economic well-being of their peoples, achieve social justice and further the development of free democracy and individual liberty" and "Provision for individual and collective effort, on the basis of continuous and effective self-help and mutual aid, to strengthen the individual and collective capacity of the parties to resist aggression", adding "direct and indirect" before "aggression".

5. Voting provisions. I hope that the meaning of the draft United States paper is that the United States is not going to insist on a specific mention in the treaty of the right of each signatory to decide for itself whether aggression has occurred. I should be grateful if you could confirm this.

6. I assume that your discussions of this point in your agenda will not be concluded today as I may have some more suggestions to make after I have received the report of today's meeting.

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Procès-verbal de la réunion du Groupe de travail
Minutes of Meeting of Working Group

TOP SECRET

Washington, August 16, 1948

Discussion on the United States paper of 10th August, on articles from the Rio Pact which would be suitable for inclusion in a North Atlantic Pact.

Bérard: Meetings are exploratory, just to draw up papers for the Ambassadors to discuss. French not in a position to discuss long-term measure unless short-term measure associated with it.

Preamble. Not favourable to quoting preamble of Charter. This might well detract from the UN, by making it appear we are trying to set up a competitive and more efficient UN. Instead, should insist that signatories are peace-loving, and trying to preserve the ideals of democracy. Agrees there should be allusion to development of economic welfare of signatories.

Arts. 3 & 4. Brussels article IV promises immediate military help before consultations in event of attack. Promise of military help should be in article 3 or 4 of outline paper. If US constitution prevents this, must try to put something to produce that effect in article 10.

Kennan & Stone: Agreed meetings exploratory only. Same applies to ambassadors' meetings.

Millar: Problem of short-term help outside terms of reference.

Stone: Agreed. Nothing we could do or could sign now would change situation one iota. Short-term problem is a military problem; ours is political.

Kennan: Agreed.

Bérard: Could not contemplate long-term pact unless short-term problem settled here, London, or elsewhere at same time.

Millar: Three military governors are discussing present measures in case of USSR attack in Germany. Therefore immediate problem is already under discussion.

Stone: Like to make three changes in preamble: (1) Eliminate reference to Rio Pact in heading; (2) Put something about economic, social, etc. co-operation in preamble; (3) Say something about indirect aggression in preamble.

Reuchlin: Suggested ambassadors talk over papers 1 and 3 of working-group, as well as US paper. Proposed that there be no working-group paper about an outline pact.

Millar: Sir Gladwyn Jebb arriving Washington 25th August.

Kennan: Where do we go from here?

Kennan: Must accept idea that some sort of security arrangement is necessary for ourselves, but should draft it so as to make it not too difficult for people like Czechs to join later if they get some sort of chance.

Meeting returned to discussion of US paper.

1. Preamble.

Agreed that para. 2 meant to apply to arts 51, 52, and 53 rather than Chapter VIII; security council not meant to serve as vehicle for obstruction.

Stone: Something needed to show pact more than purely military document. Economic & social co-operation would make pact more positive.

Millar: Wanted to make sure pact did not conflict with OEEC, ECE.

Kennan: Does not want article unless something is going to be done about it.

Achilles & Millar willing to talk in preamble of "recognizing" importance of such co-operation.

Kennan: Thinks such an article might take some of the anti-Russian appearance out of the pact.

Butler: Suggested implementation might come under article 10.

Agreed: To put "recognizing the economic, social, and cultural ties by which they are united . . ." in first or fourth sentence.

Kennan: In relation to idea of saying something about not using force against one another, liked the idea of noting existing non-use of force, or re-affirmation of the practice.

Reuchlin: Might be handy to have such a provision because Portugal, for instance, is not so obligated (not signatory to Charter).

U.S.: Would be easiest if in form of reference to charter.

Reuchlin: Should it be an article or a paragraph in the preamble?

US: Redraft last clause of para 2 of the preamble to include it.

Stone: Para. 5 of the preamble should be redrafted to include a reference to indirect aggression.

Millar: Would seizure of power in a member-country bring the treaty into force? I.e., what would be done? UK thinks there should certainly be provision for consultation but not sure whether we should go to war for it.

US: Might get around it by reference to "territorial and political integrity" in para. 5.

Millar: Should anything be said about countries left out? Thinks there is recognition that other regional systems may be set up.

2. Articles 3 & 4.

Bérard: The ambassadors should discuss this.

Millar: Assistance should be defined more closely. Is first sentence of article 4 necessary? Goes without saying.

US: Might accept provision for rapid consultation.

Bérard: Must be provision for previously-planned, automatic measures.

Millar & Bérard: Article 3 must include military aid.

US: Senate likes idea of individual effort prior to consultation.

Stone: Suggests use of "in its power" as way out.

Kennan: That would probably be acceptable. Take it under advisement.

Bérard: Liked idea of reversing order of articles 3 and 4.

US and Bérard: Since 3 and 4 are centre of pact, might put statement to that effect in covering paper and incorporate in same paper suggestions made in meeting.

3. Article 8.

Taymans⁷⁵ & US: Might consult concerning non-members who are the victims of indirect aggression.

Millar: Might also consult if situation arose of interest from point of view of security, of general nature.

4. Article 10.

Bérard: France would like something to ensure that prior planning would be instituted to help an attacked country.

5. Additional Articles.

Stone: Would like provision for economic aid, and for self-help and mutual aid in furthering industrial potential.

US: Salazar⁷⁶ might boggle at promotion of economic well-being at home.

Millar: Had some doubts about the whole idea, in relation to Spain and Portugal. Afraid of having a clause which leads to hot air and no action.

Kennan: Thought pact should say nothing about internal affairs of any given country unless their affairs affect their ability to fulfil their obligations under the pact. Apprehensive about Salazar. Keep away from internal policies as much as possible.

⁷⁵ Roger Taymans, conseiller, ambassade de Belgique aux États-Unis.
Roger Taymans, Counsellor, Embassy of Belgium in United States.

⁷⁶ Antonio de Oliviera Salazar, premier ministre de Portugal.
Antonio de Oliviera Salazar, Premier of Portugal.

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DEA/283 (S)

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

TOP SECRET

[Washington], August 20, 1948

NORTH ATLANTIC SECURITY

A meeting was held this morning, August 20th, in Mr. Lovett's house to discuss the above subject, at which the following were present, besides Mr. Lovett and myself:

The French Ambassador, M. Bonnet,
The Belgian Ambassador, Baron Silvercruys,
The Netherlands Ambassador, Mr. Van Kleffens,
Mr. Derek Hoyer-Millar (U.K. Embassy), and
Mr. T.A. Stone.

The meeting was entirely informal, no records were kept, and no secretaries attended.⁷⁷ A meeting of this kind, rather than a more formal meeting at the State Department with advisers present, was suggested, apparently, by the Belgian Ambassador, who felt that it would provide a better opportunity for a very frank and full discussion than if remarks were being recorded. Baron Silvercruys had indicated to Mr. Stone and me the night before that he was very worried about the position that the French representative might have to take at a formal meeting and that Mr. Van Kleffens also, it seems, had received instructions from his government which he hoped might be modified later in the light of views that could be expressed only at a very informal, off-the-record gathering. Another reason why the meeting was held at Mr. Lovett's house was to avoid any danger of publicity.

At this morning's meeting the discussion, which was very frank, centred around four main subjects, as follows:

1. The importance attached by the United States to an Atlantic Pact.
2. The relationship, if any, of long-term security arrangements embodied in an Atlantic Pact to plans for meeting the present short-term but dangerous emergency caused by Soviet policy.
3. The countries that should be included in any Atlantic Pact.
4. The extent and character of obligations which the United States Government could accept for inclusion in such a pact.

As to the first, it was made clear by Mr. Lovett, in reply to specific questioning by the Belgian Ambassador, that the United States Government attached the very greatest importance to a formal North Atlantic Security Pact and that it was felt that no alternative arrangement, such as a unilateral guarantee by the United States of the Brussels Pact or unilateral assistance to the signatories of that Pact, would meet the essential consideration which guided American policy in this field, namely,

⁷⁷ Pour le compte rendu de Lovett au sujet de cette réunion, voir :
For Lovett's account of this meeting, see:
FRUS, 1948, III, pp. 214-21.

whether the national security of the United States was increased by any particular measure. Mr. Lovett felt that only a full-fledged multilateral security arrangement, which included certain essential countries, could secure approval from Congress, as meeting the above consideration, namely, an increase in national security. He would not go so far as to say that if no such pact could be agreed on, that no help might not be given in some other form to the European countries concerned, but he did emphasize that the conclusion of such a pact would make it much easier for the United States to provide that help, even for the short-term emergency.

Mr. Lovett emphasized that he was speaking purely personally and that there were for the U.S.A. a good many unknown factors in the situation, particularly the composition and character of the next Congress and the next Administration. However, he felt that he was reflecting opinion in the United States in the view he had expressed above.

In stating what I thought would be the Canadian position, I made the same reservation, that I was speaking personally and unofficially, a reservation which was later made by all the others. I said that I thought the following would sum up the Canadian position in this matter:

1. The extension of the Brussels Pact to include trans-Atlantic countries was impracticable and undesirable. The very terms of the Pact made this clear. There was agreement on this by all present.

2. A unilateral guarantee of the Brussels Pact countries would not be given by Canada. Any obligations would have to be on a fully reciprocal basis. This was also agreed to by all present, though I am not sure how far Mr. Bonnet's agreement was unequivocal or represented the opinion of his government.

3. What was required, then, was a North Atlantic security pact on a fully reciprocal basis, which in its terms would provide for agencies for consultation and collective security, including a joint defence committee.

4. In our view, only within the framework of such a long-term collective arrangement could Canada or any other country be expected to give maximum support for measures to solve the short-term emergency.

2. The long-term plan vs. the short-term emergency.

In the minds of the working party these two problems, the short-term and long-term, overlapped and caused confusion. It seemed also clear that there was real anxiety in the minds of certain European members of the working group that the concentration on long-term arrangements might prejudice the success of necessary measures to meet the short-term emergency. I pointed out that, in my view, the two subjects could and should be kept entirely separate and that to relate them would cause confusion and frustration. I took the position that the long-term arrangements could not possibly prejudice short-term emergency plans and would, in fact, facilitate them, unless it were felt that the conclusion of the long-term arrangements would provoke the Russians into an immediate attack. This caused a discussion on the provocative, compared with the deterrent effects of an Atlantic security arrangement concluded at this time. It proved useful to bring this matter right out into the open, as it was clear that it had been a real, though at times a concealed, stumbling block in reaching agreement in the working group. I argued

that there were four sets of circumstances which were related to this question of provocation, and hence security:

1. Where the countries concerned were not politically united but were individually weak. This constituted the greatest provocation because it was the greatest temptation to an aggressor.
2. Where the countries concerned were divided but were getting stronger individually. This was also a dangerous situation, because the Soviet might be provoked, by this strengthening process, to take action against the individual states or against a European group which, in the absence of a Security Pact, would be without the formal assurance of United States assistance. If, for instance, the Soviet attacked Norway, where there are no U.S. troops, would the U.S. be automatically involved? If not, would not the conquest of Norway be almost as great a menace to France as the conquest of the Netherlands? It would be the beginning of the piecemeal process.
3. Where the European and Atlantic countries were united in a pact and growing stronger individually and collectively. Here the security situation would be much better, though of course there was some risk of provocation while the process of strengthening was going on. Any action taken now to conclude a pact would have *some* risk of provoking the U.S.S.R., but the real act of provocation would not be the signing of a pact, but the increase of the military strengths of the members of that pact. Yet those who are most worried about the provocative effect of a pact are most insistent on increasing their own military power. On this basis, the only way to avoid provocation would be to have everybody remain weak, which, however, is in fact the greatest provocation and which nobody wants!
4. Where the Atlantic countries are united in a political security pact and are strong individually and collectively. This is the formula for peace and security, and it is this, I thought, which we should strive to attain.

The others seemed to agree with this analysis of the position, though M. Bonnet kept referring to immediate insecurity and to how the French peasant kept worrying about invasion and occupation. The rest of us tried to show our understanding of this preoccupation, but also tried to point out to M. Bonnet that nothing that could be done within the next six months could in any event give the European countries an assurance of inviolability. Mr. Lovett, who eventually showed some impatience with the narrowness of this French point of view, tried to drive home to M. Bonnet that while the long-term arrangements were being worked out, the United States was doing everything it possibly could to help meet the short-term emergency. He spoke very frankly indeed and gave some very important details on this subject, which I think made some impression on M. Bonnet. He talked about strategic planning of the Commanders in Germany and the military discussions going on in London. He mentioned the movement of aircraft and supplies across the Atlantic and the building up of an American air striking-force in Europe. He asked M. Bonnet what more they could do in present circumstances.

I said that nothing could be more deplorable than a lukewarm reaction on the part of European countries to an offer by the United States of a political security arrangement, especially when that arrangement did not interfere with, but indeed

would facilitate, United States efforts to meet the short-term emergency. I pointed out that, while the French might have been justified in the pre-war period in arguing that there could be no security without disarmament, they were defeating their own ends if they tried to argue now that there could be no pact without security, as the pact was an essential element in such security.

There is no doubt that the Americans are becoming profoundly impatient with the attitude of the French in this matter, an attitude which may be shared to some extent by the Belgian and Netherlands governments, but certainly not by their representatives in Washington.

Mr. Lovett told me very confidentially after the meeting that M. Bonnet had called on the Secretary of State the other day and had had the effrontery to suggest that the French would only accept an Atlantic security pact on the following three conditions:

1. Unity of command at once.
2. Immediate movement of U.S. military supplies to France.
3. Immediate movement of U.S. military personnel to France.

This reaction had had such an irritating effect on General Marshall that, according to Mr. Lovett, he felt like calling off the Atlantic pact negotiations at once. Mr. Bonnet certainly did not go nearly so far as this during the morning's discussions, and in fact indicated at the end that he accepted without reservations the desirability of a North Atlantic pact. It is a strange and depressing thought that the French have to be convinced of the desirability of this.

3. *Countries that should be included in any Atlantic Pact.*

In answer to a question from Baron Silvercruys, Mr. Lovett indicated that the following countries were absolutely essential, in addition to the Brussels countries, because of the contribution that their inclusion in such a pact would make to United States national security:

- Denmark (especially for Greenland),
- Norway, and
- Portugal (for the Azores).

Mr. Lovett went on to indicate that if such a thing as a competition developed for U.S. military supplies, which he hoped would not be the case, it might be that Congress would feel that building up U.S. strength in the above areas was quite as important as building up Dutch, Belgian, and French military strength.

Mr. Van Kleffens expressed the fear of his government that an Atlantic pact might be so widened in its membership that certain countries would be included who were more of a liability than an asset. He had Italy particularly in mind and met with considerable support from others in his emphasis on the disadvantages of Italian inclusion. Mr. Lovett said they had an open mind on the inclusion of Italy. Mr. Bonnet felt that certain countries might desire to be included but would not be willing to accept as precise and far-reaching obligations as other members. No conclusions were reached as to what countries should be included in the pact beyond

recognition of the American position that Norway, Denmark, and Portugal were indispensable.

4. *The extent and character of obligations which the United States Government could accept for inclusion in such a pact.*

There was a short discussion of this subject, during which Mr. Lovett emphasized the difficulties in securing congressional approval for any obligations wider or more precise than those accepted at Rio. I pointed out that, while everyone must be aware of the difficulties of the U.S. position and of the necessity for avoiding a congressional rejection or crippling amendments, nevertheless the more precise and exact the obligations, the more confidence would be built up in the minds of Europeans that the pact would be of immediate value to them. The matter was not, of course, one of short-range importance because the presence of United States soldiers on European soil ensured that any attack on a continental European country would bring the United States into war automatically because it would become an attack on United States personnel. However, once these soldiers had left Europe, the problem became of more than academic importance. I expressed the hope that in any document which was to be submitted to governments, two things should be kept in mind:

1. The undesirability of including any explicit reference to the fact that the determination of an armed attack or an aggression could only be made by the individual members of the pact. This should be left implicit or should be covered by some form of words, such as "any action which a member considers to be an armed attack on another member should be regarded as an armed attack on itself, etc."

2. The desirability of making the pledge of assistance as impressive as possible. It might even be possible to mention military assistance if it could be coupled with some such phrase as "subject to the requirements of constitutional processes".

It was agreed that this whole subject should be given further and very careful examination.

[L.B. PEARSON]

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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-2315

Washington, August 21, 1948

TOP SECRET

Following for Reid from Pearson, Begins: Atlantic Security Pact. We had a very interesting meeting at Lovett's house yesterday morning on which I have made a report. I also had a separate talk with Lovett and a meeting this morning with the British. The attitude of the French is causing increasing impatience and irritation here and is incomprehensible to everybody.

The working group will meet next week to consider, among other things, certain changes to the papers which I have suggested as a result of studying them here. The Ambassadors will meet again at the end of the week or early in the following week, after which the working papers will be referred to Governments. Ends.

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

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

TELEGRAM WA-2326

Washington, August 24, 1948

TOP SECRET

Following for Pearson only from Stone, Begins: I am sending you by bag today copies of a letter from Lovett to Caffery⁷⁸ in Paris,† which is similar in many respects to your letter of August 13th to Vanier. Lovett (having first consulted me) enclosed a copy of your letter to Vanier with his and suggested to Caffery that it would be a good idea for Bonbright⁷⁹ and Ritchie⁸⁰ to keep in touch. When I showed your letter to Achilles his first thought was that he need not draft one to Caffery for Lovett to sign, but merely send a telegram telling the U.S. Embassy to ask Vanier if he would be good enough to let them see a copy of yours and instruct Caffery to act upon it.

In view of the fact that Caffery is being instructed to do some very plain speaking to Marie and Schuman, I thought you might wish to telegraph to Vanier suggesting that he get in touch with the United States Embassy.

† The next meeting of the working group (first since you left) will probably be tomorrow morning. Ends.

⁷⁸ Jefferson Caffery, ambassadeur des États-Unis en France.

Jefferson Caffery, Ambassador of United States in France.

⁷⁹ James C.H. Bonbright, conseiller, ambassade des États-Unis en France.

James C.H. Bonbright, Counsellor, Embassy of United States in France.

⁸⁰ C.S.A. Ritchie, conseiller, ambassade en France.

C.S.A. Ritchie, Counsellor, Embassy in France.

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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-2073

Ottawa, August 26, 1948

TOP SECRET

Following for Stone only from Pearson, Begins: Washington Security Talks. Your WA-2326 of August 24. Following is my telegram No. 383 of August 25 to Vanier: Following for Vanier or Ritchie only from Pearson, Begins: My letter of August 13 on Washington Security Talks.

At the end of last week I attended very informal, off-the-record meetings in Washington to discuss North Atlantic Security. These discussions demonstrated that the Americans are becoming profoundly impatient with the negative attitude of the French. There is, I think, a real danger of the whole project being wrecked.

2. I told the State Department that we had been in touch with you on this matter and showed them my letter to you of August 13.

3. Lovett has now written Caffery a letter similar in many respects to my letter of August 13 and, with our permission, has enclosed a copy of that letter, and has suggested to Caffery that it would be a good idea for Bonbright and Ritchie to keep in touch. In view of the fact that Caffery is being instructed to do some very plain speaking to Marie and Schuman, it would be useful if you got in touch with the U.S. Embassy.

4. I am looking forward to receiving a report from you of any discussions which you may have had with the French pursuant to my letter of August 13.

I have read with interest Ritchie's letter of August 20,† which has just arrived. Ends.

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

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

TOP SECRET

Washington, August 26, 1948

Dear Mr. Pearson,

I enclose three copies of a draft of the outlines of articles 5 and 6 of the annexe to the paper on the nature of a security arrangement produced by the Working Group. This revision was produced by the drafting committee this afternoon after two hours' discussion.

Perhaps the most noteworthy event in the discussion was that the European representatives failed to accept the Canadian proposal as a suitable compromise only because of the use of the words, "subject to the requirements of its constitutional processes". The United Kingdom, Netherlands, and even French representatives were willing to accept this phrase, but the Belgian representative insisted on "through its constitutional processes", so the other Europeans sided with him. This was unfortunate, because our phrase is particularly necessary to the United States side.

Mr. Achilles said he prefers the Canadian to the United Kingdom compromise because of the last clause in it. He likes it, not so much because it seems to bind the parties to an all-out effort, but because the United States military would be able to point to that phrase as a reason for refusing to line up their divisions along the Rhine: defeating the aggressor is on a par with assisting the attacked member in the Canadian version.

Yours sincerely,
T.A. STONE

[PIÈCE JOINTE/ENCLOSURE]

Note du chargé d'affaires de l'ambassade aux États-Unis

Memorandum by Chargé d'Affaires, Embassy in United States

[TOP SECRET]

[Washington, August 26, 1948]

5. Provision for the mutual assistance in meeting an armed attack in the exercise of the inherent right of individual or collective self-defense recognized by Article 51 of the Charter. (Rio, Article 3 (1), Brussels Article 1 (4)).

Note:

A. The United States representatives, feeling that approval of any treaty by their Senate would be greatly facilitated if the Rio text were adhered to as closely as possible, suggested that this provision should be on the following lines:

An armed attack by any State against a Party shall be considered as an attack against all the Parties and that, consequently, each Party undertakes to assist in meeting the attack in the exercise of the inherent right of individual¹¹ self-defense recognized by Article 51 of the Charter.

B. The European representatives felt that their Governments would wish to see the provision conform as closely as possible to the corresponding article in the Brussels Treaty, and that it should therefore be drafted on the following lines:

If any Party should be the object of an armed attack in the area covered by the Treaty, the other Parties will, in accordance with the provisions of Article 51 of the Charter, afford the Party so attacked all the military and other aid and assistance in their power.

¹¹ *Note marginale /Marginal note:*
or collective

The following alternatives have been suggested as possible bases for compromise:

C. Provision that each Party should agree that any act which, in its opinion, constituted an armed attack against any other Party in the area covered by the Treaty be considered an attack against itself, and consequently should undertake to assist, through its constitutional processes and in exercise of the right of individual or collective self-defense recognized by Article 51 of the Charter, in repelling the attack by all military, economic and other means in its powers.⁸²

D. In the exercise of the inherent right of individual or collective self-defense recognized by Article 51 of the Charter, each member shall regard any action which it considers to be armed aggression against any other member as an attack against itself and, subject to the requirements of its constitutional processes, shall consequently give to the member so attacked all the military, economic and other aid within its power and which may be necessary to defeat the aggressor.⁸³

6. Provision for immediate consultation in the event of armed attack with a view to reaching agreement upon collective measures and, pending agreement upon collective measures, provision for the taking of such immediate measures as are within the power of each Party in fulfillment of the obligation contained in the preceding article and in accordance with the principle of mutual solidarity (Rio, Art.3, Par.2; Brussels, Art.IV).

Note:

The United States representatives believed that this provision should also be patterned on the Rio text and suggested that it should be on the following lines:

Each Party, pending agreement upon collective measures, will determine the immediate measures which it will individually take in fulfillment of the obligation contained in the preceding paragraph and in accordance with the principle of mutual solidarity. Immediate consultation shall take place with a view to reaching agreement upon collective measures.

⁸² Note marginale :/Marginal note:
(United Kingdom)

⁸³ Note marginale :/Marginal note:
(Canada)

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DEA/283 (S)

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

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

TOP SECRET

Washington, August 26, 1948

Dear Mr. Pearson:

As I told you by teletype yesterday,† the meeting of Ambassadors scheduled for Friday has been postponed without any forecast of a probable date. The main reason for this is that many representatives seem to have had second thoughts about the countries which might suitably become parties to the proposed arrangement.

So serious are these second thoughts that the United States delegation yesterday showed the split which exists inside the State Department: Mr. Hickerson believes that the exclusion of Italy would have very serious effects abroad (he fears Italy would feel deserted, and that the U.S.S.R. would make the same interpretation); Mr. Kennan, on the other hand, thinks that the pact ought to be confined, now and for all time, to the north Atlantic countries. He envisaged the prospect of a series of pacts (i.e., there would some day be a Mediterranean pact, and possibly an Eastern European pact); but he was anxious that these local arrangements should be based, not on the common factor of hoping for United States military assistance, but on the ultimate object of European union. There may shortly be a clarification of the United States position; in fact, the Working Group is not scheduled to meet again until the United States knows what it wants.

The Netherlands representative yesterday admitted that his delegation had been acting without instructions hitherto. The instructions have now arrived and call for membership to be restricted to the seven countries participating in these talks. The United Kingdom representative promptly made plain that Norway was vital to his country's defence.

The subject of membership was passed over a little too quickly in the Working Group and now appears to be going to require much further discussion.

Yours sincerely,

THOMAS A. STONE

P.S. As I told you by telephone the working group is now to meet tomorrow morning presumably because U.S. thoughts have crystallized somewhat.

P.P.S.S. It's hard to keep up with things — tomorrow's meeting has now been cancelled!

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W.L.M.K./J4/Vol. 309

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

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

TOP SECRET

[Ottawa], August 27, 1948

I am sending you herewith a report of a meeting held in Washington, which I attended, to discuss North Atlantic security arrangements.⁴⁴ I am afraid that from this report it looks as if I did most of the talking. This is not the case: however, I thought that you would be particularly interested in the views that I expressed and, therefore, I have reported them at somewhat greater length than those of the others. In any event, it is of course, always easier to remember your own words than those of others at a meeting of this kind. Possibly I should add that Mr. Lovett more than once gave emphatic endorsement to the points of view which we put forward.

The discussion in Washington was, of course, purely informal and off the record and there will be at least one other meeting of the Ambassadors before the documents which have been prepared by the Working Party are approved for transmission to governments. Once that transmission has taken place, then the discussions will, I assume, be elevated to a governmental level.

L.B. PEARSON

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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-2094

Ottawa, August 30, 1948

TOP SECRET

Following for Wrong from Pearson, Begins: Washington Security Conversations, reference Stone's letter to me of August 24 enclosing Lovett's letter to the United States Ambassador in Paris. I have sent a copy of this letter to Vanier and to Robertson but to no one else. My covering letter of August 27 to Vanier reads as follows:

TOP SECRET

Ottawa, August 27, 1948

Dear General Vanier,

In my telegram No. 383 of August 26 on the Washington Security Talks, I referred to the letter which Mr. Lovett had written Mr. Caffery. I now enclose a

⁴⁴ Document 387.

copy of this letter which was, I think, sent out on August 24. The only other person to whom I am sending Mr. Lovett's letter is Mr. Robertson.

I hope that Mr. Caffery can be depended on to use his own judgment in interpreting the instructions in Mr. Lovett's letter. With a great deal of what Mr. Lovett says I am of course in complete agreement but I do not like the impression Mr. Lovett gives that he is thinking in terms of the Western Europeans as clients and not allies. It seems to me essential, as Mr. St. Laurent has pointed out in a number of his speeches, that the members of the North Atlantic Pact on both sides of the Atlantic should realize that they are partners.

Nor do I like the insistence that the United States Military must keep a free hand on what United States strategy would be in the event of war in Europe. If all the partners of the North Atlantic Pact insist on keeping a free hand, there is not going to be any real joint planning of pooling of resources.

It is not going to be easy to bring the United States along on this point but, as I have indicated before, I think that the establishment under the Pact of agencies for joint planning will make it extremely difficult, if not impossible, for the United States to refuse to give an assurance that they will have certain ground forces available to send immediately to Europe to defend France in an emergency.

395.

DEA/283 (S)

*Le secrétaire d'Etat aux Affaires extérieures
à l'ambassadeur aux États-Unis
Secretary of State for External Affairs
to Ambassador in United States*

TELEGRAM EX-2119

Ottawa, September 2, 1948

TOP SECRET

Following for Wrong only from Pearson, Begins: Stone's letter of August 26 on the Washington security talks. I note that the European representatives would have accepted the Canadian proposal if we had used the phrase "through its constitutional processes" instead of "subject to the requirements of its constitutional processes". I would myself be prepared to accept the change suggested by the European representatives. It seems to me that the U.S., if they are prepared to accept the rest of our draft, could also accept this change. "Through its constitutional processes" could, it seems to me, be interpreted by the United States as meaning "through the acceptance by the Senate of a recommendation by the President that the United States declare war."

2. Our alternative, if it includes this revision, might read better if it were split into two sentences along the following lines:

"In the exercise of the inherent right of individual or collective self-defence recognized by Article 51 of the Charter, each member shall regard any action which it considers to be armed aggression against any other member as an attack on itself. Consequently each member shall undertake to give, through its constitutional processes, to the member so attacked all the military, economic and other aid within its power and which may be deemed necessary to defeat the aggressor."
Ends.

396.

DEA/283 (S)

*L'ambassadeur aux États-Unis
au sous-secrétaire d'État aux Affaires extérieures
Ambassador in United States
to Under-Secretary of State for External Affairs*

TOP SECRET

Washington, September 4, 1948

Dear Mr. Pearson:

I enclose a report of the proceedings in the security talks this week. We shall be pretty busy, I think, all next week and then there will be a pause for consideration by governments. I have thought it best not to send you various drafts and redrafts of papers as they appeared, because by the time that you have digested them any observations which you might make on drafting and so on would probably be out of date.

Yours sincerely,
H.H. WRONG

[PIÈCE JOINTE/ENCLOSURE]

*Note de l'ambassadeur aux États-Unis
Memorandum by Ambassador in United States*

TOP SECRET

Washington, September 4, 1948

NORTH ATLANTIC SECURITY

The working group met on the morning of September 2nd⁸⁵ and the drafting committee on the same afternoon.⁸⁶ The Ambassadors had a long meeting on the afternoon of the 3rd,⁸⁷ which was intended to result in the immediate submission of the papers to governments for their consideration but which ended in recognition of the necessity of some further revisions. Except for discussion in the working group of the question mentioned in the next paragraph, both at this meeting and at the

⁸⁵ Pour un compte rendu de cette réunion, voir :

For a record of this meeting, see:

FRUS, 1948, III, pp. 226-8.

Il existe un témoignage canadien, préparé par R.L. Rogers, troisième secrétaire de l'ambassade aux États-Unis, dans les documents Wrong, volume 5.

There is a Canadian record of it, prepared by R.L. Rogers, Third Secretary of the Embassy in the United States, in the Hume Wrong Papers, volume 5.

⁸⁶ Cette réunion n'est pas mentionnée dans *FRUS*.

There is no record of this meeting in *FRUS*.

⁸⁷ Pour un compte rendu de cette réunion, voir :

For a record of this meeting, see:

FRUS, 1948, III, pp. 228-32.

Un témoignage canadien, préparé par R.L. Rogers, se trouve dans les documents Wrong, volume 5.

A Canadian record, prepared by R.L. Rogers, is in the Hume Wrong Papers, volume 5.

meeting of the Ambassadors consideration was confined to the territorial scope of the North Atlantic arrangement and to procedural questions.

2. At the working group, Jebb reported Bevin's objections to the inclusion in the pact of definite provisions for co-operation in the economic, social, and cultural fields. He said they would agree to a reference in the Preamble, but would prefer no mention in the body of the agreement and particularly no provision for the creation of agencies by the parties for these purposes. This was based on an understandable desire not to complicate the work of O.E.E.C. and other European organizations now occupied with problems of economic co-operation. I pointed out that O.E.E.C. was a temporary organization whereas we were considering long-term arrangements, and that it was wholly appropriate to recognize in the agreement the need for close collaboration in other than military matters. I added that our proposal was not intended solely or even mainly to bring about multilateral action under the agreement, but that its purpose was to give a general blessing to intimate collaboration between any or all of the parties in economic, social, and cultural matters. It was finally agreed to eliminate the provision (in para. 12 of the Annex) that agencies should be established under the agreement for these purposes, while retaining a general article; the reference in the Preamble was also modified. I think that this will safeguard our basic interest. The French later joined in the British objection during discussion in the drafting group, but the matter was not mentioned at the Ambassadors' meeting.

3. At the working group we were confronted by a new draft, prepared in the State Department, of the paper dealing with the territorial scope of the arrangement. This had been the subject of intense discussion inside the State Department, but it appeared at the Ambassadors' meeting that those responsible for the draft (who included Kennan, Hickerson, and Achilles) had not fully explained to Lovett the changes which they had made.

4. As this paper is undergoing further revision, I think it best not to send it to you for consideration just yet. Its central feature was a proposal to provide for three categories of relationship to the North Atlantic pact:

(1) Full parties, who would be the United States, Canada, and the parties to the Brussels Treaty, present or future.

(2) Norway, Denmark, Iceland, possibly Ireland, and Portugal (if they did not adhere to the Brussels Treaty), who would receive a guarantee of assistance in the event of attack in return for a promise to make facilities available on their territory.

(3) Other countries in the O.E.E.C., the position of whom would be covered by a joint statement by the parties to the North Atlantic agreement, saying that any threat of aggression, direct or indirect, against them would require consultation between the parties with a view to taking necessary action.

The paper would leave to the European countries responsibility for proposing whether Italy should join the Brussels Treaty or establish some special relationship with it. Otherwise, Italy would presumably fall into the third category.

5. The important change made by this proposal was the requirement that full participation in the North Atlantic pact would be open only to those Western European countries which accepted all the obligations of the Brussels Treaty. The draft-

ers of the paper in the State Department put this forward for reasons not mentioned at any of the meetings, but explained privately to me. They consider that it would increase the influence of the United States in promoting a closer political relationship among the Western European countries leading to the establishment of a European federation. They think that the United States would be able to employ the North Atlantic agreement to exercise pressure on the Brussels Pact powers, collectively and individually, towards European federation, if the full advantages of the North Atlantic pact were restricted to those countries that assumed all the obligations of the Brussels Pact. Kennan at the working group kept referring to their proposal as establishing group responsibility between the parties on each side of the Atlantic. He was, however, not at all clear on what this would involve. We were not asked to approve the paper as a joint proposal to our governments, but only to agree that it provided a useful basis for further consideration.

6. The Ambassadors' meeting was convened with the intention that it should be the last in this series and should end in consent to despatch the papers to governments today. This procedure was in fact accepted by the majority early in the meeting. After a good deal of beating about the bush, however, we got into a discussion, in which Van Kleffens, Franks, and I took a leading part, of the wisdom of requiring the European partners to secure full membership in the North Atlantic pact only by passing through the ante-room of the Brussels Treaty. It came out that Lovett had thought that this was not the effect of the paper, and when we examined the possible reluctance of Norway, Ireland, and eventually Spain, to accept the Brussels Treaty, and their possible readiness, except for this, to join the North Atlantic group, Lovett expressed the view, to the discomfiture of his advisers, that it ought to be possible for such countries to become full members of the North Atlantic Pact while not ratifying the Brussels Treaty. It was therefore decided to resubmit the paper to the working group, and the State Department drafters this morning are scratching their heads over what to do.

7. The present intention is that the working group should go into the matter once more early next week and that the Ambassadors should meet toward the end of the week to consider the results and forward them to their governments. It is obvious that the proposals will have to be discussed between the Foreign Ministers of the Brussels countries. The Brussels Consultative Council must meet before the middle of October, and the papers should therefore be received by the Foreign Offices by the middle of this month in order to enable their full consideration before this meeting.

8. I was glad that the discussion took the turn it did yesterday, as Canada does not fit easily into the scheme of establishing a European and a North American group inside the Atlantic system. I think that our position would be easier if there were other countries besides ourselves and the United States which were full members of the North Atlantic agreement but not parties to the Brussels Pact.

9. The proposal for a second category of associate membership in the North Atlantic treaty appears to me to have merit principally in relation to those countries which can provide only essential facilities. Iceland, Greenland, and possibly Portugal, are the best examples. These stepping stones across the Atlantic are incapable

of a useful military contribution. I should myself favour the assumption by Norway, Denmark, and Ireland of the full obligations of the pact.

10. The discussion about the position of Italy did not throw much further light on what ought to be done. The State Department, in effect, has said that this is a European problem and that it is up to the European countries to propose a solution. They also said that a solution satisfactory to the United States was essential. The French reported that de Gasperi was weakening on Italian adhesion to any security pact, Brussels or North Atlantic, but no information to this effect has reached either the British or the Americans.

11. We heard much less at these meetings about the French fears for their immediate security. Bonnet went over some of the old ground in his diffuse manner, but did not press for anything in particular. He welcomed, however, the suggestion that the European parties should be only the Brussels group, and he obviously disliked the line of criticism which the rest of us followed. The meeting was the worst of the series at which I have been present. After a week's delay so that the State Department could iron out its own differences on the scope of the arrangement, it was revealed that they had not in fact done so, although they thought they had. Their "solution" for Italy, also, was to leave it to the European governments to propose a solution, while saying it must provide for Italian participation in a manner satisfactory to the United States.

[H.H. WRONG]

397.

H.H.W./Vol. 5

Procès-verbal de la réunion du Groupe de travail²⁴

Minutes of Meeting of Working Group²⁵

TOP SECRET

Washington, September 7, 1948

Those attending the meeting were as follows:

Canada—Mr. Wrong, Mr. Rogers

United States—Mr. Kennan, Mr. Achilles

United Kingdom—Mr. Hoyer-Millar, Mr. Henderson

France—Mr. Bérard

Netherlands—Mr. Havel²⁶

Belgium—Mr. Taymans, Mr. Vaes

²⁴ Pour un compte rendu de cette réunion, voir :

For a record of this meeting, see:

FRUS, 1948, III, pp. 234-5.

²⁵ Le témoignage mentionné ci-dessus identifie ce participant comme étant H.A. Helb, conseiller de l'ambassade des Pays-Bas.

The record cited above identifies this participant as H.A. Helb, Counsellor, Embassy of the Netherlands.

United States Re-Draft of Pages 2(a) and 3 of Paper on Territorial Scope included in the complete revision of 2nd September

Mr. Wrong: Is it a correct interpretation of this document that a country joining the Brussels Pact does not necessarily become a full member of the North-Atlantic Pact?

Mr. Achilles: It means that Italy could get a guarantee from the North-Atlantic countries collectively without joining the North-Atlantic Pact.

Mr. Kennan: thought the relationship to Italy would be a group relationship.

Mr. Wrong, Mr. Hoyer-Millar: did not see how it was possible to extend a collective guarantee.

Mr. Kennan: admitted that he was not sure if it is possible to have a collective guarantee. If it is not possible the meeting might as well stop talking about an anchor-point.

Mr. Hoyer-Millar: said he did not know what an anchor point was. The idea of extending a collective guarantee was a new one to the European countries.

Mr. Achilles: explained that Italy would benefit by invoking the Brussels Pact and the Brussels Pact Powers would then invoke the North-Atlantic Pact. This was a sort of indirect guarantee.

Mr. Havel: expressed his views as to the usefulness of using membership in the Brussels Pact in the third paragraph on page 2(a) of the United States re-draft. He understood from the last meeting that countries could become full members of the North-Atlantic Pact either through the Brussels Pact or else directly. He did not see why Italy should have to join the Brussels Pact to become a full member of the North-Atlantic Pact.

Mr. Achilles: remarked that Italy could still become an associate member without joining the Brussels Pact.

Mr. Hoyer-Millar: said he was not sure whether Italy could become a member of the North-Atlantic Pact in any case. Italy may be somewhere between full membership and associate membership but probably nearer the latter while the Peace Treaty is still in effect.

Mr. Havel: The last paragraph of Section II on page 3 should, in his opinion, specify "the other OEEC countries".

Mr. Kennan: asked Mr. Havel if he thought full membership should be open to anybody physically capable of undertaking the burdens of full membership.

Mr. Havel: did not answer this question directly. He suggested there should be a permissive clause allowing full membership of other states, subject to negotiation.

Mr. Achilles: said the line must be drawn somewhere. He did not see how countries which are not North-Atlantic countries could be allowed to become full members.

Mr. Havel: again objected to the necessity of joining the Brussels Pact as a vehicle for getting into the North Atlantic Pact.

Mr. Bérard: said that he did not think that the Paper should be drafted in order to fit

particular nations, such as Italy. He thought a suitable provision for membership would be as follows: There would be the natural members in Europe and North America (The Brussels Pact Powers, Canada and the United States). Then there would be the stepping-stone countries (Ireland, Portugal, Iceland and Denmark) which might be either full members or associate members, according to their ability and their wishes. Finally, there would be those who would join later and these might participate in the Pact either as full members, as associate members or as protected countries. He suggested that Article IX of the Brussels Pact could serve as a model for this part of the proposed North-Atlantic Pact. He did not think that collective guarantees could be given. He did not like the principle of going through the Brussels Pact in order to become a full member of the North-Atlantic Pact. He suggested that this was an imposition upon the Europeans. He also said he thought the description "natural member" was a misleading definition.

Mr. Kennan: said that for him a natural member meant a member whose territory bordered on the Atlantic.

Mr. Hoyer-Millar: said that he had read this Paper, in the light of a statement made some meetings ago by Mr. Hickerson, to mean that Italy must be a party to the Brussels Pact as he understood Mr. Hickerson to mean Italian inclusion in the North-Atlantic Pact was a sine qua non for United States interests.

Mr. Hoyer-Millar: asked if the object was to bring Italy into the North-Atlantic Pact without making it undertake the full obligations of the Pact.

Mr. Achilles: said that this might be the case.

Mr. Bérard: asked what the United States' objection was to a proposal like Article IX of the Brussels Pact.

Mr. Kennan: asked if a pact which set no limits on the countries which might adhere could still be called a North-Atlantic Pact.

Mr. Wrong: said that possibly there should be a reference to Western Europe included in the description of the Pact.

Mr. Kennan: asked if Mr. Bérard meant that the final decision as to the type of membership of later joiners should be left to the actual members as each case arises.

Mr. Bérard, Mr. Havel: said that that was the case.

Mr. Achilles: said that in that case he was not happy about the use of the phrase "natural members".

Mr. Hoyer-Millar: said that the countries whose status is in dispute are either natural members or else of vital interest to the natural members.

Mr. Wrong: said he was inclined to agree with Mr. Bérard's suggestion about membership but that if it was adopted it would require further revision of the whole Paper. He wanted to be sure that the North-Atlantic Pact would not do anything to prejudice Italian entry into the Brussels Pact. He said that it was difficult to get any meaning out of the phrase "collective guarantee".

Mr. Kennan: said that his Government held no brief for the collective idea and suggested that it be dropped. Anchor points did not mean anything in the terms of the Treaty.

Mr. Wrong: The concept of an anchor point could not be written into the Treaty but it will continue to exist anyway.

Mr. Havel: asked whether there should not be a paragraph to the effect that associate members should not participate in the military staff talks.

Mr. Achilles: agreed that this was the case.

Mr. Bérard: said that he felt sure that Italy wanted to be either a full member or associate member but not just a protected country.

Mr. Achilles, Mr. Hoyer-Millar: both said that they inclined to the belief that Italy wanted to be a full member.

Mr. Bérard: again pressed the use of Article IX of the Brussels Pact. The use of this formula might allow the original members to create special categories for countries like Italy and Sweden.

Mr. Havel: agreed with this suggestion.

The Nature of the Agreement

Mr. Havel: On page 3 of the Paper on this subject attached to the Draft of 2nd September under the heading "Criteria", asked if there should not be something about the area in which the Pact is to operate (C.F. outline Article 7 of the Pact).

Mr. Kennan: thought that the area in which the Pact would operate would be more or less automatic by definition (i.e. would apply to the territory of the member countries).

Mr. Wrong: This question would have to be gone into in detail later on with a view to making sure that the stepping-stone countries should not have a veto over the conclusion of the Pact by declining to participate. He agreed that something about operative area should be included among the criteria.

Mr. Havel: turning to the paragraph numbered C. on page 4 of the same Paper said he would like something about reciprocal assistance put in this section (by this he meant that it should be understood that the Europeans were not necessarily obligated to send troops to the defence of Alaska).

Mr. Wrong: This paragraph is tied in with outline Article VI of the proposed Pact.

Mr. Hoyer-Millar: said that he would not object to the inclusion of something along these lines in paragraph C but he thought that it should be plain that it did not mean "individual right to do nothing".

Return to United States Paper (pages 2(a) and 3)

Mr. Hoyer-Millar: thought that the second paragraph on page 2(a) should be interpreted to mean that not everybody should have a seat on the Military Committee.

Mr. Wrong: From the drafting of this paragraph it was not clear whether it was meant to refer to the present talks taking place in London or to the Brussels Pact Committee on the one hand and the P.J.B.D. on the other. This should be corrected.

Mr. Hoyer-Millar: emphasized that in his opinion only full members should have a seat on the Military Committee.

Mr. Kennan: agreed

Mr. Wrong: suggested that paragraph 2 on page 2(a) might be dropped for the time being and inserted later in a negative form.

Mr. Hoyer-Millar: suggested that the substance of this paragraph might appear in negative form after the paragraph on associate members, i.e. saying that they would not have representation on the Military Committee.

Mr. Bérard: agreed. He also asked if the reference to anchor point was to be dropped.

Mr. Hoyer-Millar: suggested that the idea of anchor points grew out of the idea of a hard core.

Mr. Kennan: said he was not holding out for the anchor points, though he liked the idea.

Mr. Wrong: suggested that speaking of a collective basis might add more confusion than it clears away. The effect of the Pact might be collective but the form could not be.

Mr. Havel: agreed that the collective aspect would emerge after the conclusion of the Pact.

Mr. Kennan: said (sadly) that in his opinion a Europe showing a desire to unite might be a more effective ally than a Europe of individual states.

Mr. Bérard: We want to conclude the Pact this year.

The working party turned to a discussion of the technique of re-drafting the United States Paper.

[R.L. ROGERS]

398.

DEA/283 (S)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures
Ambassador in United States
to Secretary of State for External Affairs*

TOP SECRET

Washington, September 11, 1948

Dear Mr. Pearson:

I enclose copies numbered 21, 33, and 34 of the paper dated 9th September, resulting from the Washington exploratory conversations on security, produced for consideration by the governments of the participating countries. It is hoped that Governments will be able to study this paper and to resume the conversations around the middle of October — probably after the Foreign Ministers of the Brussels Powers have had an opportunity to discuss it at their next meeting.

It was agreed in yesterday's meeting of Ambassadors with Mr. Lovett that the attention of Governments should be drawn to the need to elucidate the references to

the territorial area in which the proposed pact would have effect (page 11, para. 8(4),⁹⁰ and page 18, Art. 7).⁹¹ This is a topic which has been consciously avoided during the conversations because it would require definite guidance from Governments.

Another point which has been passed over is referred to in the note on page 19.⁹² The European representatives are not asking their governments to give special attention at the present time to the terms on which participants might be deprived of the benefits of the pact by reason of a fall from grace. Possibly this will not be so easy to settle as they now assume.

The foregoing points, however, are aside from the main issue which is placed before Governments by the submission of this paper. Chapter I of the paper gives a summary of the background thinking which led to the assumption that the only useful type of arrangement is a North Atlantic pact. You have already had an advance copy of this Chapter; it has not been altered.

Chapter II has been the principal subject of discussion during the week which has elapsed since I sent you my letter of 4th September. A week of steady campaigning by the Brussels Powers and ourselves has led to the clarification of the conditions under which powers in addition to those participating in the conversations may adhere to the proposed pact. It is no longer necessary for European countries to adhere to the Brussels Pact in order to participate in a North Atlantic pact with full responsibilities and full privileges. The idea of group responsibility has also been abandoned, although not without reluctance on the part of George Kennan and others in the State Department. The choices left open to joiners are now more flexible than they were under the original State Department proposal; it is possible for a country like Italy to be in a special category of its own. This Chapter supersedes the preliminary paper on this subject which was forwarded to you on 13th August.

Chapter III was ironed out before Chapter II was finally settled. You will note that in paragraph 5 of the Annex there is no longer a separate Canadian compromise. Our compromise was so similar to the amended United Kingdom version that it seemed foolish to clutter up the paper unduly. I told the Ambassadors that it was not important whether we used "subject to" or "in accordance with" in front of "constitutional procedures". Mr. Kennan was apologetic over the need, for domestic reasons, of introducing any phrase of this sort.

The changes in this Chapter are for the most part of little substance. I have already reported that I had to agree to the modification of paragraph 3 of the Annex about collaboration in other fields, and to a consequent change in paragraph 12. In addition, changes have been made in paragraphs 5 and 10. The other paragraphs have not been altered from the earlier version.

⁹⁰ Indiqué par la note de renvoi 94, dans le document ci-dessous.
Indicated by footnote 94 in enclosure below.

⁹¹ Indiqué par la note de renvoi 95 dans le document ci-dessous.
Indicated by footnote 95 in enclosure below.

⁹² Indiqué par la note de renvoi 96 dans le document ci-dessous.
Indicated by footnote 96 in enclosure below.

The record of yesterday's meeting of Ambassadors will be forwarded shortly.† In it you will see the statement which I made about the extreme importance of the proposals. I had had it in mind for some time to speak with a good deal of emphasis on this at the last meeting of this phase of the discussions, in the hope that my colleagues in referring the matter to their governments would not confine themselves to an analysis of the document and the means whereby it was produced, but would also seek to put the proposals in a broader setting. I think that I was at least partially successful, since the Belgian, French, and British Ambassadors have all told me that they are including my statement in their telegraphic reports to their governments. Mr. Hickerson also greeted it enthusiastically and said that he agreed with every word. Mr. Bonnet, to whom it was really addressed, was not so responsive.

At the end of yesterday's meeting, Mr. Lovett wisely brought up again the need for preserving absolute secrecy about the contents of the paper. Now that a plan has been submitted to governments for consideration, the preservation of secrecy is even more important than it was earlier in the discussions.

Mr. Bérard of the French Embassy has made the good suggestion that an agreed French translation of the paper should be prepared. The French Embassy will, I think, undertake the production of a draft, which will be gone over by the drafting group. I shall send copies of this when it becomes available.

Yours sincerely,
H.H. WRONG

[PIÈCE JOINTE/ENCLOSURE]

Note de l'ambassadeur aux États-Unis

Memorandum by Ambassador in United States

TOP SECRET

[Washington], September 9, 1948

WASHINGTON EXPLORATORY CONVERSATIONS ON SECURITY⁹³

This paper has evolved from the exploratory conversations on security problems of common interest which have taken place between the Ambassadors of Belgium (who also represented Luxembourg), Canada, France, the Netherlands and the United Kingdom, the Under Secretary of State for External Affairs of Canada and the Under Secretary of State of the United States of America. It is the result of study and exchanges of views concerning the following agenda:

(1) The situation in Europe as it affects security, including the question of Soviet intentions, the nature of the threat confronting the Western world, and the possible effect upon Soviet policy of action by the participating countries to increase their collective security.

⁹³ Notes marginales /Marginal notes:

Miss Rump: This copy contains Mr. Pearson's comments. E. R[eid]
Mr. Pearson return to E. R[eid]

(2) Security measures taken and to be taken in Europe by the Parties to the Brussels Treaty. The importance of this aspect was fully recognized but it was agreed that discussion in the current conversations would be impracticable pending receipt of fuller information concerning the results of the military conversations proceeding concurrently in London.

(3) Security relations of the nations participating in these talks with other Western European countries, with particular reference to the territorial scope of any security arrangement linking Western Europe and North America.

(4) The nature of North American association with such a North Atlantic security arrangement, including the basic criteria and the particular considerations of both the European and the North American countries concerned.

As will be clear this paper represents no firm conclusions. It represents only an agreed statement on the nature of the problems discussed and the steps which might be practicable to meet them.

Developments in the international situation since the end of hostilities make clear the urgent need for further measures which will contribute effectively to peace and security.

The establishment of the O.E.E.C. and the signature of the Brussels Treaty are important achievements which indicate the intent of the peace-loving countries of Europe to work together in their common interest, and additional steps designed to bring about a substantial and permanent degree of cooperation and unity among these countries would materially improve the present position. But the situation demands further measures: those nations having a primary interest in the security of the North Atlantic area should collaborate in the development of a regional or collective defence arrangement for that area. Such action should be taken within the framework of the Charter of the United Nations.

1. The Situation in Europe as it Affects Security

1. The war, by weakening the Western European countries and by creating a vacuum in Germany has increased the strength of the Soviet Union relative to the strength of Western Europe. This has resulted in a situation in which the security of this area is immediately threatened and that of North America is seriously affected.

2. Soviet ideology is self-admittedly expansionist. Moreover, according to this ideology and doctrine the peaceful coexistence of the Soviet and non-Soviet worlds is impossible on any permanent basis. The Kremlin leaders aim at the maximum extension of their power and influence. International communism serves them as a powerful instrument for the achievement of this aim.

3. The westward expansion of Soviet power since the defeat of Hitler has rendered the Soviet Union strategically capable at the present time of dominating the continent of Europe by force. Soviet forces are so grouped and organized that they could take the initiative in military action at short notice. The military strength of the Soviet satellite countries of Eastern Europe has been so organized as to make a material contribution to Soviet striking power. These factors support the Kremlin program of intimidation designed to attain the domination of Europe. The Commu-

nist International under the new title of the Cominform is again active in the field of indirect aggression.

4. While there is no evidence to suggest that the Soviet Government is planning armed aggression as an act of policy, there is always the danger that, in the tense situation existing at the present time, some incident might occur which would lead to war. War might also come about by a miscalculation of western intentions on the part of the Soviet Government. Alternatively, a sudden decision by the Kremlin leaders to precipitate war might result from fear: (1) that their own personal power was being undermined, or (2) that Soviet strength in relation to that of the western nations was declining, or (3) that these nations had aggressive intentions toward the Soviet Union.

5. Soviet plans have suffered a political setback as a result of the implementation of the European recovery program, the growing determination of the western powers to draw together for their well-being and mutual protection, and recent developments in Europe such as the trend of events in Greece and Tito's breach with the Cominform. There remains, however, a justified sense of insecurity among the peoples of Western Europe. The continued presence of U.S. forces in Western Europe is important since an attack upon them would bring the United States immediately and directly into war. Nevertheless, something more is needed to counteract the fear of the peoples of Western Europe that their countries might be overrun by the Soviet Army before effective help could arrive.

6. The U.S.S.R. under Kremlin dictatorship, utilizing the technique of indirect aggression and the threat of direct aggression, is an implacable enemy of western civilization and the present situation in Europe must be regarded as extremely insecure. The problem is to consider how the countries of Western Europe and those of the North American continent can most effectively join together for mutual aid against this common danger and achieve security. The immediate purpose is, in the first place, to prevent a Soviet attack; in this respect weak measures might only be provocative; firm measures may well prove a deterrent. In the second place, it is to restore confidence among the peoples of Western Europe. United States and Canadian association in some North Atlantic security arrangement would be a major contribution to this.

II. Territorial Scope of a North Atlantic Security Arrangement and its Relationship to the Security of Other Nations

1. A North Atlantic security system composed exclusively of the United States, Canada and the present parties to the Brussels Treaty would not be fully effective. On the other hand, even the combined military resources of these nations would be inadequate to warrant their assuming hard and fast commitments for the security of a large number of geographically scattered countries. A line must be drawn somewhere. The problem is to devise an arrangement which would best meet the security needs of the nations here represented without over-extending their military capabilities.

2. To be fully satisfactory, a North Atlantic security system would have to provide not only for the security of the countries mentioned above but also for that of the North Atlantic territories of Denmark (especially Greenland), Norway, Iceland,

Portugal (especially the Azores) and Ireland, which, should they fall into enemy hands, would jeopardize the security of both the European and the North American members and seriously impede the flow of reciprocal assistance between them.

3. Furthermore, other free European nations must be taken into account in view of: (1) the effect on the security of the nations participating in these talks should the political or territorial integrity of these other nations be menaced; (2) the necessity for maintaining and strengthening their Western orientation; and (3) the importance of avoiding any Soviet miscalculation to the effect that these nations could be absorbed into the Soviet orbit with impunity.

4. The circumstances and capabilities of the North Atlantic and Western European countries vary widely. Taking these variations into account rather than attempting to fit each nation into a uniform rigid pattern may provide the solution. It is suggested that the concept should include different categories of nations: (1) those whose membership of a North Atlantic Pact would involve maximum commitments for reciprocal assistance (with due regard for the resources of each party), and participation in the development of coordinated military potential; (2) those whose membership in the Pact would only involve limited commitments as, for example, to provide facilities for the common defence in return for commitments by the full members to defend their territories and (3) other nations, not members of the Pact, a threat to whose political or territorial integrity would require action by the full members.⁹⁴ The division of nations between these categories need not be rigidly fixed but should permit flexibility.

5. Full membership in a North Atlantic security system would involve undertakings for mutual assistance in the event of armed attack upon any party, provision for consultation if the security of any party was otherwise threatened directly or indirectly, and provision for the establishment of agencies to implement the treaty. The original full members would be Canada, the U.S., the parties to the Brussels Treaty and such other members of the North Atlantic community as are ready to undertake the requisite obligations⁹⁵ and are acceptable.

6. While it might well be desirable to have Norway, Denmark, Portugal, Iceland, and Ireland as full members, these countries may not now be prepared to accept fully the requisite responsibilities. They should be consulted before conclusion of the Pact and, if they are not then willing to assume such responsibilities, they should be invited to accede to the Pact with limited commitments, the exact nature of which would be determined in negotiation with them.⁹⁶ The nature of such commitments might vary as between countries but would be generally such that: (a) the full members would agree to regard an attack on any of these countries as an attack against themselves; (b) these countries would agree to defend their own territories

⁹⁴ Note marginale :/Marginal note:

Why should anyone take on the commitments under 1 when they can get all the benefits under 2 or 3?

⁹⁵ Note marginale :/Marginal note:

No one else is likely to do this.

⁹⁶ Note marginale :/Marginal note:

This will be very difficult for Canada.

to the limit of their capabilities and to make available such facilities as are within their power, whenever required, in order to provide for the protection of the North Atlantic area.⁹⁷

7. Provision should be made by which the parties may by agreement invite any other state in or bordering upon Western Europe, the maintenance of whose territorial or political integrity is of direct concern to the security of the parties, to accede to the treaty on conditions to be agreed between them and the state so invited. These new participating countries might enter the pact either as full members, or with limited commitments as indicated above, or under such special arrangements as might be necessary owing to their geographical position or to their international obligations (Sweden, Italy).

8. The case of Italy presents a particular problem. It is not a North Atlantic country and it is subject to the military limitations imposed by the Peace Treaty. On the other hand its territory is of strategic importance to the nations here represented and its Western orientation must be maintained and strengthened. The United States representatives felt that a satisfactory solution of the problem of Italy must be found, either within the formula referred to in the preceding paragraph or otherwise.

9. The original full parties to the North Atlantic Pact would issue a joint statement at the time of its conclusion to the effect that any threat of aggression, direct or indirect, against any other OEEC country (including Western Germany, Austria, and Trieste) would be regarded by them as a development calling for consultation with the object of taking any measures which may be necessary.

10. It was recognized that the ultimate relationship of Spain and Western Germany (if Germany remains divided) to a North Atlantic security arrangement must eventually be determined but that it would be premature to attempt to do so at this time.

III. Nature of a Possible North Atlantic Security Arrangement

1. Any North Atlantic security arrangement should be clearly and specifically defined, since the respective governments and peoples must know exactly what the arrangement is and what advantages and obligations are involved. The obligations and commitments of each party should of course be undertaken by constitutional process. With the exceptions noted in the preceding section, the security arrangements should be generally reciprocal in nature. The preference expressed in the U.S. Senate on June 11, 1948 that U.S. association with any such arrangements be effected by treaty has been noted, as well as the Canadian position in regard to such an association stated by the Prime Minister of Canada in the House of Commons on March 17, 1948.

2. The presence of U.S. troops in Germany not only entails U.S. participation in the security problems of Europe but also would in most contingencies, as long as they remain, involve the U.S. in any hostilities were they to break out there. The

⁹⁷ Note marginale :Marginal note:

This would really commit them to active participation in war and be considered by the Soviets as provocation as taking on the other commitments.

problem is, however, to recommend a long-term arrangement binding the parties to meet aggression jointly from whatever quarter and at whatever time. If the arrangement is to fill this requirement and those outlined above and to contribute to the restoration of confidence among the peoples of Western Europe, it would not be possible to base it on the presence of U.S. troops in Germany.

3. No alternative to a treaty appears to meet the essential requirements.

4. Consideration has been given to the question of whether or not conclusion of such a treaty might be considered provocative by the Soviet Government. Any arrangement linking the defense of Western Europe with that of the U.S. and Canada would reduce the chances of successful Soviet expansionist moves and would therefore encounter Soviet opposition as bitter as that which the European recovery program has encountered. Half measures might prove both ineffectual and provocative, whereas unmistakably clear determination to resist should serve to deter, and minimize the risk of, armed aggression. Soviet criticism could be offset by fitting the arrangement squarely into the framework of the United Nations and by providing not merely for defense but also for the advancement of the common interests of the parties and the strengthening of the economic, social and cultural ties which bind them.

5. Furthermore the existence of a treaty containing unmistakably clear provisions binding the parties to come to each other's defense in case of attack would hearten the peoples and leaders of the countries concerned. It would assist them to surmount the difficulties still besetting them, particularly in Western Europe where confidence is essential to full economic recovery.

6. Inasmuch as the conclusion of such a treaty might increase the existing tension with the Soviet Government, the Western European countries are the more anxious that the assistance given to an attacked country should be immediate, and military as well as economic and political. It also seems necessary that, within the limits of sound military practice, the military and other measures to be taken immediately by each participating country should be planned and decided beforehand by the agencies established for effective implementation of the treaty. It was appreciated that some of these military matters were being studied in London at the present time and that the military meetings there might be considered as indicative of the sort of consultation which might take place under the treaty, in the military and other fields.

7. Consideration was also given to the effect of the conclusion of such a treaty upon the security of other free European nations which may not become parties. It must be made clear that its conclusion in no way implies any lack of interest on the part of the parties in the security of such countries. This difficulty could to some extent be met by providing in the treaty for consultation in the event the security of any of the parties is threatened by armed attack upon a non-signatory or by any other fact or situation.

8. The foregoing considerations have led to agreement upon the following basic criteria for such an arrangement:

(1) It should be within the framework of the United Nations Charter, demonstrate the determination of the parties fully to meet their obligations under the

Charter and encourage the progressive development of regional or collective defense arrangements.

(2) It should contribute, through increasing the individual and collective capacities of the parties for self-defense, to the maintenance of peace and the greater national security of the parties.

(3) It should make unmistakably clear the determination of the respective peoples jointly to resist aggression from any quarter.

(4) It should define the area within which aggression against any party would bring the provisions for mutual assistance into operation.

(5) It should be based on and promote continuous and effective self-help and mutual aid in all fields.

(6) It should be more than an arrangement for defence alone; it should serve both to preserve the common civilization and to promote its development by increasing the collaboration between the signatories and advancing the conditions of stability and well-being upon which peace depends.

(7) It should provide adequate machinery for implementing its terms, in particular for organized coordination and strengthening of the defense capacities of the parties, beginning immediately it comes into force.

9. In addition, the representatives of the European countries emphasized that it was particularly desirable that the arrangement should provide for the speediest practicable measures of material assistance in case of an armed attack, including individual military assistance by each of the members accepting full commitments as soon as such an attack is launched against any of them.

10. The U.S. representatives emphasized that U.S. association with any security arrangement must be within the framework of the Resolution adopted by the U.S. Senate on June 11, 1948 (S.Res.239, 80th Congress, 2nd session). Of the four conditions specified by that Resolution three are covered by the basic criteria cited above: (1) that the arrangements must be within the framework of the Charter, (2) that U.S. association with it must be by constitutional process, and (3) that the arrangement must be based upon continuous and effective self-help and mutual aid. It was made clear that the third condition meant that U.S. assistance must supplement rather than take the place of the maximum efforts of the other nations on behalf of themselves and each other, and that assistance must be reciprocal. The fourth condition was that the arrangement should affect (i.e. increase) the national security of the U.S. In this connection the U.S. representatives made clear their belief that a North Atlantic security arrangement, if it is to increase adequately the security of North America and provide the Western European countries with adequate assurance that North American ground and air forces and supplies could effectively be brought to their assistance in time of war, should include the North Atlantic territories of Denmark (Greenland), Iceland, Ireland, Norway and Portugal (the Azores).

11. The United States representatives also considered that some of the articles of the Rio Treaty, which had been approved by the U.S. Senate, provided a useful basis for the formulation of an arrangement which would meet the requirements. At

the same time they fully recognized the relevance of provisions of the Brussels Treaty. They considered certain articles of the Rio Treaty, notably those concerning voting procedure, unsuited to an arrangement for the North Atlantic area.

12. The United States representatives emphasized that the United States could not constitutionally enter into any treaty which would provide that the United States would be at war without a vote of Congress. All representatives stressed that their respective constitutional processes must be observed and agreed that, as in any similar treaty, the question of fact as to whether or not an armed attack had occurred would be a matter for individual determination.

13. The Canadian representatives emphasized the importance which they attached to provisions, in any treaty which might be concluded, for the encouragement of cooperation in fields other than security. Such cooperation would contribute directly to general security. In other words, they felt that the purpose of a treaty should not be merely negative and that it should create the dynamic counter-attraction of a free, prosperous and progressive society as opposed to the society of the Communist world. The treaty should provide a basis for the organization of an overwhelming preponderance of moral, economic and military force and a sufficient degree of unity to assure that this preponderance of force may be so used as to guarantee that the free nations will not be defeated one by one.

14. The conclusion of an arrangement of this general character appears practicable. There is attached an outline of provisions which it might include.

[ANNEXE/ANNEX]

OUTLINE OF PROVISIONS WHICH MIGHT BE SUITABLE FOR INCLUSION
IN A NORTH ATLANTIC SECURITY PACT

Preamble

The preamble would combine some of the features of the preambles to the Charter, the Rio and the Brussels Treaties. In it the parties would express:

(1) The belief that, until security under the United Nations is assured on a universal basis, the security of free nations can best be strengthened by the progressive development of arrangements for collective self-defense as provided for in Article 51 of the Charter (Vandenberg Resolution);

(2) Recognition of their common traditions of democracy, personal freedom and political liberty (Rio Pars. 6 and 7; Brussels Pars. 1 and 2; Charter, Par. 2), their common interests, and the economic, social and cultural ties which bind them (Brussels, Par. 3);

(3) Determination to co-operate in fortifying and preserving this common heritage and, by uniting in continuous and effective self-help and mutual aid, (1) to maintain international peace and security (Rio, Par. 8; Brussels, Pars. 5 and 8; Charter, Par. 6; Vandenberg Resolution), and (2) to provide for effective reciprocal assistance to repel armed attack against any of them and to meet any act of aggression or threat to their political independence or territorial integrity (Rio, Par. 8; Brussels, Pars. 5 and 8);

(4) Resolution to combine their efforts in a North Atlantic organization designed effectively to accomplish these aims in accordance with the purposes and principles of the Charter (Rio, Par. 3 and Par. 8; Brussels, Par. 5 and Par. 8).

Articles

1. An undertaking not to resort to the threat or use of force in any manner inconsistent with the purposes and principles of the Charter or of this Treaty, (Rio, Art. 1).

2. An undertaking to submit every controversy which may arise among the Parties to methods of peaceful settlement (Rio, Art. 2; Brussels, Art. VIII).

(Note: Articles 1 and 2 might be omitted and replaced by reaffirmation in the preamble of the obligation in the Charter to settle all disputes by peaceful means. These articles would, however, provide a substantive obligation for parties not now members of the United Nations (Portugal and Ireland). Their inclusion, by providing Charter limitations upon the conduct of the parties, would be of assistance in countering charges that the treaty was directed solely against the Soviet Union.)

3. Provision for the encouragement of efforts between any or all of the parties to promote the general welfare through collaboration in the economic, social and cultural fields (Brussels, Arts. 1, 2 and 3; Charter, Art. 55).

(Note: This provision, if included, should be qualified by a statement similar to that in Brussels Article 1 to the effect that the cooperation envisaged "shall not involve any duplication of, or prejudice to, the work of other (economic) organizations in which the Parties are or may be represented but shall on the contrary assist the work of those organizations." Its inclusion would give substance to the concept of a positive rather than purely negative treaty.)

4. Provision for individual and collective effort, on the basis of continuous and effective self-help and mutual aid, to strengthen the individual and collective capacity of the parties to resist aggression (Vandenberg Resolution).

(Note: This would provide the basis for the reciprocal extension of material assistance, in advance of any armed attack or threat to the peace, and for coordinating arrangements for production and strategy.)

5. Provision for mutual assistance in meeting an armed attack in the exercise of the inherent right of individual or collective self-defense recognized by Article 51 of the Charter. (Rio, Article 3(1); Brussels, Article IV).

(Note: With respect to the commitments of full members:

A. The United States representatives, feeling that approval of any treaty by their Senate would be greatly facilitated if the Rio text were adhered to as closely as possible, suggested that this provision should be on the following lines:

An armed attack by any State against a Party shall be considered as an attack against all the Parties and, consequently, each Party undertakes to assist in meeting the attack in the exercise of the inherent right of individual or collective self-defense recognized by Article 51 of the Charter.

B. The European representatives felt that their Governments would wish to see the provision conform as closely as possible to the corresponding article in the Brussels Treaty, and that it should therefore be drafted on the following lines:

If any Party should be the object of an armed attack in the area covered by the Treaty, the other Parties will, in accordance with the provisions of Article 51 of the Charter, afford the Party so attacked all the military and other aid and assistance in their power.

The following was suggested as a possible basis for compromise.

C. Provision that each Party should agree that any act which, in its opinion, constituted an armed attack against any other Party in the area covered by the treaty be considered an attack against itself, and should consequently, in accordance with its constitutional processes, assist in repelling the attack by all military, economic and other means in its power in the exercise of the right of individual or collective self-defense recognized by Article 51 of the Charter.

The Canadian representative thought that the Canadian Government would prefer a provision along these lines.)

6. Provision for immediate consultation in the event of armed attack with a view to reaching agreement upon collective measures and, pending agreement upon collective measures, provision for the taking of such immediate measures as are within the power of each Party in fulfillment of the obligation contained in the preceding article and in accordance with the principle of mutual solidarity (Rio, Art. 3, Par. 2; Brussels, Art. IV).

(Note: The United States representatives believed that this provision should also be patterned on the Rio text and suggested that it should be on the following lines:

Each Party, pending agreement upon collective measures, will determine the immediate measures which it will individually take in fulfillment of the obligation contained in the preceding paragraph and in accordance with the principle of mutual solidarity. Immediate consultation shall take place with a view to reaching agreement upon collective measures.)

7. Delineation of the area within which an armed attack will bring articles 5 and 6 into operation. (Rio, Art. 3, Par. 3 and Art. 4; Brussels, Art. IV).

8. Provision to the effect that measures of self-defense taken under articles 5 and 6 may be taken until the Security Council has taken the measures necessary to maintain international peace and security. (Rio, Art. 3, Par. 4; Brussels, Art. V).

9. Provision to the effect that the Parties will immediately advise the Security Council fully concerning measures taken under articles 5 and 6. (Rio, Art. 5; Brussels, Art. V).

10. Provision for consultation (a) in the event of a threat to the integrity of the territory or the sovereignty or the political independence of a Party, (b) in the event of an armed attack against a Party outside the area delineated in article 7, (c) if the security of any Party should be affected by an armed attack against a nation not a party to the Treaty, or (d) in the event of any other fact or situation which might constitute a threat to the peace. (Rio, Art. 6; Brussels, Art. VII, Par. 2).

11. A statement that none of the provisions of the Treaty shall be construed as impairing the rights and obligations of the Parties under the Charter. (Rio, Art. 10; Brussels, Art. V).

12. Provision for establishment of agencies necessary for the effective implementation of the Treaty, including in particular Articles 4, 5 and 6, such agencies to be so organized as to be able to exercise their functions continuously. (Rio, Arts. 11 and 21; Brussels, Art. VIII). Provision that any two or more Parties might establish or maintain special machinery between themselves to facilitate the execution of the agreement.

13. Provisions covering accession, ratification and duration. (Rio, Arts. 22-25; Brussels, Arts. IX and X).

(Note: The question of including a provision for disqualification under certain circumstances of any of the signatories from enjoying the benefits of the Treaty requires further consideration.)

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DEA/283 (S)

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

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

TOP SECRET

[Ottawa], October 4, 1948

NORTH ATLANTIC TREATY

The Washington exploratory conversations on security, in which officials of the U.K., U.S., France, Benelux and Canada have been participating, have resulted in the submission to governments of a document, dated September 9. This document represents no firm conclusions. It represents only an agreed statement on the nature of the problems discussed and the steps which might be practicable to meet them.

2. This document has been sent to the participating governments for their urgent consideration so that each government can now decide whether it is prepared to sign a North Atlantic Treaty of the kind contemplated in the document. It is hoped that governments will be able to come to a decision on this point by the time the Washington discussions resume about October 15. It is also hoped that governments by then will have given instructions to their representatives in the Washington talks on the line they should take during the second phase of the talks.

3. Presumably during this second phase, the participating governments will seek to reach agreement on (a) the states which are to be sounded out on whether they would accept an invitation to attend a conference to draft and sign a treaty; and (b) the text of the memorandum which will be sent to those governments when they are being sounded out. This memorandum would outline the provisions which the inviting governments consider suitable for inclusion in the treaty. It is possible that there may be a third phase of the talks during which the inviting governments may attempt to prepare an actual draft of a treaty to be put before the formal conference.

No timetable has been set but the hope is that a treaty will be signed either late this year or early next year and will come into force within a month or so thereafter — i.e., February to April, 1949.

4. The document of September 9 which has now been forwarded to the Canadian Government for consideration includes an annex entitled "Outline of provisions which might be suitable for inclusion in a North Atlantic Security Pact."

5. The essential feature of the proposed North Atlantic treaty is that it would create a defensive alliance of the North Atlantic states primarily directed against aggression from the Soviet Union. Each would undertake, subject to its constitutional processes, to come to the assistance of any other member of the group which has been attacked. The treaty would, in addition, encourage cooperation between the signatories in fields other than security in an effort to create and maintain a North Atlantic Community which would provide the dynamic counter-attraction to totalitarian communism — a free, prosperous and progressive society.

6. Under the treaty, agencies would be set up for its effective implementation. These agencies would, no doubt, be similar to, though not necessarily identical with, those which have been or are about to be set up by the Brussels Powers under the Brussels Treaty. From the presence of a Canadian observer at the meetings of the military organs of those powers, we know the kind of organs which would likely be created, the kind of planning which they would do and the kind of problems which they would put up to governments for consideration.

7. Thus there would probably be under the Atlantic Pact a Consultative Council of Foreign Ministers, a Council of Defence Ministers, a Chiefs of Staff Committee and a Supply Board. These would be served by a combined staff and secretariat. If the Western Union pattern is followed a supreme commander would be appointed to take over command in the event of war. Under him there would be a commander-in-chief for the army, one for the navy and one for the air force, and subsidiary commanders for designated areas. The supreme commander, his deputy and the three commanders-in-chief would constitute a commanders-in-chief committee which would plan the joint strategy.

8. The task of the North Atlantic Chiefs of Staff Committee would be to prepare recommendations to the Defence Ministers setting forth an agreed allocation of responsibilities among the allies, since, as the document of September 9 points out, "it seems necessary that, within the limits of sound military practice, the military and other measures to be taken immediately [on the outbreak of war] by each participating country should be planned and decided beforehand by the agencies established for effective implementation of the treaty."

9. It is, of course, impossible now to assess with any degree of accuracy the extent and nature of the allocation which it would be considered fair and reasonable that Canada should bear. So far as armed forces are concerned, however, the commitment by Canada would presumably be to have certain forces available on D-Day. Canada might also be expected to put its war industry into shape for increased production.

10. Increases in defence expenditure by Canada may be necessary in any event, regardless of the Atlantic Pact, because of the probability that the existing state of

international tension will continue. Under the Atlantic Pact, however, the rearmament of the North Atlantic States will be the result of an agreed and coordinated plan under which resources will be pooled and where each will undertake the task which it can perform most efficiently. For the present it is impossible to go further than to say that after the Pact has been in operation for some six months or so, and unless the present international tension has sensibly diminished, the Canadian Government may be asked to authorize commitments by Canada, the cost of which would be in excess of the present level of defence expenditures. These costs would be for the purpose of maintaining our own armed forces and our industrial machine in a state of readiness and, possibly, for assisting in the rearming of the Western European countries.

11. In favour of the project, it can be argued that, if a pact along the lines contemplated by it had existed in the later 1930's, there would have been no war in 1939. Consideration of the horrors that the world might have avoided sharply underlines the enormous importance of the project. If a pact of this nature would have deterred Hitler, it would certainly be likely to deter Stalin. Hitler was a fanatic with a mission, unable to bide his time, but the Marxists are under no such dictates of urgency, since their very ideology requires them to refrain at a given time from taking any action which might prejudice the eventual overthrow of capitalism.

12. One of the greatest advantages which the creation of the North Atlantic security system would bring would be the attainment of continuing certainty about the long-term position of the United States as a partner in a North Atlantic security system. This alone would seem to far outweigh whatever new risks might conceivably arise from the conclusion of the pact.

13. The project for a North Atlantic Treaty, as set forth in the document of September 9, would appear to meet the objectives of Canadian policy as set forth during 1948 by the Canadian Government. By the membership of the United Kingdom, the United States, France and Benelux, it would provide the basis for the organization of an overwhelming preponderance of force — military, economic and moral — over the Soviet Union and a sufficient degree of unity to ensure that this preponderance of force may be so used as to guarantee that the free nations will not be defeated one by one. It is based on the concept that the Western European countries are our allies whose assistance we need in order to defend ourselves. It carries out the principle of a pooling of risks, of resources and of combined control over policy. It establishes a constitutional basis for a devolution of power in peace and war from the Grand Alliance to its organs and agents, as compared with the arrogation of power by the Big Two or the Big Three in the last war. It creates a new international institution which will have within itself possibilities of growth and of adaptation to changing conditions. The North Atlantic Community is today a real commonwealth of nations which share the same democratic and cultural traditions. If a movement towards its political and economic unification can be started this year, no one can forecast the extent of the unity which may exist five, ten or fifteen years from now.

14. It is therefore recommended that the Canadian Government inform the governments of the United Kingdom, the United States, France, Belgium, The Nether-

lands and Luxembourg that it is ready to enter into a treaty with those countries and such other countries as may be agreed upon, along the general lines of the annex to the document of September 9, 1948.

L.B. PEARSON

400.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], October 6, 1948

NORTH ATLANTIC SECURITY

22. *The Secretary of State for External Affairs* reported that the Washington exploratory conversations on security (upon the progress of which reports had been made to the Cabinet from time to time) had now resulted in the submission of a document describing the nature of the problems discussed and the steps which might be practicable to meet them.

This document had been sent to participating governments (the United Kingdom, the United States, France, Benelux and Canada) for their urgent consideration so that each could now decide whether it were prepared to sign a North Atlantic Treaty of the kind described therein. It was hoped that decisions on this point could be made by the time the Washington conversations resumed about the middle of this month, and that by then governments would have instructed their representatives on the lines they should take.

23. *Mr. Pearson* read a memorandum describing the contents of the document referred to and the procedure proposed for the next phase of discussions.

During this second phase, agreement would be sought on the states to be invited to attend a conference to draft and sign a treaty and on the text of a memorandum to be sent to such governments outlining the provisions of the treaty. It might be that a third stage would be necessary when an actual draft treaty would be put before a formal conference. It was hoped that the treaty would be signed later this year, or early in 1949.

The document submitted to the participating governments included an "outline of Provisions which might be suitable for inclusion in a North Atlantic Security Pact." The essential feature of the proposal was the creation of a defensive alliance of North Atlantic states under which each (subject to its constitutional processes) would come to the assistance of any other which had been attacked. Cooperation between the signatories in fields other than defence would be encouraged. The object was the creation and maintenance of a North Atlantic community as a dynamic counter-attraction to totalitarian communism.

Under such a treaty, agencies would be set up probably similar to those established by the Brussels Powers under Western Union — Councils of Foreign Ministers and Defence Ministers, a Chiefs of Staff Committee, and Supply Board served

by a Combined Staff and a Secretariat. Presumably similar command arrangements would also be involved and agreed allocations of responsibilities would be made upon combined military advice.

It was, of course, impossible now to assess accurately the extent and nature of Canada's obligations under such arrangements. It might be assumed, however, that these would involve military and supply commitments requiring increases in defence expenditures (which might, in any event, be necessary in a continuing state of international tension).

In favour of these important proposals, it might be argued that, had such arrangements then existed, they might have prevented war in 1939. And the greatest advantage of creating a North Atlantic security system would be the continuing certainty of participation by the United States.

The project set forth in the document submitted to the government appeared to meet the objectives of Canadian policy as set forth during 1948 by members of the government. It would provide the basis for the organization of an overwhelming preponderance of force which would ensure that the free nations could not be defeated one by one. It was based on the concept that the Western European countries were our allies and it carried out the principle of a pooling of risks and resources and a combined control of policy. It would have the advantage of providing for a devolution of power in peace and war from the alliance to its organs and agents as compared with the arrogation of power by the Big Two or the Big Three in the last war. It would create a new international institution having within it the possibility of growth and adaptation to changing conditions.

Copies of an explanatory memorandum were circulated for the purpose of discussion and then returned to the Secretary.

(External Affairs memorandum, Oct. 4, 1948 — Cabinet Document 754).

24. *The Acting Prime Minister* observed that the proposals submitted represented the logical development of the policies which the government had advocated, particularly over recent months. In effect, they followed as a natural consequence, the statement made by the Prime Minister in Parliament on March 17th with the approval of the Cabinet, in which the government had welcomed the conclusion of the Brussels Treaty.

(Unrevised Hansard, Mar. 17, 1948 — p. 2303).

Furthermore, these proposals were in line with U.S. policies concerning the economic recovery of Western Europe, in which Canada was intimately concerned. Canadian participation in a North Atlantic treaty of the kind proposed would no doubt encounter opposition from extremists on both sides. It was nonetheless the proper policy for Canada and it would require extensive and careful explanation to the Canadian people.

25. *Mr. Pearson* said that the U.S. officials engaged in the Washington discussions had taken great care to consult opposition leaders in Congress. They felt confident, as a result, of strong Congressional support and that they could rely upon the Vandenberg Resolution as authority for U.S. participation.

French representatives had been apprehensive lest these long-range plans prejudice their chances of immediate material assistance from the United States. They were also worried about the possible provocative effect on the Soviet Union. However, French authorities now appreciated that their participation was in fact a condition precedent to emergency assistance and they were inclined to accept the general feeling that the alliance might be less a provocation than a deterrent to the U.S.S.R.

U.S. officials were anxious that at least Iceland, Portugal and Norway would agree to come in, and possibly Ireland.

26. *The Minister of National Defence* referred to the military implications of Canada's adherence to a North Atlantic treaty to which reference was made in the memorandum submitted by the Secretary of State for External Affairs.

In this connection it was to be noted that Canada could not have armed forces in peacetime much beyond the size of present establishments. The current recruiting campaign was an evidence of this. Compulsory service in peacetime was not favoured by the Chiefs of Staff; it would be costly and impractical. Consequently the numbers of men which could be sent to Europe for training would be small.

The possible implications as regards equipment were very important. Industrial preparations would be required and these would be helpful. If it were possible for us, in return for U.S. types, to release present U.K. types of weapons and supplies for use by European allies, this would be of mutual advantage from both the military and economic points of view.

27. *The Minister of Finance* suggested that the obligations of Canada under such arrangements would make it necessary to re-examine carefully the nature as well as the extent of Canadian defence expenditures in order that the Canadian contribution would be the most effective and suitable to our resources and circumstances.

28. *Mr. Pearson* said that, throughout the Washington discussions, the U.S. representatives had insisted upon the necessity of control by the United States of the nature and extent of their contribution to such security arrangements as were contemplated. The same position had been taken by Canada, so that the Canadian government would be in a position to exercise control over the character and nature of any Canadian contribution.

29. *Mr. St. Laurent* observed that the obligations contemplated by the proposed North Atlantic Treaty would not differ fundamentally from those which Canada had already accepted in a wider framework under the Charter of the United Nations. In present circumstances, however, they were more likely to have more realistic results.

30. *The Cabinet*, after further considerable discussion, agreed that the governments of the United Kingdom, United States, France, Belgium, The Netherlands and Luxembourg be informed that the Canadian government were ready to enter into a treaty with those countries and such other countries as might be agreed on the general lines of the proposals contained in the document submitted and that Canadian representatives to the Washington discussions be so instructed.

401. DEA/283 (S)

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

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

TOP SECRET

[Ottawa], October 7, 1948

NORTH ATLANTIC TREATY

I attach a copy of a draft memorandum of October 7 which I have prepared in haste. Could you consider it as merely a first draft of a paper on which we will base our instructions to our representatives on the Washington talks when the next stage begins.

E[SCOTT] R[EID]

[PIÈCE JOINTE/ENCLOSURE]

*Projet de note du sous-secrétaire d'État par intérim aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

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

TOP SECRET

[Ottawa], October 7, 1948

NORTH ATLANTIC TREATY

Before the next phase of the Washington security discussions opens, it will be necessary for the Canadian representatives to have instructions from the Canadian Government on the following questions:

- (1) The nature of the pledge of mutual assistance in the treaty.
- (2) The territorial scope of the treaty and the suggestion that there might be various types of membership.
- (3) The area within which aggression against any member state would bring the provisions for mutual assistance into operation.
- (4) The terms on which members might be deprived of the benefits of the pact by reason of a fall from grace.

The nature of the pledge

2. The United States representatives in the discussions have suggested a pledge as close as possible to the Rio pledge, the European representatives a pledge as close as possible to the Brussels Treaty pledge. The texts worked out in Washington are as follows:

A—Based on Rio:

"An armed attack by any State against a Party shall be considered as an attack against all the Parties and, consequently, each Party undertakes to assist in meeting

the attack in the exercise of the inherent right of individual or collective self-defense recognized by Article 51 of the Charter."

B—Based on Brussels.

"If any Party should be the object of an armed attack in the area covered by the Treaty, the other Parties will, in accordance with the provisions of Article 51 of the Charter, afford the Party so attacked all the military and other aid and assistance in their power."

C—Compromise.

"Provision that each Party should agree that any act which, in its opinion, constituted an armed attack against any other Party in the area covered by the treaty be considered an attack against itself, and should consequently, in accordance with its constitutional processes, assist in repelling the attack by all military, economic and other means in its power in the exercise of the right of individual or collective self-defense recognized by Article 51 of the Charter."

3. Clearly the firmer the pledge, the greater is the possibility that the treaty will deter Russia and restore in Western Europe the confidence which is necessary both for Western European economic reconstruction and for Western European rearmament.

4. *It is therefore recommended* that the Canadian representatives use their best efforts to secure a pledge as close as possible to the Brussels pledge.

Territorial scope

5. Chapter II of the Washington paper⁹⁸ deals with the possible territorial scope of the Treaty. The whole of the chapter deserves close study and no useful purpose would be served by trying to summarize it.

6. The first question is whether, if countries such as Norway, Denmark, Portugal, Iceland and Ireland are not willing to assume the responsibilities of full membership, they might be invited to become second-class members with more limited commitments.

7. There would be certain advantages in Portugal being a second-class member. It is generally agreed that the Treaty should be more than a negative anti-Comintern pact; that it should affirm the dynamic positive values of Western Christendom which are the common heritage of all free peoples — "the principles of democracy, personal freedom and political liberty," as the preamble of the Brussels Treaty puts it. The present regime in Portugal can scarcely be said to be based on these principles. To include Portugal as a first-class member would therefore be to lessen the moral effect of the treaty, and what we are interested in is increasing to the greatest possible extent the total moral strength as well as the total military and economic strength of the North Atlantic Community. On the other hand, the cooperation of Portugal in providing bases in the Azores and elsewhere is essential for strategic reasons.

⁹⁸ Se rapporte à la pièce jointe du document 398.
Refers to the enclosure, Document 398.

8. *It is therefore recommended* that the Canadian representatives support some formula which would ensure the necessary degree of military cooperation from Portugal but which would not result in Portugal becoming a first-class member so long as its regime is not based on the Western European principles of democracy, personal freedom and political liberty.

9. So far as the other potential second-class members are concerned, it is hard to see that they would be more willing to be second-class members than first-class members.

10. Iceland, for example, as a second-class member, would be required to put facilities in Iceland at the disposal of the North Atlantic Community in peace and in war, since otherwise Iceland's membership would be of no value to the Community. Iceland, as a first-class member, would scarcely be expected to do much, if anything, more.

11. The opposition in Iceland to Iceland becoming a second-class member is likely to be just about as great as the opposition in Iceland to Iceland becoming a first-class member. Membership of any kind would commit Iceland to membership in an anti-Soviet alliance and would therefore be opposed by Icelandic communists and fellow-travellers and be repugnant to Icelandic parochialists.

12. The volume of public support in Canada for full Canadian membership in the North Atlantic Community would be greater if as many as possible of the other North Atlantic nations which are not great powers also became full members. If only the U.K., the U.S., France, Benelux and Canada become full members, some Canadians may ask why Canada should make greater commitments than Norway, Denmark, Iceland and Ireland, which are more directly menaced by Russia than we.

13. On the other hand, it is essential to Canadian security that the other keepers of the North Atlantic Bridge be united with us in an alliance against Russia.

14. *It is therefore recommended* that the Canadian representatives should (a) oppose giving Norway, Denmark, Iceland and Ireland any indication that there is a possibility that they could become second-class members of the alliance with limited commitments; and (b) oppose any discussion in advance of the possibility of their being offered second-class membership if they turn down first-class membership (since news of this may leak to these countries and encourage them to refuse first-class membership).

15. If any one of these countries refuses first-class membership, the inviting governments could consult on what they should then do to ensure the granting of necessary facilities in the country or countries concerned.

16. So far as Italy is concerned, *it is recommended* that the Canadian representatives oppose the issuance of an invitation to Italy to become either a first-class or a second-class member. Italy is not a North Atlantic nation and, if Italy is invited, why not Greece or Turkey? If Greece or Turkey, why not Egypt? A line has to be drawn somewhere and there is logic in confining a North Atlantic Treaty to countries which border on the North Atlantic.

17. The case of Italy and of other countries, the maintenance of whose territorial or political integrity is of direct concern to the North Atlantic nations, can be met

by a provision in the treaty under which the North Atlantic Community may, on conditions agreed on by the member nations, extend the pledge of guarantee in the Treaty to any state whose defence is vital to the defence of the Atlantic Community.

The area to be covered by the provisions for mutual assistance

18. The pledge in the Brussels Treaty comes into operation if any one of the signatories is "the object of an armed attack *in Europe*." The geographical region to which the Rio Treaty refers is precisely defined in Article 4 of the Treaty.

19. *It is recommended* that the Canadian representatives support a formula under which the pledge in the North Atlantic Treaty would come into operation if any one of the signatories is the object of an armed attack in Europe, in North America, or in the North Atlantic. North America would be defined to include Canada, the continental United States and Alaska.

Disqualification of signatories from enjoying the benefits of the Treaty

20. The concluding note of the Annex to the Washington paper reads as follows: "The question of including a provision for disqualification under certain circumstances of any of the signatories from enjoying the benefits of the Treaty requires further consideration."

21. Presumably the "certain circumstances" include the coming into power of a communist-dominated government.

22. Perhaps the only workable formula for disqualifying a member would be that a member could be expelled or suspended by a unanimous vote of all the other members.

23. *It is recommended* that the Canadian representatives might put this suggestion forward tentatively and report to the Canadian Government on the reactions of the other representatives to it.

E[SCOTT] R[EID]

402.

DEA/283 (S)

*Résumé du procès-verbal de la réunion
du Comité de la défense du Cabinet*

*Summary of Minutes of Meeting
of Cabinet Defence Committee*

TOP SECRET

Ottawa, October 8, 1948

NORTH ATLANTIC SECURITY PACT

At the meeting of the Cabinet Defence Committee on October 8th, the Minister of National Defence reported that the Cabinet, at their meeting of October 6th, had agreed that the Canadian government were prepared to work toward the conclusion of a treaty along the lines worked out in preliminary conversations in Washington.

The Acting Under-Secretary of State for External Affairs reported that consideration was now being given to the detailed implications of a North Atlantic pact.

In Mr. Wrong's view, it was likely that a conference of participating countries would be held in December, though this depended on political developments in the United States. It was intended that the Washington conferences at the diplomatic level be resumed as soon as possible after the presidential election.

It was of interest to note that, according to information recently received from Washington, the United States were prepared to equip three French divisions from present stocks. Mr. Schumann had been advised of this development.

In general it appeared that Messrs. Dewey,⁹⁹ Vandenberg and Dulles had been kept informed of developments, though the full implications of a North Atlantic Security Pact were perhaps not fully appreciated in that quarter.

The Committee noted these remarks.

403.

H.H.W./Vol. 5

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

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

TOP SECRET

Ottawa, October 9, 1948

Dear Mr. Wrong,

Just before Mr. Pearson left for his constituency, I prepared for him the attached draft, dated October 7, of a memorandum setting forth the nature of the instructions which might be given to the Canadian delegation when the talks on the North Atlantic Treaty are resumed.

2. Mr. Pearson did not have time to read this document before he left, but he asked me to send it to you and to Mr. [N.A.] Robertson so that you might both be able to telegraph me your suggestions for revision.

3. I wish that I had found it possible to do a more carefully considered draft memorandum on this subject but the pressure has been pretty great during the last few weeks. Please consider the attached draft, therefore, as a very hastily prepared tentative first draft.

4. Mr. Pearson is hoping to be back in Ottawa a week from now — Saturday, October 16, and Sunday, October 17. I would like, if at all possible, to have a new draft of the memorandum ready for him when he gets back. It seems to me that it would be desirable if we could get this memorandum cleared as soon as possible. You would then be able, if you thought it wise, to pass on to the other participants in the Washington discussions some of the ideas contained in our instructions.

5. I do not know how far you will agree with paragraphs 7 and 8 which have to do with Portuguese membership. I am strengthened, however, in my belief in the general line taken in these paragraphs by some things I have read lately about the

⁹⁹ Thomas E. Dewey, candidat Républicain à la présidence lors de l'élection de novembre.
Thomas E. Dewey, Republican candidate for President in November election.

importance attached by the chief Western military strategists to the launching of an ideological counter-offensive by the Western powers as soon as possible, if war is to be prevented. They feel that such an offensive ought to make it possible for us to create confusion, uncertainty and mistrust, if not in Russia itself, then among its satellites. They feel that the successful conduct of this method of cold warfare depends upon the creation of a positive and united ideology which can be effectively opposed to the creed of communism.

Yours sincerely,
ESCOTT REID

404.

DEA/283 (S)

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

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

TOP SECRET

Ottawa, October 9, 1948

Dear Norman [Robertson],

NORTH ATLANTIC TREATY

You may remember that when you were in Ottawa we had a talk about the Departmental memorandum of June 1 setting forth the reasons why, from Canada's point of view, a treaty would be much better than a Presidential or Congressional declaration. You said to me that there was one argument which we had left out of our memorandum of June 1 and that was that the establishment of a North Atlantic Union under a treaty would mean that in another war the organs of the alliance could be created by the alliance as a whole and could derive their authority from the alliance.

You may have noted that, as a result of this remark of yours, Mr. Pearson developed your point in his speech at Kingston on September 21. I attach the relevant passage of this speech.†

We also put it in the memorandum to Cabinet of October 4 which has been sent to you.

Yours sincerely,
[ESCOTT REID]

405.

DEA/283 (S)

*Note du sous-secrétaire d'État par intérim aux Affaires extérieures
pour le premier ministre*

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

TOP SECRET

[Ottawa], October 12, 1948

NORTH ATLANTIC TREATY

You might wish to inform the Cabinet¹⁰⁰ that, in accordance with the decision reached at the Cabinet meeting on October 6, Mr. Wrong will deliver either today or tomorrow to Mr. Lovett or Mr. Hickerson of the State Department the following "oral message":

"The Canadian Government has considered the proposals set forth in the paper prepared in Washington as a result of the discussions during July, August and September between the Under-Secretary of State of the United States and the Ambassadors of the United Kingdom, France, the Benelux countries and Canada, and is ready to enter into a treaty with these countries, and such other countries as might be agreed, on the general lines of the annex to this paper."

2. Mr. Wrong will consult with the State Department on whether the other parties to the Washington discussions should be informed direct by him or through the State Department. Mr. Wrong thinks it might be best if they are informed through the State Department since, as the time for a conference approaches, the State Department will undoubtedly become the repository of the views of the governments concerned and will assume the responsibility of keeping the other participating governments informed of what is going on.

3. I have informed our representatives in London, Paris, The Hague and Brussels that Mr. Wrong is delivering the "oral message" to the Department of State. I have marked the communication to these representatives for their personal information only. It seems to me, however, essential to inform them since otherwise they would be embarrassed if they learn of the Canadian Government's decision through the governments to which they are accredited instead of from us.

¹⁰⁰ Ce fut fait à la réunion du Cabinet du 12 octobre.
This was done at the Cabinet meeting on 12 October.

406.

DEA/283 (S)

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

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

TELEGRAM WA-2699

Washington, October 13, 1948

TOP SECRET

Following for Reid *only* from Wrong, Begins: Your EX-2378 of October 12th,† North Atlantic Treaty. I communicated the "oral message" to Hickerson today, and he was very gratified to receive it. He is consulting some of his colleagues about the best means of informing the other Governments which are parties to the talks. He thinks that I might ask Franks to convey the text of the message to the Continental Governments through the Foreign Office, which was the procedure adopted for security reasons for distributing the records of the Ambassadors' meetings. At the same time I would send personal notes to Bonnet, Silvercruys, Van Kleffens and Le Gallais¹⁰¹ for their own information. If, on reflection, Hickerson sticks to this suggestion, I shall adopt it without further consultation with you. Ends.

407.

DEA/283 (S)

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

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

TELEGRAM WA-2722

Washington, October 15, 1948

TOP SECRET

Following for Reid from Wrong, Begins: I only received yesterday your letter of October 9th covering a draft outline of the comments we might make on the paper proposing the North Atlantic Security Agreement. I shall have a number of comments to offer, but I cannot let you have them by this weekend. There is no great hurry about preparing our observations, and I doubt that we should communicate them to other Governments until we know more of the reception of the proposals in European countries.

2. There are some points in your draft with which I am not wholly in agreement, some which require expansion, and some omissions. In particular, our views should be expanded on the question of the area to be covered (your paragraphs 18 and 19). One cannot reach a final judgment until we know what countries are ready to participate, but we should give thought to the position of the parties in the event of

¹⁰¹ Hugues Le Gallais, ministre de Luxembourg aux États-Unis.
Hugues Le Gallais, Minister of Luxembourg in United States.

aggression against a country in the North Atlantic area, the defence of which is considered vital but which chooses to remain outside the scope of the security system, e.g. Norway or Iceland.

3. Your draft says nothing about the duration of the treaty, a point not covered in the paper. I know that Dulles would favour a short term, probably five years. I am also uncertain whether something should go in the Agreement to make provision for consultation and a common policy in the event of civil war or prolonged civil disturbances in one of the parties not caused by indirect aggression from outside.

4. I have to speak in New York next Wednesday, and I may not be able to complete my comments before the end of next week. This will, I think, be time enough.¹⁰² Ends.

408.

DEA/283 (S)

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

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

TOP SECRET

Ottawa, October 19, 1948

Dear Hume [Wrong],

I have tried my hand at doing a draft memorandum for the Minister on "The North Atlantic Treaty and the Canadian Armed Forces Programmes."¹⁰³ As you will see from the memorandum, I am worried about two things. The first is that the democracies may be going to make the same mistake they made from 1936-39, and especially from September 1938 to September 1939 — the mistake of not rearming as quickly as the enemy. The second worry is that some of the members of the Cabinet may not be sufficiently aware of the probable scale of defence expenditures to which we are likely to be committed in the course of the next eighteen months or so.

2. I think, therefore, that it would be useful if I could put a memorandum up to the Minister before he leaves for Paris. It would be for him to decide whether he

¹⁰² Dans sa réponse, EX-2401 du 16 octobre, † Reid s'excusa pour l'arrivée tardive et avoua « il n'y a pas grande urgence ». L'inquiétude de Reid s'explique par le fait que Pearson serait absent d'Ottawa du 17 au 26 octobre (pour sa campagne dans l'élection partielle), suivi de deux jours au bureau avant de quitter pour Paris (pour une séance de l'Assemblée générale des Nations Unies). Pearson n'est revenu à Ottawa que le 18 décembre.

In his reply, EX-2401 of 16 October † Reid apologized for the late arrival and conceded "that there is no great urgency." Reid's anxiety arose from the fact that Pearson would be away from Ottawa from 17 to 26 October (for his by-election campaign), followed by two days in the office before he left for Paris (for a session of the General Assembly of the United Nations). Pearson did not return to Ottawa until 18 December.

¹⁰³ Voir la pièce jointe du document 411.
See enclosure to Document 411.

wishes to pass it on to Mr. St. Laurent, Mr. Claxton and Mr. Abbott, either in the form in which it is presented to him or in some revised form.

3. I realize how pressed you are, but if you could find time to teletype me your suggestions for revision of this memorandum, I would be most grateful. I want, if at all possible, to get it in the Minister's hands by Tuesday, October 26, and I realize that this gives you very little time.

Yours sincerely,

ESCOTT [REID]

409.

DEA/283 (S)

*L'ambassadeur aux États-Unis
au sous-secrétaire d'État par intérim aux Affaires extérieures
Ambassador in United States
to Acting Under-Secretary of State for External Affairs*

TOP SECRET

Washington, October 23, 1948

Dear Escott [Reid]:

I found time after dinner last night to put together a memorandum on the possible nature of our comments on the proposals for a North Atlantic Security Treaty. I enclose two copies of the product. It bears the signs of hasty writing and inadequate thought on a number of points. You will note that it is in part a comment on your own draft which you enclosed with your letter of October 9th, and in part it puts forward suggestions on points which were not covered in your draft.

I am sorry not to have been able to produce this before. I had had it in mind originally to send you a completed draft in a form which might be distributed at the appropriate time to the other governments, but I have not been able to do this.

Yours sincerely,

H.H. WRONG

[PIÈCE JOINTE/ENCLOSURE]

*Note de l'ambassadeur aux États-Unis
Memorandum by Ambassador in United States*

TOP SECRET

[Washington], October 23, 1948

SUGGESTIONS FOR CANADIAN COMMENTS ON THE PAPER DATED
SEPTEMBER 9TH, 1948, RESULTING FROM THE WASHINGTON
EXPLORATORY TALKS ON SECURITY

1. The comments of the Canadian Government should probably be in a form suitable for circulation to the other representatives, either before the talks are resumed or at the time of their resumption; they should also serve as instructions for the Canadian representative during the next phase of the talks.

2. The comments should allow a measure of leeway. On questions on which there were differences during last summer's talks, they should set out not only the best solutions from the Canadian point of view but also the limits of negotiation that would be acceptable. We should not be in the position of advocating the better solution to the point that it becomes the enemy of the good solution.

3. Procedure

It would be advisable to include some suggestions on procedure from this stage onwards. The time-table must be left mainly in the hands of the State Department, because domestic politics in the U.S. provide the dominant considerations. I suggest (a) a further series of "informal and non-committal" meetings to consider comments from governments, and possibly to prepare a draft treaty; (b) a quick reference to governments; (c) a sounding of other governments the participation or association of which is desired, probably best done by the U.S. and U.K. (and perhaps France) in the name of the group; (d) a diplomatic conference for final drafting and signature. The conference might be held in one of the smaller countries unless the U.S. is ready to act as host. While its *locus* is hardly part of a comment on the paper, it would be useful to know fairly soon whether the Canadian Government would be willing to act as host if this seemed the most acceptable course.

4. The Nature of the Pledge in the Treaty

Commenting on paras. 2 to 4 of Mr. Reid's draft of October 7th, I have been myself inclined to consider the differences between the three suggestions in para. 5 of the Annex to the paper of September 9th as not very important. The U.S. will not agree to the Brussels Treaty language, and we shall probably have to accept the Rio formula. I think the Brussels Treaty language might be interpreted as dictating strategy in the event of war — e.g., as requiring the parties to conduct the war so as to relieve or liberate any party who had been attacked, as directly and rapidly as possible. The language should bear the construction that the obligation is to do what each party can to defeat the enemy by the most efficacious means (arrived at in concert) — even if it involves temporary abandonment of another party. No party should have a right to demand a second, third, or fourth front to relieve its own immediate tribulations.

5. Territorial Scope

Mr. Reid's draft uses the phrase "second-class member" for those not willing to assume the full responsibilities. I should avoid this. If Iceland promises facilities, she has offered all the other parties need. They might prefer Norway to be a friendly non-belligerent rather than an active ally — if the enemy left Norway alone. Portugal (with Spain still in the lazaretto) would almost certainly rather tie herself to the parties in some special way. Ireland might be bullied into joining (and the Irish are a martial race), but some indirect form of association may be the best solution in the long run. Portugal, Ireland, and Iceland are not exposed to the danger of direct attack at the outset of war with Russia, and are in a position to bargain. Let us bargain, if necessary, the promise of defence by a powerful alliance against the grant of facilities. It is the facilities that the other parties want in these cases. If we object to Portuguese ways (Mr. Reid's paras. 7 and 8) and cite them as a reason for not asking Portugal to join, we probably insult the Portuguese and

make them sticky about facilities in the Azores which we need. I think that on balance it would be better to leave it to them to back out. They will do so, I believe.

Our purpose throughout must be to get what we need from these small countries — and the outcome may show a variety of association. I doubt that diversity of obligation (cf. Mr. Reid's para. 12) would have a serious effect on Canadian opinion. Effective association should be the aim, and uniformity of obligation is not essential to this end.

6. *The Case of Italy*

It will not do to write Italy off as outside the scope of the agreement, and it is possible (though not now desirable in my judgment) to include Italy while logically excluding the countries of the Eastern Mediterranean. The Western World will be at war if Italy is attacked by Russia; therefore an attack on Italy would in fact turn out to be a *casus foederis* under a North Atlantic Agreement, whether Italy were associated with the Agreement or not. Guarantees are to be avoided as unacceptable to the United States — and, I believe, to Canada. They have no element of mutuality in them. But Italy must be hitched up in some way — or so the U.S. representatives have argued. I think a special association should be envisaged, permitting Italy to stay neutral (or non-belligerent) unless attacked, on the lines of the British proposal for Sweden (cf. my letter of October 18th).†

7. *Area in Which the Casus Foederis Will Operate*

This is a very difficult problem, to which we can get no answer without knowing what the other North Atlantic countries will do. There are grave arguments against agreeing that a "safety zone" should be created, within the geographical limits of which any act of aggression would mean war with all the parties to the treaty. Such a proposal would give all the other countries within the zone a very good reason for doing nothing in the way of "mutual aid and self-help" (as demanded by the Vandenberg Resolution); they would be assured of very powerful allies without sticking out their necks — or undertaking to furnish facilities. If the *casus foederis*, on the other hand, were limited to attacks on the parties, the effect would be to make it appear not so very risky to attack (or conduct indirect aggression against) a non-party — such as Sweden. If we want all the countries in the area, the defense of which we consider essential, to join in one way or another, we shall probably have to limit the *casus foederis* to attacks on parties, whether full-time, dues-paying, members or those tied up in one way or another. The bait for Scandinavia, Ireland, Portugal is that they get a promise of powerful allies if they are put on the spot. To give them the promise without asking them to run risks is to throw away the bait. We should leave this issue open until soundings have been taken — but should be ready to be tough and to make the Swedes or the Irish feel very naked and exposed when we want to do so.

There are other difficulties about the area to be covered. We must insist on the inclusion of Alaska and Northern Canada. Yet if we talk of geographical zones in a North Atlantic Agreement, what about our own Pacific Coast? The Hawaiian Islands may in a short time be a State of the United States — should they be covered? (This last query should not be raised by us, in my view.) The point is that we must not be pernicketty about Europe, when we have a much larger territory to

worry about — even if ours is a good deal safer at present. If we go in for zones, cannot the Europeans argue for a zone excluding territory to the west of the Mississippi and Hudson Bay?

8. *Disqualifications*

I have played with the idea of an experiment in weighted voting for expulsion of members, and have rejected it as complicating what should be a straightforward treaty of not more than 10 or 12 articles. I think we might accept a two-thirds vote of the parties for expulsion — in case any party goes too far left for our taste — but one cannot be sure until one knows how many parties there will be.

9. *Duration of Pact*

I believe that we shall not get the agreement of the United States to a long-term initial engagement — and therefore should not press very hard for it. Ten years initially is what I should like, renewable automatically for five or ten years if not denounced. On demand of any two parties, a conference looking to revision should be held at the end of the firm period; and denunciation by any party should likewise bring about a conference. We shall never get as long a term as 25 years. This question must be judged in the light of the strong sentiment in the U.S. in favour of European federation. A lot of intelligent people, such as Senator Vandenberg, J.F. Dulles, George Kennan, probably Governor Dewey, certainly a number of Members of Congress, would regard a North Atlantic Agreement as a *temporary* encouragement towards European unification. We may look at it differently in Canada — but our main purpose is to tie the U.S. in to underwriting European security for as long as we can. Let us be very flexible about the term. From our point of view, also, what long-term obligations we should assume in Canada depend on what results from the Brussels Treaty and O.E.E.C.

10. *What Happens in the Event of Civil War in any Party?*

It may be that para. 10(d) of the Annex covers the position adequately. "Indirect aggression" (let us not seek to define it) is covered by 10(a), as we now envisage the risk. The treaty should require consultation when any party gets to the point of extensive internal fighting, whether or not outside prompting (from Russia) is apparent.

11. *General Political Objectives*

We should regard the negotiations as looking towards (a) the creation of an effective defensive alliance between the countries bordering on the North Atlantic; (b) the development of joint agencies of recommendation, and in the event of war of military decision, which will bind the United States to the democracies of Western Europe and ourselves, and serve to encourage the public acceptance of the community of interests between the parties; and (c) the integration of the Western European countries for purposes of defence, so that at worst they will be in the same boat, if war comes, from the first, and at best provide so firm a front that the risks of Soviet attack will be obviously too great to be run. The general effect should be to make it evident to the Russians, as well as to doubters at home, that nothing more will be surrendered to Soviet pressures and demands.

[HUME WRONG]

410.

DEA/283 (S)

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

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

TELEGRAM WA-2770

Washington, October 27, 1948

TOP SECRET

Following for Reid from Wrong, Begins: Your letter of October 19th enclosing draft memorandum on "North Atlantic Treaty and the Canadian armed forces programmes."¹⁰⁴

I think it premature to place before Ministers at this stage a memorandum on these lines. In my view further progress must be made in both the diplomatic and military talks before their impact on Canadian defence expenditures can be productively considered. The Ministers to whom you refer in your second paragraph are all to my personal knowledge well aware of the probability that our defence programme may have to be expanded, and I should leave it at that for the time being. Ends.

411.

PCO/Vol. 112

*Note du sous-secrétaire d'État par intérim aux Affaires extérieures
pour le cabinet du premier ministre*

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

TOP SECRET

[Ottawa], October 28, 1948

MEMORANDUM FOR MR. PICKERSGILL

I enclose a copy of a memorandum of October 26, which I have put before Mr. Pearson, on the subject of "The North Atlantic Treaty and the Canadian Armed Forces Programmes".

2. I submitted this memorandum to Mr. Pearson under a covering note which reads in part as follows:

"I attach a memorandum of October 26, which I have done "The North Atlantic Treaty and the Canadian Armed Forces Programmes". This memorandum was occasioned by my worry that the western world may be entering the same sort of period as it entered in 1936 or in September 1938 — a period during which our foreign policy was based on the mistaken belief that time was on our side.

The memorandum also deals with the question which Mr. St. Laurent raised in Cabinet Defence Committee on October 8 and which has not been satisfactorily

¹⁰⁴ Voir la pièce jointe du document suivant./See enclosure to immediately following document.

answered. Mr. St. Laurent believes that Canada should make the most effective contribution possible to the strengthening of the North Atlantic alliance. He doubts whether we would be making the most effective contribution if we build up a "balanced" force.

You will note that I have included, in paragraph 6, the latest information available on the percentages of national income which are being devoted to preparations for war by the Soviet states and by the Western states. These statistics were secured by J.I.B.

The figure for Canada for 1947 is 1.8 percent of the national income. The figure for the fiscal year 1948-49 will be almost exactly 2 percent (\$240 million out of a national income of \$12 billion). It would look as if the figure for next year would be between 3 percent and 4 percent."

3. I discussed with Mr. Pearson the advisability of sending the memorandum, at this stage, to Mr. St. Laurent, Mr. Claxton and Mr. Abbott. Mr. Pearson felt that it might be as well to defer sending the memorandum to them for some weeks, and has asked me to keep in touch with Mr. Heeney and yourself on this question.

4. Perhaps, therefore, you will be good enough to let me know when you think the time has come when this document might be distributed. I will then consult Mr. Pearson by telegram.

5. I am sending a similar memorandum to Mr. Heeney.

E[SCOTT] R[EID]

[PIÈCE JOINTE/ENCLOSURE]

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

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

TOP SECRET

[Ottawa], October 26, 1948

THE NORTH ATLANTIC TREATY AND THE CANADIAN
ARMED FORCES PROGRAMME

The Chiefs of Staff, in presenting their briefs at the Cabinet Defence Committee on October 8, based their argument for increased appropriations for defence on the necessity of Canada taking steps now which would help to ensure that its armed forces were in a state of readiness if war should break out in the near future. They made almost no mention of a second consideration which seems to me to be even more important. This consideration is that the creation, as soon as possible, of an overwhelming preponderance of force on the side of the Western world would serve to lessen the possibility of war breaking out. For this purpose, what is essential is force in being, not potential force. It is particularly important that the forces in being of the Western powers in Western Europe should be strengthened. Until the Western powers are in a position to hold the Rhine line, the Russians are encouraged to take risks of precipitating an incident which might lead to war. From

my reading of the papers prepared by the military organs of the Brussels powers, it is this second consideration which is paramount in their minds.

2. It would be completely unrealistic to argue that any conceivable increase in the strength of the Canadian armed forces or any conceivable assistance by Canada in re-equipping the armed forces of Western Europe would do much to redress the present disparity of striking forces on the continent of Europe. The only way in which the disparity can be redressed quickly is by action by the United States. However, I assume that we may reasonably expect the United States to take the same line with us over Canadian assistance in the rearming of Western Europe as Mr. Hoffman¹⁰⁵ recently took with Mr. Abbott over Canadian assistance in the economic reconstruction of Western Europe. Thus we can expect spokesmen for the United States Administration to argue that they would be greatly assisted in getting larger defence appropriations from Congress if they could tell Congress that countries like Canada are bearing their fair share of the load.

3. If this argument is sound, an increase in Canadian defence expenditures might be of some considerable assistance in hastening the creation of an overwhelming preponderance of force against the Soviet Union and in redressing the present dangerous disparity between the strength in Western Europe of the striking forces of the Western powers and those of the Soviet Union.

4. It seems to me that the general international political policy on which all the Western powers are agreed is that we must all do everything we can to diminish the possibility that the Russians may precipitate a war in the next two years or so. The assumption on which this policy is based is that two years from now the Western world will be relatively stronger vis-à-vis Russia than it is today. However, that assumption will, of course, be valid only if the Western powers make better use of the next two years than the Soviet Union. I am very apprehensive that this may not happen.

5. My apprehensions stem from the fact that, in peace time, democracies find it more difficult than do dictatorships to divert men and resources from production for civilian consumption to production for defence purposes. These apprehensions are not lessened by the latest statistics which are available on the percentages of national income which are being devoted to preparations for war by the Soviet states and by the Western states.

6. In 1947 (the latest year for which statistics are available) the percentage of national income allocated for military purposes was:

U.S.S.R.	15.5
Yugoslavia	10.2
Czechoslovakia	4.8
United Kingdom	9.7
United States	5.3
France	7.5
Netherlands	10.2
Sweden	3.6
Belgium	2.6

¹⁰⁵ Paul G. Hoffman, administrateur, Economic Cooperation Administration des États-Unis.
Paul G. Hoffman, Administrator, Economic Cooperation Administration of United States.

Norway	2.7
Denmark	1.8
Canada	1.8

7. If these estimates are anywhere near correct, it would look as if the expenditures on defence of the Western powers, taken as a whole, will have to be increased during the next two years if the Western world is not to run a grave danger of finding itself, at the end of two years, in a relatively weaker position vis-à-vis the Soviet Union than it is today.

8. Once the North Atlantic alliance has been consummated, representatives of the Canadian Government will be sitting down with representatives of the other North Atlantic countries in an effort to work out an agreed equitable distribution of responsibilities in rearmament. I suppose that the problem will first be discussed by the North Atlantic Chiefs-of-Staff Committee, who will report to the North Atlantic Council of Defence Ministers, and that the problem will then go to a meeting of North Atlantic Finance Ministers and perhaps to a Consultative Council of Foreign Ministers.

9. I do not suggest that in these discussions anyone would be so naive as to propose that the members of the alliance should each devote exactly the same proportion of their national income to defence purposes. This would be as absurd as proposing that the citizens of Nova Scotia should contribute the same proportion of their total income to the federal budget of Canada as the citizens of Ontario, in which the per capita income is much higher.

10. However, I think it is reasonable to assume that in a North Atlantic alliance, based upon the principles of the pooling of resources, of risks and of control over policy, there will be some narrowing of the present disparities between the proportions of national resources in men and materials which each of the allies contributes to the common defence.

11. Therefore, if it is considered reasonable that, say, 10% of the total national income of all the North Atlantic powers, taken as a whole, is to be devoted to defence, I should think that an agreed allocation of responsibilities among the members of the alliance might result in the proportions ranging between, say, 6% and 12%.

12. Defence, in this context, would mean not merely expenditures on our own national armed forces and defence facilities but also assistance in the re-equipment of the armed forces of Western Europe. It could also properly include such expenditures as are necessary to build up Canada as an arsenal of democracy, as, for example, expenditures necessary for the expansion of our steel industry.

13. It would seem to me, therefore, that some months after the North Atlantic Treaty has come into effect the Canadian Government may well be faced with two important questions:

(a) How great and how rapidly does it think the rearmament of the North Atlantic Community, as a whole, should proceed — i.e., how big an insurance premium should the North Atlantic Community pay each year?

(b) Approximately what proportion of Canada's national income does it think reasonable to put into the common defence pool — i.e., how big should Canada's share be of that annual collective insurance premium?

14. Some of the considerations on which the answer to the first question would be based will emerge from the discussions of the North Atlantic Chiefs-of-Staff Committee. Indeed, they are already emerging as a result of the studies being made by the military organs of the Brussels powers. These organs are attempting to estimate (a) the strength of the forces which Russia could throw into an invasion of Western Europe, and (b) the strength of the forces necessary to hold them east of the Rhine, on the Rhine, or further west. It looks as if these studies will demonstrate that the problem is of about the following magnitude: if the Western powers are to be in a position to hold the Russians east of the Rhine, they will require something like three times the forces which they now have in being in Western Europe. On the basis of some such conclusion, it would be possible for the experts to work out the scale of rearmament required to ensure that these forces are available a year or two years from now, whatever may be decided upon.

15. In addition to the two questions set forth in paragraph 13, there is a third question. This third question would be the one to which Mr. St. Laurent alluded at the meetings of the Cabinet Defence Committee on October 8: what is the general nature of the most effective contribution which Canada can make to the common effort to rearm? Here it seems to me that the Chief of the General Staff did not fully appreciate the point which Mr. St. Laurent was making. At least he gave me the impression that he thought that this was the sort of question which could be worked out by our representatives in their consultations with the other members of the North Atlantic Chiefs-of-Staff Committee.

16. It seems to me that our Chiefs of Staff would be put in a most difficult position if they were expected to make recommendations to the Canadian Government on a matter of this kind. Each of them is a representative of one of the three branches of our armed forces and each of them would find it difficult to discuss with an open mind the possibility of his branch — whether army, navy or air — making only a very limited contribution to the common task of the defence of the North Atlantic Community. They would also find it extremely difficult to balance objectively the arguments for Canada concentrating on the production of war supplies for our Allies against the arguments for, say, a large expeditionary force.

17. It would seem to me, therefore, that what will eventually be required will be a political decision by the Cabinet made in the light of the reports which we will be receiving from our representatives on the North Atlantic Chiefs-of-Staff Committee, and on the other committees of the North Atlantic Community. The choice will be between —

(a) a "balanced" or "dispersed" programme, that is the building up of all four factors in defence — army, navy, air and defence industry; or

(b) a programme which concentrates the effort on one, two or three of these four factors.

The decision might, for example, be that the most effective assistance which Canada can render would be by concentrating on helping to re-equip the armed forces

of the Western European countries and on providing a sizable Canadian air force which would be ready to take action on D-Day, and which could be expanded rapidly during the following twelve months.

E[SCOTT] R[REID]

412.

H.H.W./Vol. 5

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

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

TELEGRAM WA-2833

Washington, November 1, 1948

TOP SECRET

Following for Reid *only* from Wrong, Begins: Your EX-2525 of November 1st, North Atlantic Treaty.†

I have discussed the contents of the note from the Brussels Powers and its effect on the timetable with Hickerson this morning. He is proceeding on the assumption that the next stage should be a further meeting of the Ambassadors as soon as they have received the instructions from the Brussels Permanent Commission. The State Department does not know what reservations or conditions may be attached by the Brussels Powers, and until this is known they cannot get any definite clearance from congressional leaders and from the Republican high command which would enable them to accept the project in principle. Hickerson is optimistic that no serious domestic obstacles will arise, but in the tricky atmosphere of the probable interregnum he wants to be very sure of what is to be put up to the Republicans so that it will not have to be modified later. He says that they will start their soundings very soon after the election, but that they cannot go so far as to seek a formal acceptance in principle (as Canada and the Brussels Powers have done) until the comments of the Brussels Powers have been considered.

2. He considers it most likely that, even if all goes well, Mr. Dewey would insist on the deferment of the signature of a treaty until after his inauguration. I agree with him in this.

3. From our point of view there are also advantages in keeping the next phase of the discussions under the informal and exploratory label. As I suggested in my WA-2825 of October 30th,† para. 4., the political soundings here may result in proposals for modifications or conditions which we would find it difficult to accept. Therefore, I favour our preserving the possibility of considerable manoeuvring and maintaining complete secrecy on the contents of the papers.
Ends.

413.

DEA/283 (S)

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

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

TOP SECRET

Ottawa, November 6, 1948

Dear Mr. Pearson:¹⁰⁶

NORTH ATLANTIC TREATY

I enclose a draft of November 6th of comments of the Canadian Government on the paper dated September 9, 1948, resulting from the Washington exploratory talks on security.

2. I had hoped to be able to have this new draft prepared before now, but my time over this week has been very badly upset by a series of difficult discussions on the reply which the Canadian Government should make to the proposals on Commonwealth consultation. Yesterday I repeated to you in Paris two telegrams to London on this subject.

3. The Democratic victory in the United States will probably speed up the timetable of negotiations for the North Atlantic Treaty. It will probably, therefore, be necessary for us to clear the Canadian Government's comments on the paper of September 9th with Cabinet, on Wednesday, November 17th.

4. I know that this gives you very little time to make your comments. However, if you could possibly let me have them by telegram by November 15th, I would be most grateful.

5. I am also giving copies of the enclosure to Mr. Claxton, Mr. Wrong, Mr. Robertson and Mr. Heeney.

6. You will notice that I have included in my revision, all the suggestions which you made to me before you left Ottawa. Thus:

- (1) the reference to Portugal has been very much toned down;
- (2) I put in a statement that we would have to consider very carefully whether we can guarantee any country which does not reciprocate;
- (3) I have included your statement that while uniformity of obligation is not essential, it is most desirable;
- (4) I have omitted the final two paragraphs of the previous draft of the memorandum which dealt with the place at which the formal conference might be held.

7. Since you will not have in front of you the previous draft of October 27th on which you commented, it might be useful to you if I were to set forth in this letter the principal points on which you gave your opinion.

¹⁰⁶ Cette lettre était adressée à Pearson à la délégation canadienne aux Nations Unies à Paris.

This letter was addressed to Pearson at the Canadian Delegation to the United Nations in Paris.

(1) *Italy*—You agreed that it would be very difficult for the Canadian Government to defend an invitation to Italy to become a member of the North Atlantic Alliance. A line has to be drawn somewhere, and there is logic in confining the North Atlantic Treaty to countries which border on the North Atlantic.

(2) *Sweden and Ireland*—You agreed that we should be ready to be tough and to make the Swedes and the Irish feel very naked and exposed if they are diffident about coming into the Alliance.

(3) You agreed that the Canadian Government should favour a pledge which would be as close to the Brussels pledge as the United States feels it can go.

8. You will note that a great deal of the memorandum is a paraphrase of various statements made during this year by Mr. St. Laurent and yourself. I thought, however, that it was not necessary to give references to the speeches which are being paraphrased.

9. The memorandum has been drawn up in such a way as to make it possible to circulate it to the other governments participating in the Washington talks.

Yours sincerely,

[ESCOTT REID]

[PIÈCE JOINTE/ENCLOSURE]

*Projet de commentaire du Gouvernement canadien
au sujet du document portant la date du 9 septembre 1948,
résultant des discussions de Washington au sujet de la sécurité*

*Draft Comments of Canadian Government
on Paper Dated September 9, 1948,
Resulting from the Washington Talks on Security*

TOP SECRET

[Ottawa], November 6, 1948

1. *General Political Objectives*

The Canadian Government regards the forthcoming negotiations as looking towards:

(a) the creation of an effective defensive alliance among the countries bordering on the North Atlantic, based on self-help, mutual aid, and the pooling of risks, resources and control over policy;

(b) the creation of joint agencies, which in peace-time would be agencies of recommendation and in war-time agencies of decision; these agencies would serve to encourage acceptance by the public in all the member countries of the community of interests which binds the North Atlantic Nations together in a North Atlantic Community;

(c) the integration of the defences of the North Atlantic countries in order to deter the Russians from making war, and, if war comes, to bring us victory as speedily and as cheaply as possible.

The effect of the Treaty should be to make it evident to the Russians, as well as to doubters at home, that nothing more will be surrendered to Soviet pressures and demands.

2. *Spirit and Language of the North Atlantic Regional Security Pact*

The Canadian Government believes that one of the chief obstacles today to the creation by the Free Nations of an overwhelming preponderance of military, economic and moral force over the Soviet states is the despair, the apathy, and the doubt which is so widespread in the Western world. The existence of this despair, apathy and doubt makes it essential that the North Atlantic democracies make a bold and imaginative move sufficient to raise in the hearts and minds and spirits of all those in the world who love freedom that confidence and faith which will restore their vigour.

3. In our opinion this means that the North Atlantic Pact must be more than a mere military alliance or a negative anti-Soviet pact; it must be the outward and visible sign of a new inward and spiritual unity and purpose in the Western world (See below, paragraphs 13-15). The institutions set up by the Treaty should have within them the possibility of growth and adaptation to changing circumstances. They should be given titles symbolic of the ultimate goal of the world order which we have in mind and of which we are building an essential foundation.

4. For this reason we suggest the use of such terms as these in the Pact:

- (1) "North Atlantic Treaty" instead of "North Atlantic Regional Security Pact";
- (2) "North Atlantic Community" for the international organization established by the treaty;¹⁰⁷
- (3) "North Atlantic Nations" instead of "signatory states" or "contracting parties";
- (4) "Council for Collective Self-Defence" instead of "consultative council";
- (5) "North Atlantic Assembly" instead of "assembly of the organization".

5. Because the treaty should be a human and compelling document, calculated to strike the imagination of the peoples of the Free World, it is important that every effort be made to write it in simple, every-day language understandable by the ordinary man. This means that ancient forms and terms should be avoided. We would hope, for example, that the preamble could be written in the name of the people of the North Atlantic Community and not in the names of the heads of the contracting states; and that the preamble would not be couched in the "whereas" or "considering" form but be a simple, direct recital of the creed of our North Atlantic Community. We would hope, as already mentioned, that such terms as "high contracting parties" or "signatory states" can be avoided. We would hope that it may be possible to use simple, direct and crisp language.

6. It is also important that it be made clear in the Treaty that the Treaty is a treaty for peace and not a treaty for war. Its purpose is to keep the peace by deterring the

¹⁰⁷ L'annotation suivante a été dactylographiée sur notre copie du document :

The following was typed on this copy of the document:

If the treaty is not confined to countries that border on the North Atlantic, this term would require reconsideration. See below, paragraph 14.

aggressor. Only if it fails in this purpose does it become the basis for a coalition to wage war and make peace.

7. Agencies to be Established Under the Treaty

The only agency mentioned in the Brussels Treaty is the "Consultative Council". Under the Brussels Treaty, however, a number of other agencies have been established, among them a Chiefs-of-Staff Committee, a Commanders-in-Chief Committee and a Military Supply Board.

8. There is much to be said for this method of drafting a treaty. It allows flexibility and leaves room for growth.

9. However, if the North Atlantic Treaty follows this form, there is danger that it will create serious public disappointment in Canada and perhaps in other North Atlantic nations. The people of Canada expect a good deal of the proposed Treaty. They will feel let down — and this feeling will lessen public support for the treaty — if it does not include provisions calculated to demonstrate that the members of the new alliance are setting up effective agencies for carrying out the purposes of the Treaty.

10. Consequently the Canadian Government suggests that the Treaty should include (perhaps in an Annex) provisions setting up not only a consultative council under some such name as a "Council for Collective Self-Defence" but also

- (a) a North Atlantic Council of Defence Ministers;
- (b) a North Atlantic Chiefs-of-Staff Committee;
- (c) a North Atlantic Commanders-in-Chief Committee; and
- (d) a North Atlantic Military Supply Board.

The Treaty might also state that a Supreme Commander shall be appointed. The functions of these organs should be defined in broad terms.

11. In the view of the Canadian Government it is of the utmost importance that these agencies should be established as the result of a constitutional grant of power by the states which are members of the Alliance. The formation of the Alliance means that we shall be sharing our risks, our resources and our obligations. These obligations will be heavy. They will be borne more willingly by peoples of democratic countries if the fair sharing of obligations is accompanied by a fair sharing of control of policy in peace and in war. Otherwise, without the consent of the others, the policy of one or two or three members may increase the risks and therefore the obligations of all.

12. This does not, in the opinion of the Canadian Government, necessarily mean that every member of the North Atlantic Alliance need be represented on all levels in all organs of the Alliance. To insist on this would make some of the organs unworkable. But it does mean that every organ of the Alliance must derive its powers from a constitutional grant to it of those powers by all the North Atlantic Nations.

13. The Treaty as a Basis for an Ideological Counter-Offensive

The Canadian Government has, from the beginning of the discussions on the proposed treaty, emphasized (a) that the best guarantee of peace today is the creation and preservation by the nations of the Free World, under the leadership of the

United Kingdom, the United States and France, of an overwhelming preponderance of force over the Soviet Union and its potential allies, and (b) that this force, to be overwhelming, must be moral, as well as economic and military.

14. This means that the North Atlantic Treaty should provide a basis not only for political, economic and military cooperation against Soviet threats but also for what might be called either a "spiritual mobilization" of the liberal democracies or "an ideological counter-offensive" to counter the demoralizing and insidious propaganda weapons of Soviet diplomacy. The launching by the Western powers of an ideological counter-offensive ought to make it possible for us to create confusion, uncertainty and mistrust, if not in Russia itself, then among its satellites.

15. The successful conduct of this method of "cold warfare" depends upon the creation by the Western World of a positive and united ideology which can be effectively opposed to the creed of communism. This means that the members of the North Atlantic Alliance should be bound together not merely by their common opposition to totalitarian communism but also by a common belief in the values and virtues of Western civilization, by a common concept of democracy and a positive belief in it and by a determination to make their kind of democracy work for the promotion of mutual welfare and the preservation of peace, for others as well as for themselves. These common beliefs would, no doubt, be set forth in the preamble to the North Atlantic Treaty in much the same language as they are set forth in the preamble to the Brussels Treaty — "the principles of democracy, personal freedom and political liberty, the rule of law and constitutional tradition". These beliefs should also permeate the rest of the document.

16. *Original Members of the Alliance*

It is unfortunate that the present regime in Portugal can scarcely be said to be based on these "principles of democracy, personal freedom and political liberty, the rule of law and constitutional tradition". Consequently the inclusion of Portugal as an original member of the Alliance would cast doubt on the good faith of the signatories when they claimed to be bound together by a common belief in these principles. This would be seized upon by Russian propagandists. The usefulness of the Treaty as a basis for an "ideological counter-offensive" would be seriously impaired.

17. The Canadian Government fully recognizes, however, the necessity of the North Atlantic nations securing defence facilities on Portuguese territory. It therefore suggests that the special case of Portugal might be met by a provision in the Treaty under which the North Atlantic Community could, on conditions agreed on by the member nations, extend the pledge of guarantee in the Treaty to any state whose defence is vital to the defence of the North Atlantic Community. Under such a provision, a bargain could be made with Portugal — Portugal would get a promise of defence by a powerful alliance and in return would grant defence facilities.

18. So far as the other possible North Atlantic members are concerned, every effort should be made to persuade them to come in as original members of the alliance. This applies to Norway, Sweden, Denmark, Iceland and Ireland.

19. It is particularly important for Canada that as many as possible of these smaller countries come into the alliance. Otherwise some Canadians may ask why

Canada should make greater commitments than other North Atlantic democracies which are more directly menaced by Russia than is Canada.

20. On the other hand, it is essential to Canadian security that the North Atlantic Alliance should secure the facilities which it needs from the Scandinavian countries, Iceland and Ireland.

21. Consequently the Canadian Government believes that every effort should be made to persuade the Scandinavian countries, Iceland and Ireland to become original members of the Alliance. If one of them refuses to come in, it will be necessary for those states which are willing to join the Alliance to consider very carefully whether the Alliance can guarantee any country which does not reciprocate. Certainly any guarantee which is given should be given only as the result of the driving of as hard a bargain as possible. The state concerned should be required to grant to the Alliance, in return for a promise of defence, the defence facilities in peace and war which the Alliance requires. Such a state would become "associated" with the Alliance though not a member of it. It would provide defence facilities and the Alliance would agree to defend those facilities.

22. So far as Italy is concerned, the Canadian Government recognizes that a Russian attack on Italy would so endanger the security of the North Atlantic countries that it would precipitate a world war. Nevertheless, the Canadian Government would find it difficult to defend an invitation to Italy to become a member of a North Atlantic Alliance. Italy is not a North Atlantic country and, if Italy is invited, why not Greece or Turkey or Mexico or Brazil? A line has to be drawn somewhere and there is logic in confining a North Atlantic Treaty to countries which border on the North Atlantic.

23. Italy might, however, be associated with the Alliance in somewhat the same way as it has been suggested Portugal might be associated, that is, under a provision in the Treaty by which the North Atlantic Community could, on conditions agreed on by the member nations, extend the pledge of guarantee in the Treaty to any state whose defence is vital to the defence of the North Atlantic Community. The conditions would include a grant by Italy of defence facilities to the Alliance in peace and in war.

24. A variety of association might emerge as a result of the working out of such a provision in the Treaty. Effective association should be the aim. Uniformity of obligation, though most desirable, is not essential to this end.

25. *The Area to be Covered by the Provisions for Mutual Assistance*

The pledge of mutual assistance in the Brussels Treaty comes into effect if one of the signatories is "the object of an armed attack in Europe". The pledge in the Rio Treaty comes into effect "in case of any armed attack which takes place within the region" described in the Treaty; it therefore comes into effect if a non-member state in the region is attacked.

26. There are grave arguments against the inclusion in the North Atlantic Treaty of a "safety-zone" provision similar to that in the Rio Treaty, within the geographical limits of which any act of aggression against any state would mean war with all the parties to the Treaty. Such a proposal would give all the other countries within the zone a very good reason for doing nothing in the way of "mutual aid and self-

help" (as demanded by the Vandenberg Resolution); they would be assured of very powerful allies without undertaking any commitments, even a commitment to furnish facilities. On the other hand, if the *casus foederis* is limited to attacks on the members of the Alliance, the effect would be to make it appear not so very risky for the Soviet Union to attack (or to conduct indirect aggression against) a non-party — such as, say, Sweden.

27. Since we want all the countries in the North Atlantic area either to become members of the Alliance or to become "associated" with it in one way or another, it would appear wise to limit the *casus foederis* to attacks on members or associates. This issue will necessarily have to be left open until soundings have been taken of the North Atlantic countries not represented in the Washington talks. We should, however, be ready to be tough and to make the Swedes or the Irish feel very naked and exposed if they are diffident about coming into the Alliance.

28. *The Nature of the Pledge*

The following three possible formulas were worked out in Washington: one based on the Rio Treaty; one based on the Brussels Treaty; and one a compromise:

(A) Based on Rio:

"An armed attack by any State against a Party shall be considered as an attack against all the Parties and, consequently, each Party undertakes to assist in meeting the attack in the exercise of the inherent right of individual or collective self-defense recognized by Article 51 of the Charter."

(B) Based on Brussels:

"If any Party should be the object of an armed attack in the area covered by the Treaty, the other Parties will, in accordance with the provisions of Article 51 of the Charter, afford the Party so attacked all the military and other aid and assistance in their power."

(C) Compromise:

"Provision that each Party should agree that any act which, in its opinion, constituted an armed attack against any other Party in the area covered by the treaty be considered an attack against itself, and should consequently, in accordance with its constitutional processes, assist in repelling the attack by all military, economic and other means in its power in the exercise of the right of individual or collective self-defense recognized by Article 51 of the Charter."

29. Clearly the firmer the pledge, the greater is the possibility that the treaty will deter Russia and restore in Western Europe the confidence which is necessary both for Western European economic reconstruction and for Western European rearmament.

30. The Canadian Government therefore favours a pledge which would be as close to the Brussels pledge as the United States feels it can go.

31. *Disqualifications*

The concluding note of the Annex to the Washington paper reads as follows:

"The question of including a provision for disqualification under certain circumstances of any of the signatories from enjoying the benefits of the Treaty requires further consideration."

32. Presumably the "certain circumstances" include the coming into power of a communist-dominated government.

33. Perhaps the only workable formula for disqualifying a member would be that a member could be expelled or suspended by a unanimous vote or a two-thirds vote of all the other members.

34. *Duration of Treaty*

The Brussels Treaty remains in force for fifty years. The Rio Treaty remains in force indefinitely but any state can denounce the Treaty and its denunciation becomes effective two years later.

35. Generally speaking, the longer the initial duration of the Treaty, the more effective it is likely to be as a weapon in psychological warfare against the Russians. The Canadian Government has, however, no fixed views on the precise period of the duration of the Treaty. It would itself be prepared to accept an initial duration of twenty-five years, renewable automatically for ten-year periods if not denounced. It believes that it would be useful to include in the Treaty a provision that, on the demand of any two parties, a conference looking to revision should be held at the end of the firm period. Denunciation by any party should likewise bring about a conference. A revisionary conference might also be held at any time at the request of half of two-thirds of the members.

36. *Future Procedure*

The following procedure is suggested:

(a) a further series of "informal and non-committal" meetings in Washington to consider comments from the governments and possibly to prepare a draft treaty;

(b) a reference of this draft treaty back to governments so that they may decide whether they consider it a suitable basis of discussion at a diplomatic conference;

(c) a sounding of other governments, the participation or association of which is desired; and

(d) a diplomatic conference for final drafting and signature.

E[SCOTT] R[EID]

414.

DEA/283 (S)

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

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

TELEGRAM 1987

London, November 9, 1948

TOP SECRET

Following for Reid from Robertson, Begins: North Atlantic Treaty. Reference your draft of November 6th.

In general I think your paper is written in larger language than is appropriate or required. I see no need for rhetoric in a secret working paper for circulation to

Governments which, when they meet together, will have already agreed on the main objectives of a North Atlantic Regional Defence Pact. Specifically, I would cut out all the three-decker phrases (three in paragraph 2), most of the double-barrelled ones, and any remaining echoes from the Anglican prayer book.

2. I am not satisfied that a case is made out for the initial establishment of the whole apparatus of organs enumerated in paragraphs 4 and 10. I think there is more to be said for starting modestly and creating specific agencies to do specific jobs as the need for them becomes clear to the partner Governments.

3. I think the omission of any reference to the United Nations would be unfortunate and misleading. It is, I think, important at this stage at all events to keep the new organization within the framework of the United Nations, perhaps specifically linked with the Charter under Article 51. Certainly I think the impression that we were trying to sponsor an alternate world organization to the United Nations would be strengthened if we pressed the argument of paragraph 3 and proposed the use of the terms suggested in paragraph 4.

4. I find it difficult to comment on the argument of your paragraph 5 without reviving old debates which may be as fresh in your mind as they are in mine, but I fear you still have your phobia about lawyers' jargon. It is hackneyed, but it often helps precise statement; I see no point trying to work in sub-crusades for basic English and simplified spelling with the principal object of getting the countries around the North Atlantic to combine their strength for their security.

5. I agree completely with the argument of paragraphs 11 and 12.

6. I do not like paragraphs 13, 14 and 15 at all, and do not think that they belong in a document of this kind. The political and strategical implications of a North Atlantic alliance will, of course, be brought home to people everywhere through the press, the radio, and every other medium of public opinion, and are among the most immediate and valuable of the good results we should expect to get from the conclusion of an alliance. However, I think the argument of these three paragraphs could safely be left to Walter Lippman and Dorothy Thompson rather than spelled out in a communication from the Canadian Government to the other Governments taking part in the discussions.

7. In general, the argument as to who should be original members of the alliance and what their relation should be to the associated States seems to me reasonable, though the old difficulty of squaring ideological and strategic criteria for membership remains unresolved. I do not think there is any formula that can be consistently applied; we shall simply have to try to strike a balance of profit and loss in individual cases; e.g., on balance, I should think a North Atlantic alliance in present circumstances would probably be stronger without Spain than with it. As regards Sweden and Ireland I see nothing to be gained by being "tough" with either of them. I should hope that circumstances and the development of their policies would make it possible for both countries to associate themselves with a Western alliance, but I do not think there is anything to be gained by trying to compel them to come in. Ends.

415.

PCO/Vol. 112

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

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

TELEGRAM WA-2902

Washington, November 9, 1948

TOP SECRET

Following for Reid *only* from Wrong, Begins: Reference my WA-2833 of November 1st.

We have been discussing with the State Department and the British Embassy the changes in the timetable for the negotiation of the North Atlantic Treaty which are now likely in view of the Democratic victory. The State Department is ready to resume at any time the informal and non-committal discussions with the Ambassadors of the other countries, and they hope that talks on this basis will be started as soon as the representatives of the Brussels Powers receive their instructions. We understand from the British Embassy that the Brussels Permanent Commission will take the matter up on November 11th with a prospect of completing the instructions in about a week. It may, therefore, be possible for Mr. Lovett and the Ambassadors here to meet again some time between November 18th and 23rd.

2. A copy of the paper of September 9th was given to the President before he left for his rest in Florida. He appears to have approved the principle, and has taken the paper with him for further study. Senator Vandenberg has also been given a copy of the paper and one will be given to Senator Connally as soon as he returns to Washington. Further soundings in Congress are planned by the State Department shortly after they receive the views of the Brussels Powers and ourselves.

3. The State Department hopes that a draft treaty might be prepared as a result of the informal discussions, and that it could be signed after a brief formal political Conference. This might take place in December, but the date would depend on the results of the next series of informal talks. We can get as yet no clear idea on the procedure contemplated to bring other Western European countries into the discussions. Ends.

416.

DEA/283 (S)

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

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

TELEGRAM 1908

Ottawa, November 11, 1948

TOP SECRET

Following for Robertson *only* from Reid.

Repeat to Pearson *only* in Paris No. 239 and to Wrong *only* in Washington No. EX-2629, Begins: Your No. 1987 of November 9, North Atlantic Treaty.

Many thanks for letting me have at such short notice your most useful suggestions for revision of my draft of November 6 of instructions to the Canadian representatives when the Washington security talks are resumed. I shall be sending you by next air bag a draft of a treaty text for your comments. I think you will find less to object to in the treaty text than in the draft instructions and that the treaty text will make clear some of the points which I had in mind in drafting the instructions which, because they were prepared in a hurry and late at night, were not made clear.

2. Following are some comments on the numbered paragraphs of your telegram:

Your paragraph 1. I agree that there is too much rhetoric, but I had, in any event, decided to remove or change substantially the phrases to which you take exception, since I am pretty sure they are a direct quote from a telegram early this year from Mr. Attlee to Mr. King, which I should guess was written by Jebb.

Your paragraph 2. I would have thought that our participation in the Western Union defence organs has indicated pretty clearly that the North Atlantic organization will, in order to be effective, need to have from its beginning most, if not all, of the organs which Western Union has by now found essential. The only additional one which I have suggested is an Assembly and on this I should appreciate your further views. It seems to me that, since each national government can control the representatives from its country to the Assembly, its establishment could do little harm and might do much good. Is there not a possibility that the United Kingdom might find it useful to have such an Assembly established? It might, for example, lessen the pressure on the United Kingdom to concur in the establishment of a Western European Parliamentary Assembly.

Your paragraph 3. I agree there should be some reference to the United Nations, but I felt that, in a secret working paper for circulation to governments, it was not necessary, as it still is in public and would be in the text of the Treaty, to make too deep a bow to the United Nations. The official attitude of the Canadian Government is that the road we are on is, we hope, leading to the establishment of a world organization of the remaining free states. In a paper for governments would it not be as well for us to indicate indirectly that we are conscious that the establishment of effective regional security organizations will inevitably, so long as the Soviet

Union paralyzes the work of the United Nations, result in these new organizations doing much of the work which we had, three years ago, hoped the United Nations could do.

Your paragraph 4. Canadian adherence to the proposed Treaty will constitute a revolution in Canadian foreign policy and it would be easier to get full public support for this revolution if the Treaty is as easily understandable as possible. It would also, I hope, not be written in the language of tired civil servants. That is all I am after.

Your paragraph 6. Paragraph 14 of my draft and the first sentence of paragraph 15 are paraphrases of reports approved by the Western Union Chiefs of Staff. Almost all the rest is from speeches by Mr. St. Laurent, in which he has tried to make clear to the Canadian public that he shares fully the views on this matter which have been arrived at by the Western Union defence experts. I would doubt whether these views are entirely shared in certain quarters in Washington, and it would seem to me therefore that it might be wise and useful for us to emphasize them in our paper.

Your paragraph 7. The language used in the references to Sweden and Ireland was originally suggested by Wrong, and Pearson concurred. Perhaps, therefore, you could discuss the question with Pearson. Pearson is, in my opinion, very properly apprehensive that opponents in Canada of the treaty will be presented with what is at least a good debating point if Canada is the only country other than the Brussels Powers and the United States to become a member of the North Atlantic organization.

3. I have repeated your telegram No. 1987 to Pearson and Wrong and am repeating to them this reply. Any further comments which you can let me have by Saturday would be greatly appreciated, since it looks as if it will be necessary for me to have a revision of the draft instructions ready first thing on Monday, November 15th, for circulation to Cabinet. Ends. Message ends.

417.

DEA/283 (S)

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

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

TOP SECRET

Ottawa, November 12, 1948

Dear Mr. Pearson,

I have tried my hand at preparing a tentative draft of a North Atlantic Treaty, and now enclose a copy dated November 9.¹⁰⁸ I should be most grateful for any suggestions for the revision of this document which you can find time to send me.

¹⁰⁸ Pour une ébauche subséquente, voir la pièce jointe du document 467.

For a later draft, see enclosure to Document 467.

You will note that this draft differs very markedly from previous drafts which I have prepared.

2. Clearly the United States would find it hard to accept some of the clauses in this draft in their present form. However, my feeling is that our representatives in the forthcoming negotiations should aim at this kind of Treaty, and it may be that we will be able to get more than it would now be reasonable to assume we can get from the United States.

3. The influence which you have been able to exert during the past six months or so on the negotiations for the Treaty has been very considerable, and I think that, if we play our cards well, we ought to be able to exert a decisive influence on the rest of the negotiations.

4. I wish that you could be in Washington when the conversations are resumed.

5. Next week I hope that the pressure on this office will have let up a bit, and I will be able to write you an informal note on various things that have happened since you left. I feel guilty that I haven't written such a letter before now.

Yours sincerely,

ESCOTT REID

418.

DEA/283 (S)

*Extrait du projet du Traité de l'Atlantique Nord
par le sous-secrétaire d'État par intérim aux Affaires extérieures*

*Extract of Draft of North Atlantic Treaty
by Acting Under-Secretary of State for External Affairs*

TOP SECRET

[Ottawa], November 12, 1948

CHAPTER ON ECONOMIC, SOCIAL AND
CULTURAL COOPERATION¹⁰⁹

From the very beginning of the discussions in Washington, we have, in the secret discussions and in public, emphasized the importance which the Canadian Government attaches to the inclusion in the Treaty of provisions for the encouragement of cooperation in fields other than security. In our view this cooperation would contribute greatly to the general security of all the North Atlantic nations. We have also emphasized that it is important to include these provisions in order to make it clear that the purpose of the Treaty is not merely negative but that it should create the dynamic counter-attraction of a free, prosperous and progressive society as opposed to the society of the Communist world.

2. The other participants in the informal and exploratory discussions in Washington have concurred with us in this matter. Thus among the basic criteria which they have set forth for the Treaty are that —

¹⁰⁹ Notes marginales :Marginal notes:

Contains Mr. Bryce's suggestions for revision of treaty. E. R[Reid]

Draft by Reid to Pearson, Wrong, Bryce and Acting S[ecretary] of S[tate for External Affairs].

"(2) It should contribute, through increasing the individual and collective capacities of the parties for self-defense, to the maintenance of peace and the greater national security of the parties.

(5) It should be based on and promote continuous and effective self-help and mutual aid in all fields.

(6) It should be more than an arrangement for defense alone; it should serve both to preserve the common civilization and to promote its development by increasing the collaboration between the signatories and advancing the conditions of stability and well-being upon which peace depends.

(7) It should provide adequate machinery for implementing its terms, in particular for organized coordination and strengthening of the defence capacities of the parties, beginning immediately it comes into force."

3. It has not been easy to get this measure of agreement on objectives. It will, however, be much harder to get specific provisions in the Treaty on how best to meet these objectives. The corresponding provisions of the Western Union Treaty, concluded in Brussels on March 17, 1948, are:

"Article I. Convinced of the close community of their interests and of the necessity of uniting in order to promote the economic recovery of Europe, the High Contracting Parties will so organize and coordinate their economic activities as to produce the best possible results, by the elimination of conflict in their economic policies, the coordination of production and the development of commercial exchanges.

The cooperation provided for in the preceding paragraph which will be effected through the Consultative Council referred to in Article VII as well as through other bodies, shall not involve any duplication of, or prejudice to, the work of other economic organizations in which the High Contracting Parties are or may be represented, but shall on the contrary assist the work of those organizations.

Article II. The High Contracting Parties will make every effort in common, both by direct consultation and in specialized agencies, to promote the attainment of a higher standard of living by their peoples and to develop on corresponding lines the social and other related services of their countries.

The High Contracting Parties will consult with the object of achieving the earliest possible application of recommendations of immediate practical interest, relating to social matters, adopted with their approval in the specialized agencies.

They will endeavour to conclude as soon as possible conventions with each other in the sphere of social security.

Article III. The High Contracting Parties will make every effort in common to lead their peoples towards a better understanding of the principles which form the basis of their common civilization and to promote cultural exchanges by conventions between themselves or by other means."

4. I doubt whether it would be possible to get the United States to agree to the kind of language in Article II "to develop on corresponding lines the social and other related services of their countries", or to the two sentences which immediately follow.

5. The draft which I have prepared of a chapter on Economic, Social and Cultural Cooperation for the North Atlantic Treaty reads as follows:

"Article 12. In order to promote the general welfare, the North Atlantic Nations undertake to make every effort in common to eliminate conflict in their economic policies, to coordinate their production, and to encourage the greatest possible development of trade between them.

Article 13. The North Atlantic Nations undertake to make every effort in common, both by direct consultation and in the United Nations and in the specialized agencies, to promote the attainment of a higher standard of living by their people and greater economic and social justice.

Article 14. The North Atlantic Nations undertake to make every effort in common to lead their people towards a better understanding of the principles which form the basis of their common civilization and to promote cultural exchanges between themselves.¹¹⁰

Article 15. The cooperation provided for in this Chapter shall not involve any duplication of, or prejudice to, the work of¹¹¹ other international economic, social or cultural organizations in which the North Atlantic Nations are or may be represented, but shall assist the work of these organizations. In order to attain as rapidly as possible the objectives set forth in this Chapter, and thus to create in the North Atlantic Community the economic and moral basis on which to maintain an overwhelming preponderance of force on the side of peace, the North Atlantic Nations undertake to use their best efforts to secure those amendments to the international instruments setting up the specialized agencies of the United Nations as are necessary to ensure that the agencies become the most effective possible instruments for the speedy attainment of the objectives set forth in this Chapter."¹¹²

E[SCOTT] R[EID]

¹¹⁰ Note marginale :/Marginal note:

I doubt if agreement can be obtained on much more than this — *plus* ECA. It is just a hope & common prayer.

¹¹¹ Note marginale :/Marginal note:

Might better be put positively.

¹¹² Après révision par Reid (à la suggestion de Bryce), cet article se lit comme suit :

After revision by Reid (as suggested by Bryce), this article read:

The North Atlantic Nations agree that they will seek to attain the objectives of this chapter by making the most effective use possible of the other international economic, social or cultural organizations in which they are or may be represented.

419.

DEA/283 (S)

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

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

TELEGRAM WA-2912

Washington, November 12, 1948

TOP SECRET

Following for Reid only from Wrong, Begins: Reference my immediately preceding message,† here are my comments on your draft paper dated November 6th.

Paragraph 1. In (a) omit "the pooling of risks, resources and control over policy." This follows from "the creation of an effective defensive alliance based on self-help and mutual aid."

In (b) shorten to "the creation of joint agencies of recommendation, and in the event of war of military decision." It is necessary to insert "military" before "decision"; we are not establishing a federation but an alliance. If the rest of your draft has to go in, avoid the phrase "North Atlantic Community". It should be dropped *passim*.

Omit the final sentence of the paragraph.

Paragraphs 2 to 6. In my judgement these paragraphs contain suggestions which have no chance of acceptance and which might endanger United States ratification of the treaty if they were accepted. I should omit them completely. They are not really comments on the Washington proposals of September 9th. Diplomatic papers should err on the side of under-statement — particularly at this stage of an important and tricky negotiation. I should certainly find it hard to defend most of the nomenclature proposed in paragraph 4 or the forms suggested in paragraph 5. Remember that the Brussels and Rio treaties must be the general models. I repeat that we are making an alliance not a federation. I agree that the treaty should be as simple as possible, but I consider your proposals would complicate it and disguise its real nature.

If something has to go in on the lines of paragraphs 2, 3, and 6, tone down the language — such as "despair, apathy and doubt" and "hearts and minds and spirits of all those in the world who love freedom" in paragraph 2.

I add the general comment that this treaty will include only a fraction of the countries of the western world, and that the North Atlantic group cannot claim to speak for all of them. Another point is that we must make the language fit with that of Article 51 of the Charter.

Paragraphs 7 to 12. We should never secure acceptance for spelling out in detail the agencies to be set up, and we cannot foretell now what agencies may be required. Furthermore, if we were to list the agencies it would greatly delay the course of negotiation, for it would be reasonably demanded by some or all the representatives that their composition, terms of reference, methods of reaching decision, and so on be determined at this stage. A Council with power to create such

other agencies as may be required is, in my view, all that should be directly established by the treaty.

What does "a constitutional grant of power" in paragraph 11 mean? It sounds as though it meant something a good deal more formidable than agreeing to set up Councils and Boards as agencies of joint recommendation.

I suggest omission of paragraphs 9 and 10, and tying paragraph 12 to paragraph 8 by sentences on the lines of the latter part of paragraph 11.

Paragraphs 13 to 15. These are not comments on the paper of September 9th, except the reference to the preamble in paragraph 15. Cut them out, as they are material for a speech, not a contribution to a negotiation.

Paragraph 16 and 17. I gave you my views on Portuguese membership on October 23rd before I knew that the United Kingdom had sounded out Portugal already. This news strengthens my opinion that Portugal should be given the chance of joining if she wants to do so.

With regard to the proposal in paragraph 17, I doubt that any such general provision should go in the treaty. There will have to be special arrangements with some individual countries, I expect, but they will not follow any one pattern.

Paragraphs 18 to 21. Run these together, and substitute for the word "essential" in paragraph 20 the word "important". Otherwise it is implied that Iceland or Ireland, by staying aloof (as they well may), could kill the project. The first sentence of paragraph 21 is repetitious. The most effective means for persuading some hesitant countries to join may turn out to be the extension by the United States of military aid only to the full members. This might count a lot with Norway, Denmark, and possibly Sweden. It should not be mentioned in this paper.

Paragraphs 22 to 24. I agree with the general line on Italy. The limitations imposed by the peace treaty might be mentioned.

Paragraphs 25 to 27. Agreed — except that we should not specially single out for mention in a formal document the Swedes and the Irish (end of paragraph 27).

Paragraphs 28 to 30. Agreed, but substitute for the last words "as the Government of the United States is prepared to accept."

Paragraphs 31 to 33. Run into one paragraph. Change the formula to read "expelled or suspended either by a unanimous vote of the other members or by a vote of perhaps two-thirds of all the members."

Paragraphs 34 and 35. Run these together. I suggest omitting the reference to psychological warfare, and substituting "both as a deterrent to aggression and as an encouragement to self-help and mutual aid", or something like that. Personally, I doubt the wisdom of as long a term as 25 years. Ends.

420.

DEA/283 (S)

*Note de la Direction des Nations Unies
pour le sous-secrétaire d'État par intérim aux Affaires extérieures*

*Memorandum from United Nations Division
to Acting Under-Secretary of State for External Affairs*

TOP SECRET AND PERSONAL

[Ottawa], November 12, 1948

NORTH ATLANTIC TREATY

With reference to your memorandum of November 8,† I submit the following suggestions for revision of the instructions contained in "Comments of the Canadian Government on the Paper dated September 9, 1948, resulting from the Washington Exploratory Talks on Security" in its draft of November 6.

2. In my opinion neither the report of September 9 of the Washington conversations or the comments thereon contained in your draft of November 6, bring out sufficiently clearly the distinction between the functional arrangements under Article 51 and the regional arrangements under Article 53. I would, therefore, suggest the inclusion of comments along the following lines in the instructions, which might come under the heading "Nature of the North Atlantic Treaty as a functional Pact of collective self-defence under Article 51."

"The Report of September 9 on the Washington conversations, while containing an adequate appreciation of the military and strategic situation in Europe which makes a defensive alliance necessary at this time, does not, in our opinion, relate this problem sufficiently to the United Nations and in particular to the terms of Article 51 of the Charter. This is reflected in the absence of any statement of the relationship of the proposed treaty to the United Nations in the body of the Report of September 9.

"The proposed North Atlantic Treaty is to be within the terms of the United Nations Charter. The necessity for making such a treaty arises from the powerlessness of the Security Council at present to apply the enforcement measures of Chapter VII of the Charter in the event that armed attack is committed by one of the Permanent Members of the Council. If one of the Permanent Members makes an armed attack, and the Council attempts to take measures to restore international peace and security, it may be expected that the Permanent Members will exercise its veto to prevent action being taken by the United Nations. In particular, should the Soviet Union be the aggressor, it may be taken for granted that the Soviet representative on the Security Council will veto any action proposed in the Council.

"Article 51 specifically provides for the exercise of '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.' For the purpose of the North Atlantic Treaty, Article 51 must be taken as the constitutional basis for collective and self-defence, rather than the provisions of Chapter VIII (Regional Arrangements), because in Article 53 it is stated that 'no enforcement action shall be taken under

regional arrangements or by regional agencies *without the authority of the Security Council* with the exception of measures against an enemy state.' On the other hand, under Article 51, members of the United Nations can take action in self-defence, provided that the action taken is immediately reported to the Security Council and that the Council has not itself taken action to maintain or restore international peace and security.

"The question arises whether actions of collective self-defence can be taken in advance of an armed attack under Article 51, such as those contemplated under the present treaty. It must be recognized that in view of the powerlessness of the Security Council to take action against one of the Great Powers, and bearing in mind the present policy of the Soviet Government, the inherent right of collective self-defence must be regarded as necessarily embracing preparatory measures of collective self-defence required to meet the conditions of modern war. If no measures of self-defence are taken *until* armed attack actually occurs, defence would almost certainly prove ineffective under conditions of modern warfare. This interpretation of Article 51 of the Charter is required to justify the collective measures of self-defence contemplated under the North Atlantic Treaty. The defensive and preventive nature of the proposed Treaty, as well as its constitutional basis under the Charter, should be clearly brought out in the provisions of the North Atlantic Treaty.

"Also, the North Atlantic Treaty should be clearly an agreement of a functional not a regional character, between nations willing and able to assume specific obligations to pool their resources in the preparation of their self-defence against the risks of armed attack."

3. If you agree with the approach suggested in the comments above, I would suggest the following revision of paragraph 1 of the instructions:

"General Objectives of the North Atlantic Treaty

"The Canadian Government regards the forthcoming negotiations as looking towards —

"(a) The creation of a pact of collective self-defence under Article 51 of the United Nations Charter by treaty between those countries who are willing and able to pool their resources on the basis of self-help and mutual aid to meet the risks of armed attack.

"(b) The prevention of general war by enabling the signatories of the treaty to integrate their defence preparations and so place them in a position to deter a major aggressor from making war and, in the event of war, to ensure victory as quickly and economically as possible.

"(c) This treaty of collective self-defence would be concluded initially between the countries bordering on the North Atlantic which have already expressed their willingness to cooperate in measures of collective self-defence; it could be extended to other like-minded states willing and able to accept fully a uniformity of obligations.

"(d) To create such joint agencies of consultation as well as of decision and executive action as may be necessary to provide effective measures of collective

self-defence; these arrangements to provide effective control of resources and policies for all the signatories of the treaty."

4. If you agree with the foregoing, you may find it necessary to make a few minor consequential changes in the other sections of the instructions to bring out more clearly the distinction between an agreement on functional rather than regional arrangements.

G[GEORGE] I[GNATIEFF]

421.

DEA/283 (S)

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

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

TOP SECRET

[Ottawa], November 12, 1948

Your Memorandum of November 8th† asked for my suggestions on your draft instructions of November 6th to the Canadian Representatives when the talks on the proposed North Atlantic Treaty are resumed.

2. I have not had an opportunity to study the provisions of the Brussels or the Rio Treaties, nor am I in a position to make precise suggestions on the relationship to the U.N. Charter of the provisions of the proposed Treaty set out in general terms in the Annex to the Report of September 9th on the Washington conversations.

3. I shall therefore confine my comments to:

- A. The general nature of the instructions to be sent to our Representatives
- B. Items which should be covered by the instructions.

A. In general, I think instructions should be based on references to the Report of September 9th and its Annex. If we accept the propositions outlined in the Report, we should say so. Where we disagree with the Report we should list *seriatim* our reasons for disagreement, with instructions on the line to be pursued during further talks. It seems to me unnecessary to restate the propositions outlined in the Report, if they are acceptable, in the way in which the present draft does. To me, the latter process adds nothing, and tends to confuse the issues by restating the objects of the Treaty in forms which vary from the Report.

B. Thus, I should be inclined to draft the instructions on the following lines:

- (i) We accept the appreciation of the present "Situation in Europe as it affects Security," as set out in the Report of September 9th
- (ii) A criticism of Part II of the Report and instructions as to how our representatives should approach the various points at issue, e.g., Relationship of the Treaty to the Charter; whether the Treaty should be designed to admit any like-minded country wherever situated, etc.
- (iii) A criticism of the proposed Treaty Provisions contained in the Annex, and instructions in precise terms as to the line our representatives should take.

(iv) I should accordingly suggest eliminating paragraphs 2 and 3 of the draft instructions.

(v) I would question paragraph 4, if the object of the organs set up by the Treaty Powers are not to be regarded from their names alone as excluding other than North Atlantic powers from joining the alliance.

(vi) While I agree with the desire to eliminate legal language so far as possible, as set out in paragraph 5, I do not feel that precision should be sacrificed in favour of more human generalities.

(vii) I question the workability of the proposals set out in paragraphs 7-12. Are we really prepared at this stage to derogate authority to the agencies set up? For example, if the Joint Planners propose that Canada's contribution *now* should be so many aircraft a month, will we accept automatically such a proposal if it has the agreement of a Headquarters on the S.H.A.E.F. pattern? If we are not prepared to accept such proposals, I think we should be wrong to instruct our representatives to spell out the nature and powers of the organs to be set up, unless we are now prepared to derogate powers to them. In my view, nothing would be more fatal than, if having given powers to these organs under the Treaty, the Canadian Government should refuse to accept particular commitments which a joint staff has concluded we should accept. I should accordingly prefer instructions along the lines of the Brussels Treaty in order to avoid what I can only feel would lead to an embarrassing situation.

(viii) In addition, it seems logically difficult to stress the peaceful nature of the Pact, while only mentioning the setting up of organs which are essentially military in nature.

(ix) In regard to paragraphs 13-15, I suggest we might state that we accept the principles set out in the preamble to the Brussels Treaty, on the grounds that we should make clear the positive virtues of Western Civilization. While no doubt this element in the Treaty is important, I should be much more concerned with the action taken on signature of the Treaty. I think that the Western European has long since become sceptical of statements on a high moral tone. For example, perhaps no one action brought the United States into disrepute with the Italians during the war so much as the printing of the four freedoms on the back of the U.S. military currency.

(x) In regard to paragraphs 16-24, I wonder whether we have gone far enough in considering the organs to be set up under the Treaty to press for the inclusion of other members at this stage. It will certainly make the task of forming effective organs more difficult.

4. While I realize you wish the instructions to be in a form which you can circulate to the representatives of other governments, I think we should seek either in the instructions or separately, answers to the following questions at an early stage:

A. What organs should be set up to implement the Treaty, and what will be their powers?

B. Is it anticipated that most of the planning will be done by a Headquarters on the S.H.A.E.F. pattern, or will there be separate planning on the part of the United

States and Great Britain? While the latter point could scarcely be raised in any plenary session, it has, I think, some importance for us. I doubt that the United Kingdom and the United States would be prepared to pool all their knowledge, and accordingly we might find ourselves left out of the planning which they do on their own. We know, for example, that the U.S. and U.K. have already written an intelligence appreciation without us being present, and it might well be that they would consider that representation on the organs set up under the Treaty would be sufficient for our purposes. I am not satisfied that this is so. I feel this is an important point which will affect the structure of our planning organization.

Alternatively, will there be planning bodies outside the structure of a Combined Headquarters? If not, we might find it very embarrassing to turn down plans drawn up by such a Headquarters. Representation in a Headquarters like S.H.A.E.F. could not, in the nature of the organization, ensure that Canadian views would be given their full weight.

The type and the powers of the organs to be set up should, therefore, depend from a Canadian point of view on how far the Government is prepared to go in its contributions, not merely at D-day, but during the interim period. Indeed, the whole point of the Treaty is to prevent war; which, if it is to be effective, means the marshalling at an early date of a preponderance of power. This can hardly be done if the contributions to be made by Canada are limited to the suggestions contained in paragraph 9 of Mr. Pearson's Memorandum to Cabinet of October 4th.

G.G. CREAN

422.

DEA/283 (S)

*La délégation à l'Assemblée générale des Nations Unies à Paris
au secrétaire d'État aux Affaires extérieures*

*Delegation to General Assembly of United Nations in Paris
to Secretary of State for External Affairs*

TELEGRAM 387

Paris, November 13, 1948

TOP SECRET. MOST IMMEDIATE.

Repeated to London for Robertson *only* as No. 107. Following for Reid, Begins: Your recent letter of November 6th on North Atlantic Security Pact together with Robertson's observations on our draft comments:

I agree generally with his view that the language in places is somewhat high-flown and that we should if possible include some reference to United Nations although I appreciate the point made in paragraph 2 of your telegram No. 239 which has just arrived.¹¹³

2. I have no strong views about the specific mention in our comments of institutions to be set up by the Treaty. It might suffice to state that certain agencies will be required to carry out the purposes of the pact along the lines of those found neces-

¹¹³ Document 416.

sary under the Brussels Pact. I agree however that without giving any impression that we are initiating a "sub-crusade" we might mention without making too much of the fact that the language should be clear, unambiguous and as far removed from "officialese" as possible.

3. Paragraphs 13, 14 and 15 should, I think, be compressed into one which might include present paragraph 13 with second and third sentence of paragraph 15. We should not overlook our doubts about the desirability of different types of membership even though we may later have to yield on this point. For that reason we should not at this stage cast doubts on desirability of Portugal for full membership and I hope that paragraph 16 might be amended accordingly.

4. I do not object to your emphasis that every possible effort should be made to persuade a maximum number of eligible countries to become members of the alliance but I am somewhat worried about paragraph 21 which again reverts to the idea of associated members. I admit of course that this may eventually be necessary but I do not think we should support it at this stage. For that reason I also am worried about paragraph 24 which I would prefer to read somewhat as follows:

"Uniformity of obligation is what is required and this should be our objective. However, if this cannot be secured, then a variety of association might emerge providing that in every case the association is not merely nominal but effective."

5. These are somewhat casual observations as I have not had an opportunity to study our draft as carefully as it deserves. I hope, therefore, that in sending forward our comments we make clear that the observations which are now being forwarded are preliminary ones and may have to be modified in the light of further consideration and exchange of views with other governments. Ends.

423.

DEA/283 (S)

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

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

TELEGRAM WA-2930

Washington, November 13, 1948

TOP SECRET. IMMEDIATE.

Following for Reid *only* from Wrong, Begins: Since despatching my comments yesterday on your draft paper on the North Atlantic Treaty I have had a further talk with Hickerson on the next stages, at which the following points were made:

He confirms that what they desire in the State Department is another bout of informal and non-committal talks with the Ambassadors here. The duration and substance of these talks cannot be determined until the comments of the Brussels Powers have been received. The State Department will wish to pay particular attention to the scope of the Treaty. They retain the concern which they have displayed throughout the talks that Italy should be effectively associated with the North Atlantic Pact in some way. Hickerson considers that the British proposal for possi-

ble Swedish association does not go far enough in the case of Sweden and would not be satisfactory if applied to Italy. What he wants is that Italy should join the Brussels Treaty. Whether this would mean full Italian membership in the North Atlantic Pact as well, or indirect association through the Brussels commitments, is not clear, but I rather think that the latter is what they have in mind here. They think it is up to the Brussels Powers to propose a satisfactory formula covering Italy.

2. The talks would also deal with the procedure to be followed in widening the circle to include other North Atlantic countries: Possibly some of them might be invited to be represented by observers at this stage.

3. He does not know whether a complete draft of a Treaty will emerge. They have a draft in the State Department which they have prepared only to see how the annex to the paper of September 9th looks when put in treaty form. It lacks authority, and they do not intend to produce it at present. While a complete draft, informally accepted by the Governments, should be prepared before a formal conference is called, there will be other matters to settle, especially the scope of the treaty, before discussion of a draft should begin. Ends.

424.

DEA/8508-40C

Extrait du procès-verbal de la réunion des chefs de direction

Extract from Minutes of Meeting of Heads of Divisions

SECRET

[Ottawa], November 15, 1948

...

NORTH ATLANTIC TREATY

2. Mr. Reid said that the date on which the Washington talks on the proposed North Atlantic Treaty would be resumed was still uncertain but it was now almost certain that when they did begin they would be on the ambassadorial level. As in the first phase of the discussions which took place in the summer, beginning July 6, the talks will probably continue to be non-committal and exploratory but with two important differences: in the second phase each participant will have been furnished with a statement of the views of his government on the issues set forth in the agreed paper which resulted from the first phase of the Washington talks; and in the second place each government will, it is assumed, have agreed in principle to conclude a North Atlantic Treaty.

3. It is probable that in the course of the discussions Mr. Lovett, the Acting Secretary of State of the United States, and the ambassadors concerned will attempt to draft the text of a treaty for submission to their respective governments for their consideration. On any points about which complete agreement cannot be reached, it is likely that alternative texts of articles will be provided. The names of other states which might be invited to become original members of the Alliance will also probably be agreed on during the course of the talks for reference back to the governments of the states participating in the Washington discussions.

4. Reports of the discussions will then be referred by the participants back to their respective governments for consideration before any formal diplomatic conference is held to conclude negotiations and to sign a treaty. No date has yet been set for such a conference but it would certainly be convenient to the Canadian Government if the formal conference could be terminated by about January 15, because, after the opening of the Canadian Parliament, it might be difficult for Canada to be represented by a Cabinet Minister.

5. *Mr. Reid* added that we had for some time known that officials in the United Kingdom had been preparing a draft treaty text and that officials in the State Department were doing likewise. From what appeared to be authoritative press reports, it seemed evident that both France and Belgium had also prepared draft treaty texts. We might therefore be in a weak position in the negotiations unless we too had a draft text. Fortunately a tentative draft had been prepared many months ago in the Department and a new draft (the fifth) had just been prepared.¹¹⁴

6. *Mr. Reid* said it would be necessary to send instructions to the Canadian Ambassador in Washington prior to the opening of the talks. *Mr. Wrong* has asked that these instructions be in a form suitable for circulation to the representatives of the other governments participating. This will require the preparation of supplementary instructions for *Mr. Wrong* to cover points which might not be appropriate for inclusion in a document which is to be circulated to other governments.

425.

E.R./Vol. 6

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

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

TOP SECRET AND PERSONAL

Ottawa, November 15, 1948

NOT FOR THE FILE

Dear Mike [Pearson],

NORTH ATLANTIC TREATY

I enclose a memorandum, in draft form, which I have just prepared for Mr. St. Laurent, which is dated November 15.¹¹⁵ I also enclose the latest draft of November 14 of the statement of the preliminary views of the Canadian Government on the paper of September 9 from Washington.†

¹¹⁴ Cette ébauche n'est pas imprimée. Pour une ébauche subséquente du Traité de l'Atlantique-Nord, voir le document 493.

This draft is not printed. For a later draft of the North Atlantic Treaty, see Document 493.

¹¹⁵ Document 453.

2. As you can well imagine, I am in a considerable jam. Brooke¹¹⁶ knows very little about what has been happening in this matter during the last eight months. He, therefore, and I think quite properly, does not feel that he can, on his own authority, approve for submission to Cabinet the draft statement of the views of the Canadian Government, but that it must first receive Mr. St. Laurent's approval.

3. Mr. St. Laurent, particularly this week¹¹⁷ when he will be incredibly busy, will have virtually no time to go over these two attached documents carefully. I fear, therefore, that he will be reluctant to put the matter before Cabinet unless he receives a blanket endorsement from you.

4. The matter is urgent since the second phase of the Washington discussions will probably begin on Thursday, November 25, and we must have in Wrong's hands before that day the necessary instructions and guidance from the Canadian Cabinet on matters which are so important to Canada's future.

5. It is for that reason that I am hoping, very much, that you can tear yourself away from the UN Assembly and lock yourself in your room with the phone down for a couple of hours in order to go over the two enclosed documents and send me, the same evening, a telegram which I will immediately put before Mr. St. Laurent.

6. I have gone very far in the new draft of November 14 to meet the criticisms expressed by Norman [Robertson] and Hume [Wrong]. I have not, however, felt that you would agree that I should revise in accordance with their views if that revision meant that we would depart from the line which we have consistently taken for the past fourteen months — and which has been taken publicly by Mr. St. Laurent and yourself.

7. What I would like most of all from you, of course, would be a telegram which simply said "Reference Reid's draft of November 14 of a statement of the views of the Canadian Government on the Washington security paper of September 9. I am in complete agreement with this statement and hope that it will receive the approval of my colleagues in Cabinet. I am also in agreement with the supplementary views set forth in Reid's memorandum of November 15 to the Prime Minister, and feel that, in order to avoid the delay that would be consequent upon preparing supplementary instructions to Wrong, this memorandum of November 15 to the Prime Minister might be sent to Wrong as embodying his supplementary instructions."

8. I would not, however, want you to send a telegram giving this 100 percent endorsement if there is anything in either of the two documents which causes you concern.

9. Consequently, if there is anything that you want to have revised, perhaps, after giving a general endorsement in one telegram to me, you might say that your immediately following telegram contains suggestions for revision of the two documents. If you could put your suggestions in language in which I could incorporate them immediately in the documents, this would make it easier for me to get the docu-

¹¹⁶ Brooke Claxton, secrétaire d'État par intérim aux Affaires extérieures.

Brooke Claxton, Acting Secretary of State for External Affairs.

¹¹⁷ L'assermentation de Saint-Laurent comme premier ministre eut lieu le 15 novembre. St. Laurent was sworn in as Prime Minister on 15 November.

ments circulated to Cabinet at the end of this week for a meeting of Cabinet a week today, Monday, November 22.

10. If I can't get them discussed by Cabinet on Monday, November 22, it is going to be difficult to get the documents to Washington in time.

11. It is, I think, in our interest to get the Washington discussions resumed quickly, and I point this sort of problem out in the concluding paragraph of the draft statement.

12. The better the statement of the views of the Canadian Government and the better the treaty text which we prepare and circulate in Washington, the more chance there is that the first phase of the Washington discussions will conclude quickly and will produce a good draft treaty.

13. This would, in turn, result in a relatively brief interval between the conclusion of the second phase of the Washington discussions and the holding of the formal conference and would also, I hope, result in the formal conference being brief.

14. I think it is very important that you should be at the formal conference throughout, and I know that this is going to be most difficult unless the conference is concluded before Parliament opens, which I assume will be around the 20th of January.

15. I shall, by tomorrow's bag, be sending Norman and Hume copies of the two enclosures.

Yours sincerely,

ESCOTT REID

P.S. I hope I have met your point about Portugal, and your dislike of the term "Associate member of the organization" by the language which I have used in paragraph 28, 30 and 33 of the Statement of Canadian views. You will see that I spoke in terms of an "arrangement" between the North Atlantic Organization, once it has been set up, and Portugal and Italy.

426.

PCO/Vol. 112

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

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

[Ottawa], November 15, 1948

NORTH ATLANTIC TREATY

After our talk yesterday, I substantially revised the 6th November draft of the statement of the preliminary views of the Canadian Government on the Washington paper of 9th September. I enclose a copy of the revised draft which is dated 14th

November.† This is preceded by a copy of a memorandum of today's date to the Prime Minister,¹¹⁸ transmitting to him the draft statement of 14th November.

I have sent both these documents to Mr. Pearson today by air bag and am asking him to cable me whether he has any suggestions for further revision. This does not give us much time, but as soon as I receive a telegram from him, I could revise the text of the draft statement immediately in accordance with his instructions and then, if the Prime Minister and you agree, have it circulated by Mr. Heeney to Cabinet for consideration at a special meeting on 22nd November. It would be running things too close if the discussion by Cabinet were delayed beyond Monday, since the second phase of the Washington talks will probably be resumed in only over a week's time and Mr. Wrong feels, I know, very strongly that it would be most unwise from the Canadian point of view to put him in the position of participating in the second phase of the talks without the benefit of the necessary instructions and guidance from the Canadian Cabinet.

The other document which I enclose is a letter of today's date to Mr. Wrong,¹¹⁹ in which I explain to him that, so far as I know, the only suggestions from him and from Mr. Robertson which I did not accept were ones which it seemed to me could be interpreted as involving a departure from the line which the Prime Minister and Mr. Pearson have constantly taken on this subject during the past fourteen months.

E[SCOTT] R[EID]

427.

DEA/283 (S)

*Note du sous-secrétaire d'État par intérim aux Affaires extérieures
pour le premier ministre*

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

TOP SECRET

[Ottawa], November 15, 1948

PROPOSED STATEMENT OF VIEWS OF THE CANADIAN GOVERNMENT
ON THE NORTH ATLANTIC TREATY

I. *Future Timetable*

1. Mr. Wrong has reported that the State Department is in favour of another series of informal and non-committal talks with the Ambassadors in Washington before a formal conference is called, and that the State Department hopes that the talks will be resumed as soon as the representatives of the Brussels Powers have received their "directives" from the Permanent Commission of the Brussels Powers, which is now meeting in London. You may recall that the identic notes which we received on October 29 from the Brussels Powers included a statement that the Western Union Consultative Council was going to send "instructions" by November 8 to

¹¹⁸ Le document suivant./The immediately following document.

¹¹⁹ Document 428.

their Permanent Commission in London to enable the Permanent Commission to draw up, in its turn, directives for the Western Union Ambassadors in Washington.

2. We do not yet know the precise date on which the informal talks in Washington will be resumed. Mr. Wrong, however, is fairly certain that it will be not later than the middle of next week.

3. Mr. Wrong has asked for instructions on the line which he should take on the many and difficult questions which will be discussed in the talks. You might, therefore, wish to have Cabinet consider, at the beginning of next week, a draft statement of instructions.

II. *Nature of Proposed Statement by the Canadian Government*

4. Mr. Wrong, in recommending that the Government be asked to approve a statement of the views of the Canadian Government on the Washington paper of September 9, suggested that this statement should not only serve as his instructions but that it should probably also "be in a form suitable for circulation to the other representatives, either before the talks are resumed or at the time of their resumption." Mr. Pearson has concurred in Mr. Wrong's recommendations.

5. I enclose for your consideration, and if you agree, for submission to Cabinet, a draft dated November 14† of a statement of Canadian views which has been prepared in a form in which it could be circulated to the other representatives in the forthcoming Washington discussions. This is the fifth draft of this paper, the first having been prepared on October 7. Mr. Pearson and Mr. Wrong commented on the first two drafts. The third draft was sent to them and also to Mr. Claxton and Mr. Robertson. On November 13 this draft was revised in the light of their comments. Mr. Claxton went over with me yesterday the November 13 draft† and the enclosed draft of November 14 is the result of my talks with him.

6. In order to prepare a statement which would be suitable for circulation to other governments, it has been necessary to leave out certain considerations which could appear appropriately only in an instruction to the Canadian representation. I shall, therefore, within the next few days, prepare for Mr. Claxton's consideration, a draft of an instruction to Mr. Wrong which would supplement whatever statement is agreed to by Cabinet. Mr. Wrong would like to have this done if at all possible.

III. *Proposed Supplementary Instruction to Mr. Wrong*

7. Perhaps the main thing to point out in the supplementary instruction is that the Canadian representative in the forthcoming series of discussions in Washington will be in a fairly strong bargaining position. The Democratic Administration has just received a vote of confidence from the American people and has satisfactory majorities in both Houses of Congress. Moreover, many of the leading isolationists and unreconstructed Republicans have been defeated. The United States Administration has not yet gone as far as the Brussels Powers and Canada in informing the other governments concerned that it accepts in principle a Treaty along the lines set forth in the Washington paper of September 9. Nevertheless, the Administration, by statements it has made in public and off-the-record, has committed itself to the Treaty to such an extent that it would be difficult, and perhaps damaging to its

prestige, for it to draw back now, especially since the proposal for the Treaty seems to have met with little adverse criticism in the United States.

8. For the past eight years or so a favourite argument which the United States has used in discussions with us has been that, when they are attempting to persuade Congress to adopt legislation or ratify international agreements in which we are interested, we should help them in various ways to ease their situation in Congress.

9. The boot may now be on the other foot. If so, our representative in the forthcoming discussions in Washington on the North Atlantic Treaty, may be able to use with effect, in discussions with the United States, the kind of argument which they have been using with effect in discussions with us for the past eight years or more. The fact, therefore, that the forthcoming session of the Canadian Parliament may be the last session before a general election may be a source of strength to us in the negotiations rather than the reverse.

10. This means, it seems to me, that our representative in the discussions in Washington might usefully, on occasion, point to public statements made during the past year on the subject of the North Atlantic Treaty by yourself and other members of the Cabinet, say that these statements have met with the overwhelming approval of the Canadian people, that the Canadian people are expecting from the discussions in Washington the kind of Treaty which has been advocated by the Canadian Government, and that if the Treaty which results from the Washington discussion does not go far to meet the objectives publicly set forth by the Canadian Government, the Canadian Government may not be able to secure in Canada the enthusiastic public support without which it would not be wise or useful for Canada to undertake the heavy obligations which will be inherent in membership in the proposed North Atlantic regional security organization.

11. I have, therefore, in the attached draft statement of the views of the Canadian Government, included recommendations and suggestions which have been expressed or implied in Canadian ministerial statements on the North Atlantic Treaty, even though some of these proposals may not be received, initially, with much favour by the State Department.

12. I do not suggest that it would not have been wise for us in any event to have considered putting forward many of these proposals. The State Department has, ever since last March, been most receptive to our ideas on this subject — to such an extent that the paper which resulted from the Washington discussions owes a good deal more to Canadian than to United States authorship. The State Department is also, I think, grateful to us for the influence we exerted on Paris and Brussels at the critical stage of the discussions last summer when, as Mr. Lovett put it, the French were "getting into his hair". At that time, as you will recall, the State Department asked and received our permission to send as "directives" to their Ambassadors to France, Belgium and The Netherlands, the letter that we had sent to General Vanier outlining the arguments which he might use in trying to persuade the French to be more forthcoming in the discussions then going on in Washington.

13. My suggestion is that the present domestic political situations in Canada and the United States perhaps make it possible for us to exert a greater influence in the forthcoming Washington discussions than we normally could expect.

IV. *Points in the Attached Draft Statement Which May Not Fit in With Present State Department Thinking*

Appointment of Supreme Commander

14. The attached draft statement insists that the Supreme Commander, if another war should occur, must not be appointed, as in the last war, by the United States and the United Kingdom, but must be appointed by a Council on which all the states concerned are represented. We have recently learned that top United States and United Kingdom military people assume that, in the event of war, the Supreme Allied Command and the various subsidiary commands would be responsible to the Anglo-American Chiefs of Staff and they in turn would be responsible to the United States and United Kingdom Governments. It seems to me of the greatest importance that we should, as soon as possible, and as firmly as possible, make clear to the Governments of the United Kingdom and the United States that, while we accepted during the last war a similar arrogation of power by the Big Two or the Big Three, we are not prepared to accept it either now, in peace time planning to prevent war, or, if war should break out, in the conduct of that war. Circulation now to the governments which have been participating in the Washington discussions of a statement of the views of the Canadian Government on the North Atlantic Treaty provides us with a useful opportunity to do this.

Interim Arrangements Agreement

15. Linked with this question is the proposal, in paragraphs 11 to 17 of the draft Canadian Statement, that the Canadian representative in the Washington discussions be instructed to recommend that an Interim Arrangements Agreement be signed simultaneously with the Treaty and come into force immediately on signature. This would mean that the day the Treaty is signed, the Western Union Chiefs-of-Staff Committee, the Military Supply Board and the Commanders-in-Chief Committee would in fact pretty well cease to exist and their place would be taken by the corresponding interim organs of the interim North Atlantic security organization. From the general point of view, this would be desirable. The Russians must be worried by the actions which their principal potential enemies are taking to perfect and coordinate their defences. They must therefore be tempted to strike before the process of the mobilization of the North Atlantic democracies has gone so far as to leave them in a good deal relatively weaker position than they are today. Consequently the sooner the joint military organs of the North Atlantic democracies get down to business the shorter ought to be the period of acute danger.

16. A special Canadian interest would also be served by the earliest possible establishment of the military organs of the new Atlantic security organization. The sooner we secure a position of complete legal equality with the United Kingdom and the United States on a North Atlantic Chiefs-of-Staff Committee, the easier it will be for us to protect our position from efforts of the United Kingdom Chiefs-of-Staff to speak for us and the rest of the Commonwealth, and from efforts of the United States and United Kingdom Chiefs-of-Staff to freeze us out of some of their most important joint military planning, even though this planning involves us very directly.

Positive Non-Military Content of Treaty

17. The draft statement emphasizes, at various points, your thesis that the proposed North Atlantic Alliance must be an outward and visible sign that the North Atlantic Nations are bound together not merely by their common opposition to Communist totalitarianism but by a common belief in the values and virtues of our Western civilization and by a determination to work together for the promotion of their mutual welfare and the preservation of peace. The United States Administration has hitherto been inclined to look upon the proposed Treaty as little more than a military alliance with a few trimmings and they may not be entirely happy about this emphasis or about the proposals in the draft Canadian statement on economic and social cooperation, on the peaceful settlement of disputes and on the language of the Treaty.

18. (So far as Canada is concerned, the proposal in paragraph 42 of the draft statement that we accept the compulsory jurisdiction of the International Court over disputes with other signatories of the North Atlantic Treaty does not mark any departure from existing policy. You will recall that in June of this year we informed the other Commonwealth Governments that the Canadian Government was proposing to make a new declaration without reservation. Such a declaration would apply to all states which accept the optional clause not merely to the contracting states in a North Atlantic Organization.)

A "Deliberative Body" for the North Atlantic Alliance

19. In paragraphs 21 and 22 of the draft Canadian statement, it is proposed that consideration be given to including in the Treaty a provision setting up a "deliberative body", the powers of which would be limited to making recommendations to the Council of the North Atlantic organization or to the member states, on matters within the scope of the Treaty. It is further suggested in these paragraphs that the principle which might be followed in determining the number of representatives which each member state would have in such a deliberative body might be somewhere between representation by population and equality of representation for each state. This would mean that in a deliberative body of, say, one hundred members, the seats might be divided somewhat as follows: the United States — 40, the United Kingdom — 18, France — 14, Canada — 6, Belgium and the Netherlands — 5 each, Sweden — 4, Norway, Denmark and Ireland — 2 each, Iceland and Luxembourg — 1 each.

20. When I first made this suggestion in one of my earlier drafts, I called this "deliberative body", "the North Atlantic Parliament". Mr. Pearson changed this to "North Atlantic Assembly" since he felt that "parliament" might have too Anglo-Saxon a flavour for Western Europeans. Mr. Wrong, however, fears that the State Department might interpret a suggestion from us that a "North Atlantic Assembly" be established as indicating that we are thinking in terms of the new North Atlantic Organization as a federation or quasi-federation and not simply as an alliance and this might frighten the Americans away from the whole project. (He and Mr. Robertson have much the same objection to the suggestion that the new organization be called the "North Atlantic Community".) Alternatively, Mr. Wrong fears that, if the United States Administration accepted the proposal for a "North Atlantic Assem-

bly", this might endanger ratification of the Treaty by the United States Senate. Mr. Robertson feels that the creation of a North Atlantic Assembly might give the impression that the powers signing the North Atlantic Treaty are trying to sponsor an alternate world organization to the United Nations.

21. Part of my reply to Mr. Robertson's criticism has been that you have constantly stressed in your public statements since September 1947 that what you want ultimately is a Union of all the Free States; that, therefore, our hope is that the road we are on is leading to the establishment of a world organization of the remaining free states; that it is inevitable that the establishment of effective regional security organizations and ultimately of an organization of the free states will, so long as the Soviet Union paralyzes the work of the United Nations, result in these new organizations doing much of the work which we had, three years ago, hoped the United Nations could do; and that therefore we have been in effect sponsoring a world organization which, if not an "alternate" to the U.N., is a supplement to it. This, it seems to me, was indeed the core of the thesis you put forward in the Assembly in New York a year ago.

22. My reply to Mr. Wrong would be that, with public opinion in the United States moving as fast as it has been for the last eight years, we should not reject the possibility that large and influential sections of the United States public might welcome enthusiastically the inclusion in the North Atlantic Treaty of a provision setting up a North Atlantic Assembly, and that instead of criticizing their government for going too far they might criticize it for agreeing to a Treaty under which the powers of the Assembly were narrowly limited to the making of recommendations.

23. I have a feeling that the prevailing mood in North America, as in the United Kingdom and Western Europe, is still "doubt, despair and apathy" — the phrase, I think, is Mr. Bevin's — and that the great majority of the peoples of the North Atlantic Democracies would be uplifted and encouraged if their governments signed a Treaty which established a parliament or assembly (and which called the new institution which was set up a "Community", and in French, a "Ligue" and not a Union, Alliance or Organization, which are cold words not calculated to stir people's hearts).

V. *Mr. Pearson's Views*

24. Mr. Pearson, would, I think, be in substantial agreement with the attached draft statement and with this memorandum to you. He has from the beginning been impressed by the necessity of pressing the project forward as a crusade. I would hope that the only point of substance on which he might differ from the views expressed in the draft Canadian statement are the references to Portugal in paragraphs 26 to 28 and 30. He doesn't like the idea of some of the North Atlantic states being given some sort of guarantee by the North Atlantic Community even though they are not full members of it. Consequently, he is not convinced that we should, at this stage, cast doubts on the desirability of Portugal becoming a full member of the North Atlantic Community. He has, however, from the beginning of the discussions last March constantly pressed the argument that the purely military advantages of including Portugal must be weighed very carefully against the very considerable disadvantages which would flow from including in an organization,

which will derive much of its moral strength from being composed of countries which have the same liberal and constitutional ideals, a country which has the kind of regime which Portugal has. He may therefore agree with the reference to Portugal as I have now phrased it.

VI. *Preparation of a Canadian Draft of a Treaty Text*

25. We learned some months ago that a draft treaty text was being prepared in the United Kingdom and that the State Department was also working on a draft treaty. Since then, the newspapers have stated, in what would seem to be authoritative stories from London, that the French and the Belgians have also prepared draft treaty texts.

26. Experience has generally demonstrated that one is put in a weak position in international negotiation if most of the other participants have prepared draft treaties in advance and you have not. On the other hand, if you have a draft treaty prepared in advance and can get it accepted as the basis of discussion or as one of the bases of discussion, you are put in a strong position. This certainly was our experience at the Chicago International Civil Aviation Conference in 1944. At that conference, the United States, for the first three or four days, strenuously resisted every effort to have any other text than the United States draft taken as a basis of discussion in the committee dealing with the structure of the organization and with rules on international air transport. They finally had to give in to the point where they accepted the Canadian draft as a basis along with the United States draft. However, our draft was so much better than theirs that after about one meeting ours became the only basis of discussion with the result that we were able to get a much larger number of our proposals accepted than otherwise would have been possible.

27. Consequently, in addition to preparing the attached draft statement of Canadian views, I have prepared a draft treaty text. This is now being gone over carefully by our Legal Adviser. In its present form it, of course, reflects the views set forth in the attached statement. When, however, Cabinet has approved a statement of Canadian views for the discussions in Washington, I shall revise the draft treaty text to accord with that statement and shall submit it to Mr. Claxton and yourself for approval.

28. I am sending Mr. Pearson by air bag today this memorandum and the attached statement, and am asking him to cable to me whether he has any suggestions for further revision. I hope that we shall have his reply by Friday, November 19th. This does not give us much time, but I could revise the text of the draft statement of Canadian views immediately in accordance with his instructions and then, if you agree, have it circulated to Cabinet for consideration on Monday, November 22.

[ESCOTT REID]

428.

PCO/Vol. 112

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

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

TOP SECRET

Ottawa, November 15, 1948

Dear Mr. Wrong,

NORTH ATLANTIC TREATY

I enclose a memorandum of 15th November to the Prime Minister and the draft of 14th November of the statement of the preliminary views of the Canadian Government on the Washington paper of 9th September. I have sent these to Mr. Pearson today in Paris and I am asking him to cable me whether he has any suggestions for further revision. I hope that I can have a reply from him by Friday this week, 19th November, and that the matter can be considered by Cabinet a week today, Monday, 22nd November.

In order to give you more time, I will of course send you copies of the memoranda at the same time as they are circulated to Cabinet, which would, if the timetable works, be Saturday of this week, 20th November.

As I said to you over the telephone this morning, I am very grateful to you for the suggestions contained in your teletype WA-2912 of 12th November, for revision of my draft paper of 6th November. I went over these suggestions carefully on Saturday and went as far as I felt I could in accepting them. I did the same with the suggestions from Mr. Robertson.

Where I did not accept either yours or Mr. Robertson's completely or in part, it was (subject to omissions as the result of working under pressure) because I did not feel that it was proper for me to make any revision which could be interpreted as a departure from the line which has been taken publicly by Mr. St. Laurent and Mr. Pearson during the past fourteen months.

All best wishes.

Yours sincerely,
ESCOTT REID

429.

DEA/283 (S)

*Note du sous-secrétaire d'État par intérim aux Affaires extérieures
pour le premier ministre*

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

TOP SECRET

[Ottawa], November 16, 1948

NORTH ATLANTIC TREATY

I regret that the two memoranda which I have prepared on this subject are so long, but I thought you would want me to cover all the more important issues involved in the forthcoming discussions.

2. I have sent Mr. Pearson copies of the two memoranda and have asked him to cable me whether he has any suggestions for further revision of the draft statement of Canadian views. I hope that we shall have his reply by Friday, November 19. I could then revise immediately the text of the enclosed draft statement of Canadian views in order to embody his suggestions for revision and then, if you agree, have the draft statement circulated by Mr. Heeney to Cabinet on Friday or Saturday of this week for discussion at a Cabinet meeting early next week.

3. I am reluctant to suggest a special meeting of Cabinet but, if the draft statement is not discussed until the regular weekly meeting on Wednesday, November 24, we may be running things a bit close.

4. I hope to have before you by Friday a draft of a letter from you to Mr. Wrong, supplementing the statement of Canadian views. The statement has been prepared in a form in which it could be circulated to the other governments represented in the Washington discussions and it would, therefore, appear desirable to supplement it by a letter to Mr. Wrong. Mr. Wrong agrees with this.

5. Perhaps the proposed supplementary letter to Mr. Wrong might cover all the points in paragraphs 7 to 23 of the attached memorandum to you of November 15 with which you agree.

E[SCOTT] R[EID]

430.

DEA/283 (S)

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

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

TOP SECRET

[Ottawa], November 16, 1948

NORTH ATLANTIC TREATY

You might wish to make a progress report to Cabinet tomorrow on the North Atlantic security discussions.

2. Pursuant to the decision of Cabinet on October 6, an "oral message" was sent to the other governments participating in the Washington discussions informing them that the Canadian Government was ready to enter into a treaty with them, and with such other countries as might be agreed, on the general lines of the annex to the Washington paper of September 9.

3. At the end of October, our High Commissioners in Australia, New Zealand and South Africa were asked to pass this information on to the Prime Ministers of those countries. The Prime Minister of the United Kingdom has been keeping these Prime Ministers informed in a general way of the progress of the Washington talks.

4. When our High Commissioner in New Zealand delivered the message to the Acting Prime Minister, Mr. Nash, Mr. Nash said that he received the message with the utmost satisfaction — "the best bit of news received in some time and most reassuring." Mr. Nash also expressed the hope that this might lead to further defence arrangements under the United Nations which would bring in other countries with the same outlook as the North Atlantic powers.

5. On October 29, the representatives in Ottawa of the Brussels powers presented identic notes to Mr. Pearson. It was stated in these notes that the Consultative Council of the Foreign Ministers of the Brussels powers had at their meeting in Paris on October 25 and 26 "agreed in principle to negotiate a North Atlantic Pact with Canada and the United States." The notes went on to say that the Consultative Council proposed by November 8 to send "instructions" to their Permanent Commission in London to enable the Permanent Commission to draw up in its turn "directives" for the Western Union ambassadors in Washington.

6. Mr. Wrong has reported that the State Department is in favour of another series of informal and non-committal talks with the ambassadors in Washington before a formal conference is called, and that the State Department hopes that the talks will be resumed as soon as the representatives of the Brussels powers have received their "directives" from the Permanent Commission.

7. We do not yet know the precise date on which the informal talks in Washington will be resumed. Mr. Wrong, however, is fairly certain that it will be not later than the middle of next week.

8. Mr. Wrong has asked for instructions on the line which he should take on the many and difficult questions which will be discussed in the talks. Mr. Wrong, in recommending that the Government be asked to approve a statement of the views of the Canadian Government on the Washington paper of September 9, suggested that this statement should not only serve as his instructions but that it should probably also "be in a form suitable for circulation to the other representatives, either before the talks are resumed or at the time of their resumption." Mr. Pearson has concurred in Mr. Wrong's recommendation.

9. The Department of External Affairs has for some time had under preparation a draft of a statement of the preliminary views of the Canadian Government on the more important issues which will be coming up in the discussions in Washington. A copy of the latest draft was sent on November 15 to Mr. Pearson for his comments and it is expected that a reply will be received from Mr. Pearson before the end of this week.

10. It will then be possible to submit to Cabinet, for its consideration, a draft statement recommended by Mr. Pearson.

[SCOTT] R[EID]

431.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], November 17, 1948

NORTH AMERICAN [SIC] SECURITY; RESUMPTION OF DISCUSSIONS

19. *The Minister of National Defence, as Acting Secretary of State for External Affairs, reported that pursuant to the decision taken at the meeting of October 6th, the other governments participating in the Washington discussions had been informed that the Canadian government were ready to enter into a treaty on the general lines of the Annex to the Washington paper of September 9th. The other Commonwealth countries had also been informed of our attitude.*

The Brussels powers having agreed in principle to negotiation of a North Atlantic pact with Canada and the United States, the U.S. State Department now proposed further informal and non-committal talks with the Ambassadors in Washington before a formal conference were called. It was expected that these talks would begin by the middle of next week.

The Department of External Affairs were preparing a draft statement in detail on the proposed treaty as a basis for instructing the Canadian representative on the more important issues which would now be coming up for discussion.

There would be no opportunity for Cabinet consideration of these draft documents before the talks were resumed. As had been indicated, however, the discussions were to be informal and non-committal at this stage and any conclusions reached would of course be subject to approval by the government. Any instructions given to Mr. Wrong would, in any event, accord with the decision taken by the Cabinet at the meeting of October 6th when approval was given to Canadian participation in the negotiation of a North Atlantic pact along the lines then proposed.

(External Affairs memorandum to the Minister, Nov. 16, 1948).

20. *The Cabinet, after discussion, noted with approval the Minister's report.*

432.

DEA/283 (S)

*Le secrétaire d'État aux Affaires extérieures
à la délégation à l'Assemblée générale des Nations Unies à Paris*

*Secretary of State for External Affairs
to Delegation to the General Assembly of the United Nations*

TELEGRAM 269

Ottawa, November 18, 1948

TOP SECRET AND PERSONAL. IMMEDIATE.

Following for Pearson *only* from Reid, Begins: North Atlantic Treaty. On November 15 I sent you by air bag a personal letter under cover of which I transmitted the latest draft of November 14† of the statement of the preliminary views of the Canadian Government on the Washington paper of September 9 and a covering memorandum in draft form of November 15 for Mr. St. Laurent. This memorandum went forward unchanged to Mr. St. Laurent, with that date, on November 16.

2. I hope you will be receiving my letter and these papers today or tomorrow. The envelope is marked to be delivered to you immediately and I hope very much that you can make arrangements to get away from Assembly work for a couple of hours so that you can go through the papers and send me a telegram containing your suggestions for revision of the statement of Canadian views.

3. My immediately following telegram† gives you the amendments which have been made in the November 14 draft of the statement since it was sent to you. Ends.

433.

DEA/283 (S)

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

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

TELEGRAM WA-2980

Washington, November 19, 1948

TOP SECRET

Following for Reid from Wrong, Begins: Your letter of November 15th.

I have only had time to go hurriedly through your redraft of the comment concerning the North Atlantic Treaty. I note that it keeps growing longer instead of shorter, and I think that it should be cut down sharply. The following are particular suggestions:

Paragraph 3. Omit the annexes¹²⁰ and the last sentence.¹²¹

¹²⁰ Extraits de déclarations de ministres et de représentants canadiens.

These consisted of excerpts from statements by Canadian ministers and officials.

¹²¹ "Canadian policy and action must be determined in the light of the brutal reality that if a third world war should break out, Canada could not be neutral."

Paragraph 4(c). Omit as this argument is for domestic, not European consumption.¹²²

Paragraph 4(d). Omit last phrase¹²³ for the same reason and also the word "constitutional" which is ambiguous.

Paragraph 4(e). New international institutions have lost their appeal. Make this read "It could contain within itself", etc.

Paragraph 4(f). This is in too large language.¹²⁴

*Paragraph 7.*¹²⁵ Omit entirely. It interrupts the argument.

*Paragraph 8(d) and (f).*¹²⁶ These suggestions would greatly complicate the task of negotiation, and I doubt their value in any event.

*Paragraphs 11 to 17.*¹²⁷ The conclusion of an immediately effective interim agreement might well prejudice approval of the treaty by the Senate. I consider it quite superfluous in any case. I find your references to public opinion in paragraphs 16 and 17 unconvincing. Remember that the more complex the agreement the greater the delay in negotiation and ratification. I am all for a simple treaty of perhaps a dozen articles.

*Paragraph 20.*¹²⁸ This is hardly a comment on the Washington paper. I think we cannot face these questions at this stage and that they should be settled by the Council.

Paragraphs 21 and 22. I see no useful role for "a deliberative body". Surely the Council ought to deliberate as well as decide. We have too many international agencies already.

*Paragraph 23.*¹²⁹ Add at end of first sentence "with full obligations".

Paragraph 25. Last sentence.¹³⁰ What more do we want from Iceland than this, and yet you press for a fuller Icelandic obligation? I would omit this.

¹²² "It could be a recognition of the fact that the best place to defend Canada is as far away from Canada as possible."

¹²³ Se rapporte à l'«arrogation of power» par les alliés principaux durant la seconde guerre mondiale. This was a reference to the 'arrogation of power' by the principal allies in the Second World War.

¹²⁴ Se rapporte à un «commonwealth» de nations de l'Atlantique-Nord. Reference to a 'commonwealth' of North Atlantic nations.

¹²⁵ Long extrait d'un discours de Saint-Laurent le 11 novembre.

Long excerpt from speech by St. Laurent on 11 November.

¹²⁶ Se rapporte à des modifications à la Charte des Nations Unies.

Reference to changes in United Nations Charter.

¹²⁷ Se rapporte à l'accord des arrangements intérimaires.

Reference to Interim Arrangements Agreements.

¹²⁸ Se rapporte à une «chain of authority» éventuelle.

Reference to possible 'chain of authority'.

¹²⁹ Se rapporte à la participation de pays plus petits.

Reference to participation of smaller countries.

¹³⁰ Se rapporte à la protection des installations de défense islandaises si l'Islande accepte de les rendre disponibles en temps de paix et de guerre.

Reference to defence of Icelandic defence facilities if Iceland agrees to make them available in peace and war.

*Paragraphs 26 to 28.*¹³¹ You know already that I do not agree with your suggestions about Portugal.

Paragraph 29. Omit third sentence and first part of fourth.¹³² I find it much more logical to include Italy than the other countries named.

*Paragraph 30.*¹³³ Omit or modify drastically.

I would omit paragraphs 37 to 40. I believe the economic and cultural agencies established under a North Atlantic pact would create confusion and get in the way of effective work by existing agencies. Furthermore, these paragraphs, and especially paragraph 38, sound like preaching to the Brussels Powers. This paragraph contains an implied promise of further Canadian aid.

*Paragraphs 41 and 42.*¹³⁴ This introduces an unnecessary complication. I suggest omission.

*Section 13.*¹³⁵ These suggestions would give rise to endless argument, and, if adopted, might well prevent United States ratification. Omit the whole section.

*Section 14.*¹³⁶ For reasons already stated by Robertson and myself I regard these proposals as superfluous and impracticable. I should strongly dislike having to defend some of them.

*Section 15.*¹³⁷ This might go in a separate message to me as it is not an integral part of a comment on the Washington paper.

2. I am most anxious at this stage that we should stick to the central purpose in these negotiations, which is, put bluntly, the creation of a military alliance encircling the North Atlantic. The numerous omissions which I suggest are designed to avoid confusion of the issue and to facilitate rapid negotiation. If we pushed hard for all the proposals in your draft, we would secure no support at all in many cases, and the greater the support we got for some of them the more protracted would the negotiation be. If we put forward a project like your draft treaty and it was seriously considered, the negotiation would last at least until midsummer. Ends.

¹³¹ Se rapporte au «special arrangement» avec le Portugal, qui n'était pas membre, en échange de l'usage des installations de défense dans les Açores.

Reference to 'special arrangement' with non-member Portugal in exchange for use of defence facilities in Azores.

¹³² Se rapporte au fait que l'Italie n'est pas un pays de l'Atlantique-Nord et que d'autres pays (la Grèce, la Turquie, le Mexique, le Brésil) pourraient revendiquer le même droit d'appartenance.

References to fact Italy is not a North Atlantic country and that others (Greece, Turkey, Mexico, Brazil) might have similar claim to join.

¹³³ Compare le traitement de l'Italie (pour des raisons géographiques) à celui du Portugal (pour des raisons idéologiques).

Compares treatment of Italy (for geographic reasons) to that of Portugal (for ideological ones).

¹³⁴ Se rapporte au règlement de différents à l'amiable.

References to peaceful settlement of disputes.

¹³⁵ Se rapporte à la procédure pour la modification du traité.

References to procedure for amendment of treaty.

¹³⁶ Se rapporte au langage employé dans le traité.

References to language employed in treaty.

¹³⁷ Se rapporte à la procédure ultérieure.

References to future procedure.

434.

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*La délégation à l'Assemblée générale des Nations Unies à Paris
au secrétaire d'État aux Affaires extérieures*

*Delegation to General Assembly of United Nations in Paris
to Secretary of State for External Affairs*

TELEGRAM 436

Paris, November 20, 1948

TOP SECRET

Following for Reid, Begins: Your telegram No. 269, North Atlantic Treaty:

I received your personal letter with enclosures yesterday and will be sending you my observations by telegram over the week-end. I doubt if I can get them to you before tomorrow evening, but I do not think that the urgency is as great as you indicate because my talks with Jebb here point to the fact that it would be extremely difficult for the talks to be resumed in Washington for another ten days or so. Brussels Powers are still concerting their views on the earlier memorandum and will need, I am sure, more meetings for that purpose. However, they seem to be making satisfactory progress in this regard and Jebb tells me that some of the earlier ideas that the French put forward and which were quite impractical and unwise have been modified. I agree, however, that it is important to get our own views to Washington as quickly as possible and I will do my best to get my final observations on the subject to you by tomorrow. Ends.

435.

DEA/283 (S)

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

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

TOP SECRET

Ottawa, November 20, 1948

NORTH ATLANTIC TREATY

The following are my comments upon the draft "Statement of the Preliminary Views of the Canadian Government" sent me with your memorandum of November 15† and my own views on the procedure for consideration of this question by the government.

1. The Draft Statement of Preliminary Views is an able document. It is, however, my, perhaps unreasonable, opinion that it is too complete at this stage and that it would be preferable to leave out much of the detail at least until the Washington discussions have got under way again.

2. There is absolutely no chance of the Cabinet deciding next week, even tentatively, upon more than the most important general principles of the kind of treaty they would be prepared to recommend to Parliament. The Cabinet have already gone some distance in accepting for purposes of further discussion the Washington

document of September 9th. I think they should not be asked to go much further until we have some idea of what the other governments are likely to do.

3. It is felt, I know, that it would be helpful tactically if Wrong could be given, before the talks resume, the kind of detailed guidance which would enable him to circulate early in the talks a Canadian draft. I simply do not believe that authority for this can be obtained, and I am not sure that it should.

4. It may turn out that we shall be substantial contributors to the North Atlantic pool because of our position and resources, but we should not take too leading a part in the negotiations until we have more definite indications of what our treaty obligations are to be in men, money and materials. There is, in my view, real danger that we may be open to the charge of speaking loudly but carrying a pretty small twig.

5. My comments on the detailed proposals follow:

Para. 4(c).¹³⁸ Might well be omitted. This surely is for domestic consumption.

Para. 4(d).¹³⁹ Reference to command organization in the last war should be omitted. It was pretty successful and inclusion of this reference might merely annoy.

Para. 4(e).¹⁴⁰ "Within the framework of the United Nations" might well be added here.

Para. 4(f).¹⁴¹ This is rather high flying and might be left to speeches. Anyway, the term "commonwealth" should be avoided.

Para. 5(b). As I shall indicate below, I am still doubtful whether the whole paraphernalia of organs and agencies should be blueprinted at the outset.¹⁴²

Para. 8(f).¹⁴³ This is probably a good idea but other members of the United Nations might have grounds for objecting to any formal ganging up to obtain amendments of the charter.

Section V.¹⁴⁴ As I have indicated, I am worried about blueprinting the agencies at this stage. Would it not be better to wait and provide for them as the need is established? I have become allergic to functional charts and Section V clearly calls

¹³⁸ Voir le document 433, note 122./See Document 433n.122.

¹³⁹ Voir le document 433, note 123./See Document 433n.123.

¹⁴⁰ Se rapporte à :/A reference to:
"a new international institution".

¹⁴¹ Voir le document 433, note 124./See Document 433n.124.

Note marginale :/Marginal note:

See L.B. Pearson] [E. Reid]

¹⁴² Note marginale :/Marginal note:
No. [E. Reid]

¹⁴³ Se rapporte à une tentative de réformer la Charte des Nations Unies selon le modèle du Traité de L'Atlantique Nord, qui deviendrait caduc si les Nations Unies apportaient des réformes.

A reference to attempt to reform UN Charter along lines of North Atlantic Treaty, which would lapse if UN reformed.

Note marginale :/Marginal note:

No. [E. Reid]

¹⁴⁴ Se rapporte à :/A reference to:

"Agencies to be established under the treaty".

for one to be inserted. No doubt the Council should be established at the outset, but couldn't the rest come later?

The Interim Arrangements Agreement seems to me a good idea.

Para. 20.¹⁴⁵ Here you may be in real difficulty. "Certain" contracting states raises all the difficulties encountered during the last war in the dealings of the rest of us with the Combined Chiefs of Staff.

Para. 21. I am frankly apprehensive about the proposed "deliberative body". Logically, I agree it completes the picture but I can imagine what frustrations and delays would attend its deliberations. I certainly wouldn't be inclined to put this forward at the outset.¹⁴⁶

Section VII.¹⁴⁷ What about Western Germany? To include her in the "safety-zone" will be almost as difficult as to leave her out.

Para. 35. We are still some way yet from having a government in Canada ready to recommend to Parliament a pledge unlimited by constitutional safeguards.¹⁴⁸

Section IX. Canada's capacity to contribute further economic assistance depends in large part upon conditions beyond her control, principally the maintenance of a satisfactory balance of payments position. On this aspect of the treaty obligations we would have to keep our economic vulnerability in mind.¹⁴⁹

Section XIV.¹⁵⁰ Admirable but perhaps unnecessary.

Para. 56.¹⁵¹ I doubt the feasibility of this timetable.

6. I have sent you my suggested revisions for your summary of the draft statement. As shortened and revised, this summary might be distributed at next week's Cabinet meeting. If approved, this should provide quite sufficient authority for Wrong at least at the beginning of the discussions. The longer draft as finally revised and in the light of Mr. Pearson's comments might then go to Wrong as merely a working paper.

7. These comments are, I am afraid, almost wholly negative. Not that I am unenthusiastic about the "crusade", — quite the contrary. But I am far from being convinced that the Canadian people have as yet by any means such a clear and

¹⁴⁵ Voir le document 433, note 128./See Document 433n.128.

¹⁴⁶ Note marginale :/Marginal note:
OK [E. Reid]

¹⁴⁷ Se rapporte à :/A reference to:
"Area to be covered by the provisions for mutual assistance."

¹⁴⁸ Se rapporte à la nature de l'engagement.
Reference to nature of pledge.
Note marginale :/Marginal note:
"The limitation is "in their power." [E. Reid]

¹⁴⁹ Note marginale :/Marginal note:
Met by L.B. P[earson] amendment. [E. Reid]

¹⁵⁰ Se rapporte au langage du traité.
Reference to language of treaty.

¹⁵¹ Se rapporte à la signature du traité
Reference to signature of treaty
"not later than January 15, 1949."

specific opinion upon the objectives of the treaty as is indicated in paragraph 10 of the draft memorandum of November 15th to the Prime Minister.¹⁵²

A.D.P. HEENEY]

436.

PCO/Vol. 112

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

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

TOP SECRET

[Ottawa], November 20, 1948

NORTH ATLANTIC TREATY

It seems clear that the document which we have hitherto entitled "Statement of the Preliminary Views of the Canadian Government" should be given the simple title of "Commentary on the Washington Paper of September 9, 1948" and that all references to suggestions or proposals "by the Canadian Government" should be deleted. Where, for example, there is a passage which reads "*the Canadian Government suggests that the preamble might include*", the underlined words would be deleted.

2. I have made these changes in the commentary.
3. I am awaiting Mr. Pearson's telegram from Paris giving his decision on the commentary. As soon as I have received his revisions, I shall have them made in the commentary and shall have a clean copy of the commentary sent to you.
4. It would seem desirable that a paper be prepared for possible circulation to the members of Cabinet which would summarize the commentary. I have prepared such a memorandum which is entitled "Instructions to the Canadian Representative". This may not be perhaps the best possible title and I would welcome your suggestions for revision.¹⁵³
5. I am finding it very difficult to reach a meeting of minds with Mr. Wrong, who will, of course, be our representative in the Washington discussions. I have therefore this morning dictated a first draft of a teletype to him¹⁵⁴ in reply to a teletype from him which I received yesterday. I enclose these two documents.
6. I would be most grateful for your suggestions for revision of the enclosed draft instructions of November 19,† as well as your suggestions for revision of my draft teletype to Mr. Wrong.

¹⁵² Voir le document 427/See Document 427.

¹⁵³ Note marginale /Marginal note:

"Memorandum for guidance of . . ." [A.D.P. Heenev]

¹⁵⁴ Voir le document suivant/See immediately following document.

7. I am sorry to press you on this but I would be extremely grateful if you could have your suggestions in Mr. Crean's hands by noon on Monday, November 22, if at all possible. He will then bring them together and submit revised drafts to me.

E[SCOTT] R[REID]

437.

DEA/283 (S)

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

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

DRAFT TELEGRAM (NOT SENT)¹⁵⁵

Ottawa, November 20, 1948

TOP SECRET AND PERSONAL.

Following for Wrong *only* from Reid, Begins: North Atlantic Treaty. Your WA-2980 of November 19.

I am sorry that you had time only to go hurriedly through my redraft of November 14† of the Commentary on the Washington paper of September 9. What I had very much hoped I might receive from you was a precise statement contending that certain specific proposals which you had made previously and which I had not incorporated in the November 14 draft were consistent with the policy of the Canadian Government as declared in numerous public statements by the Prime Minister, the Secretary of State for External Affairs and the Minister of National Defence. You will recall that in my letter to you of November 15 I said, with reference to your proposals, that "Where I did not accept either yours or Mr. Robertson's completely or in part, it was (subject to omissions as the result of working under pressure) because I did not feel that it was proper for me to make any revision which could be interpreted as a departure from the line which has been taken publicly by Mr. St. Laurent and Mr. Pearson during the past fourteen months." I had hoped that I had made it clear in that letter that what I had been trying to do is not to make proposals for the kind of treaty which I want, but to make proposals for the kind of treaty which the Canadian Government wants. My own view as to the kind of treaty which I would like to see drawn up as soon as possible is set forth in my draft treaty of a year ago.

2. In the last paragraph of your teletype No. 2980 you state that "you are most anxious at this stage that we should stick to the central purpose in these negotiations, which is, the creation of a military alliance encircling the North Atlantic." I agree with you that the numerous omissions which you suggest are designed to accomplish this purpose.

3. However, my reading of the statements made publicly by the Canadian Government leads me inevitably to the conclusion that the Canadian Government

¹⁵⁵ Notes marginales :Marginal notes:

Draft only — not sent to Mr. Wrong.

Copy of draft sent to Mr. Pearson under No. 280 of Nov. 20/48

would not be satisfied with the mere creation, as a result of the Washington discussions, of "a military alliance". Mr. St. Laurent has, during the past six months or so, stated repeatedly, both on public platform and in the House of Commons, that a military alliance is not enough, that the treaty must have a positive content and that it must be the basis for a mobilization not only of military strength but of economic and moral strength. The same point has repeatedly been made by Mr. Pearson.

4. It would seem to me, therefore, that unless you would desire, at this late date, to ask me to put before the Prime Minister a message from you setting forth your reasons why you think his policy is mistaken, and ask him to reconsider the basis of his policy, there is no alternative but for us to use our best efforts in discussions in Washington and through normal diplomatic channels to secure the kind of treaty which Mr. St. Laurent has declared that he wants.

5. In an effort to outline certain provisions which might be included in the treaty which would carry out Mr. St. Laurent's declared purposes, I included, in the Departmental draft of November 14, Section 9 on economic and social cooperation and Section 10 on the peaceful settlement of disputes.

6. A number of the passages in the Departmental memorandum of November 14 to which you take exception have been inserted at the express request either of the Secretary of State for External Affairs or the Acting Secretary.

7. The last sentence of paragraph 3 and paragraph 4(c) were inserted by Mr. Claxton.

8. I had previously transmitted to Mr. Pearson your arguments, which you repeat in your teletype No. 2980 in your comments on paragraphs 23, 25 and 29, and Mr. Pearson has, after careful consideration, maintained his line on these questions. It would seem to me therefore that no useful purpose would be served by continuing to press him on these points. In a telegram to me from Paris of November 13,¹⁵⁶ he said, with respect to any suggestion that there might be some sort of associate or second class membership, "Uniformity of obligation is what is required and this should be our objective." In discussions with me before he left for Europe, Mr. Pearson emphasized this point very strongly and he instructed me to remove any suggestion from any paper we might prepare that there could or should be any sort of second-class or associate membership in the North Atlantic organization.

9. Similarly, Mr. Pearson has considered, on numerous occasions during the past six or eight months the question of whether Italy should be invited to become a member of the North Atlantic organization, and he has always rejected this proposal. The language in paragraph 29 of the Departmental draft of November 14, to which you take exception, was put in at Mr. Pearson's request. Here again, I cannot think that any useful purpose would be served by raising this issue again with Mr. Pearson.

10. The language in the last sentence of paragraph 53 of the draft of November 14 is also little more than a paraphrase of a recommendation made by Mr. Pearson from Paris a week ago.

¹⁵⁶ Document 422.

11: An effort was made in drafting Section 9 on economic and social cooperation, and the corresponding section in the draft treaty, to ensure that the treaty would not repeat not require the North Atlantic organization to set up special economic and cultural agencies. However, in the interests of flexibility, it would seem to us that the door should be left open for the creation of such special agencies if, at any time during the life of the treaty, they should be considered by the contracting states to be desirable.

12. Canadian newspapermen like George Ferguson have recently, in talking to me, urged how essential it is that the document signed at the end of the conference on the North Atlantic treaty should make reference to, and if possible establish immediately, organs similar to those already established by the Western Union powers. They contend that, unless this is done, an important section of Canadian opinion may feel that the Canadian Government has failed in what Mr. St. Laurent has called its "crusade". It was to meet this kind of apprehension that we have suggested the conclusion of an Interim Arrangements Agreement. Ends.

DEA/283 (S)

438.

*La délégation à l'Assemblée générale des Nations Unies à Paris
au secrétaire d'État aux Affaires extérieures*

*Delegation to General Assembly of United Nations in Paris
to Secretary of State for External Affairs*

Paris, November 21, 1948

TELEGRAM 441

TOP SECRET. MOST IMMEDIATE

Following for Reid from Pearson, Begins: Your telegram No. 269 and letter of November 15th, North Atlantic Treaty.

Following are my observations on draft statement of Government's views and draft memorandum to Mr. St. Laurent:

1. *Government Statement*

I think that on the whole this is an impressive document and the sooner it gets to Washington the better. I would like to suggest, however, certain changes as follows:

Paragraph 3: Last sentence should be omitted as inappropriate for submission to other Governments though suitable for purely Canadian consumption.¹⁵⁷

Paragraph 4: First sentence should end with words "existing international situation".¹⁵⁸

Sub-paragraph (a). For "Soviet Union" read "any aggressor".

¹⁵⁷ Voir le document 433, note 121./See Document 433n.121.

¹⁵⁸ Cette modification éliminerait la locution :

This amendment would delete the phrase:

"and go far to meet the publicly stated objectives of Canadian foreign policy."

Omit sub-paragraphs (b) and (c)¹⁵⁹ for same reasons as stated above re paragraph 3.

End sub-paragraph (d) at "organs and agents".¹⁶⁰

In sub-paragraph (f) for "Commonwealth" read "group" and for "alliance" substitute "collective security system". Omit words "in the course of this generation" and insert word "closer" before "unity".¹⁶¹

Paragraph 7: Take Mr. St. Laurent's speech out of text and attach it as Annex A to the statement, with consequential changes to this paragraph.¹⁶²

Paragraph 8: I feel that there is a possibility of sub-paragraph (d)¹⁶³ being misunderstood but will leave its inclusion to your and Claxton's judgment.

I like the idea of the interim arrangements agreement but on further consideration think that paragraphs 21 and 22 should be omitted altogether. I think to include them at this time might provoke unnecessary controversy and discussion though some development of this sort may ultimately be desirable.

Paragraph 25: For "drive the hardest possible bargain" read "consider very carefully".¹⁶⁴

I doubt whether the suggestion in the last sentence of this paragraph is really a very good one or would make much appeal to doubtful States. It seems to me that it implies a distinction without really a difference between membership and partial membership. The defence of facilities in another country would certainly involve that country in war between the Atlantic Organization and an aggressor.

After giving further consideration to the question of Portugal, I now feel that last sentence of paragraph 27 and paragraph 28 should be replaced by a short paragraph along the following lines:

"There will be a difficulty in reconciling the above principles with the membership of Portugal. Only the most important strategic considerations can therefore justify Portugal's inclusion."

As far as Italy is concerned, the French are now strongly of the view that Italy should be included, but I think none the less paragraph 29 should remain as it is,

¹⁵⁹ Au sujet de (c), voir le document 433, note 122. L'alinéa (6) se rapporte au besoin du Canada de l'aide des alliés de l'Europe occidentale, pour sa défense.

On (c), see Document 433n.122. Sub-paragraph (6) refers to Canadian need for assistance of Western European allies to defend itself.

¹⁶⁰ Supprime la locution à laquelle Wrong s'objectait dans le document 433, note 123.

This eliminates phrase to which Wrong objected in Document 433n.123.

¹⁶¹ Voir le document 433, note 124/See Document 433n.124.

¹⁶² Voir le document 433, note 125/See Document 433n.125.

¹⁶³ Se réfère au rapport entre l'incapacité des autres à respecter leurs obligations sous la Charte de l'ONU, et le dégagement de leurs propres obligations sous la Charte de l'ONU, par les membres du Traité de l'Atlantique Nord.

Reference to relationship between failure by others to honour obligations under UN Charter and release of members of North Atlantic Treaty from their own obligations under UN Charter.

¹⁶⁴ Se rapporte aux négociations avec les pays scandinaves, l'Islande et l'Irlande.

Reference to negotiations with Scandinavian countries, Iceland and Ireland.

though paragraph 30 would now have to be changed.¹⁶⁵ As Italy may be anxious to join and for other reasons, the arguments against this kind of partial association which seem to me to be valid in the case of Ireland and Sweden do not apply in the same degree to her.

Paragraph 37: The last sentence should, I think, be omitted as more suitable for a Canadian than a Western European audience.¹⁶⁶

Paragraph 38.¹⁶⁷ For "will be required" substitute "may be required".

Paragraph 40: Omit "great" before "importance".¹⁶⁸

2. So far as your telegram No. 270 is concerned, I agree with the amendments therein except that in paragraph 7.

3. There remains the memorandum for Mr. St. Laurent:

Paragraph 2: Last line to read "be soon".

Paragraph 3: For "about a week's time" read "shortly".

I am not much impressed by the arguments of paragraph 8 or 9 but do not, of course, object to their inclusion in a memorandum from you or Mr. Claxton to the Prime Minister.

Paragraph 12: For "a good deal more to Canadian than" substitute "as much to Canadian as".

I think paragraph 13 should be omitted.

Paragraphs 19 to 23 should be altered in line with my suggestions for amending the statement, though I have no objection, of course, to some reference to the fact that consideration may have to be given later to the establishment of a deliberative body.

Paragraph 24 will have to be altered also in view of the amendments to the statement. It would be appropriate, however, to call Mr. St. Laurent's attention to the arguments for and against admission of Portugal and to the general question of associate membership. In other words, I do not mind putting forward certain arguments and counter-arguments in a memo to the Prime Minister which would not, in my opinion, be suitable for inclusion in a statement to other governments.

4. May I end by sending you and the others concerned with this work my very sincere congratulations on such a quick and effective job. Ends.

¹⁶⁵ Le paragraphe 29 s'oppose à l'adhésion italienne puisque l'Italie n'est pas un pays de l'Atlantique Nord, alors que le paragraphe 30 suggère un arrangement comparable à celui proposé pour le Portugal.

Paragraph 29 opposed Italian membership as Italy is not a North Atlantic country, while paragraph 30 suggested an arrangement comparable to that proposed with Portugal.

¹⁶⁶ Le paragraphe 37 souligne l'importance de la reconstruction européenne pour la prospérité et la sécurité canadienne.

Paragraph 37 emphasized the importance of European reconstruction for Canadian prosperity and security.

¹⁶⁷ Le paragraphe 38 se réfère à la continuation de l'aide économique nord-américaine à l'Europe occidentale.

Paragraph 38 refers to continuing North American economic assistance to Western Europe.

¹⁶⁸ Cette modification assouplit l'insistance à certaines clauses économiques du traité.

The amendment softens the insistence on economic clauses in the treaty.

439.

DEA/283 (S)

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

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

TOP SECRET

Ottawa, November 22, 1948

RE NORTH ATLANTIC TREATY

With reference to your memorandum of November 20th:

Your paragraphs 1 and 2 — I agree.

Your paragraph 3 — noted.

Your paragraph 4 — I would suggest "Memorandum for the guidance of the Canadian representative." My suggestions for further revision are indicated in pencil on your draft returned herewith.

Your paragraphs 5 and 6 — My memorandum to you of November 20th contains my comments on the draft "commentary" and my reactions to many of Wrong's suggestions for deletion and amendment can be surmised therefrom.

It seems to me that before the commentary can be put in final or even "some final" shape, we should be clear what use is to be made of it. If it is still regarded as a document for circulation to the representatives of other nations, I agree with a good deal (but not by any means all) of what Wrong said in his teletype WA-2980 of November 19th. If, however, the commentary is intended primarily for the further guidance of Wrong as our representative, a good deal more detail can be left in it.

For reasons which I indicated in my memorandum to you of November 20th, I do not believe that, in the time available, it is practicable or indeed desirable to try to obtain decisions by Cabinet upon all of the points discussed in the commentary. For that reason, I think we should consider the document as a detailed expression of departmental views for Wrong's guidance. As such, of course, it would have to be consistent with principles approved by Ministers. After Wednesday's Cabinet meeting, you should be in a position to make it such, for it is the Minister's intention at that meeting to submit the briefer document referred to above as the "Memorandum for guidance of the Canadian representative."

I would be inclined, therefore, to defer further revision of the commentary until after Wednesday's Cabinet meeting. You will then be in a position to know what revisions will accord with the Ministers' views. For the same reason I would defer answering Wrong's teletype.

Your paragraph 7 — This memorandum is being sent to you through Crean.

A.D.P. H[EENEY]

440.

DEA/283 (S)

*La délégation à l'Assemblée générale des Nations Unies à Paris
au secrétaire d'État aux Affaires extérieures*

*Delegation to General Assembly of United Nations in Paris
to Secretary of State for External Affairs*

TELEGRAM 463

Paris, November 23, 1948

TOP SECRET

Your telegram No. 280 North Atlantic Treaty:¹⁶⁹ I have now been able to give more careful consideration to draft statement, particularly in light of Wrong's comments. Naturally full consideration must be given to these comments on points which, in his opinion, are likely to prolong and confuse initial negotiations and to prove unacceptable to the United States. I have consequently re-examined the draft carefully. Many changes suggested by Wrong have been already recommended in my earlier telegrams and the elimination of paragraphs 2, 3 and 4 has already been reported by you. In regard to Wrong's further suggestions which have not already been dealt with, my views are as follows:

I have no strong views about 8 (f). It might be retained and we can tell Wrong in supplementary instructions that this is not a matter to be pressed strongly if objection develops.

Section 5: Though still appreciating the ingenuity of the idea of an interim arrangements agreement, I am impressed by Wrong's argument that such an agreement might cause delay in negotiation of Treaty and prejudice and delay its approval by United States Senate. The nomination of specific persons at the Governmental Conference for specific jobs would certainly cause long discussion and possibly much controversy. Furthermore, if countries acceded to Treaty later, it would be more difficult to establish their relationship to agencies, the personnel of which had already been appointed. I suggest therefore, that paragraphs 11 to 17 be excluded and the following sentence be added to paragraph 10:

The Atlantic Treaty, therefore, should contain a reference to the desirability of the earliest possible establishment through the Consultative Council of the necessary agencies. This will underline the intention of the member States effectively and speedily to implement the Treaty and to get down to business without delay.

I would retain paragraphs 18 and 19 but omit paragraphs 20, 21 and 22. You already have my views on the Portugal paragraphs.

Paragraph 29 on Italy should, I think, stand, though as previously stated, paragraph 30 will now have to be amended.

Paragraphs 37 to 38 might be omitted but 39 and 40 should stand.

Section 10 should, I think, stand, but Section 13 might be taken out of the statement as arousing unnecessary American suspicions. In supplementary instructions,

¹⁶⁹ Voir le document 437, note 155/See Document 437.n.155.

however, Mr. Wrong might be told to bring the points up on an appropriate occasion.

Section 14 might stand, but our preference in 54 (a) might be omitted at this stage.

Mr. Wrong's suggestion that Section 15 might come as a separate message to him seems sensible.

Please revise draft statement accordingly. This will, of course, also require consequential changes in memorandum to Mr. St. Laurent. Message ends.

441.

H.H.W./Vol. 5

*Note de l'ambassadeur aux États-Unis**Memorandum by Ambassador in United States*

TOP SECRET

Washington, November 23, 1948

Mr. Claxton telephoned me this morning about the negotiations for the North Atlantic Pact. He said that they had just heard from London that it was unlikely that the Brussels Powers would be ready to resume discussions in Washington for another fortnight. He was worried about the line that we should take, and I agreed with him that this delay made it unnecessary for us to clear our comments on the project with the Cabinet before next week.

He had been studying a new draft comment prepared by Mr. Reid dated November 22nd,† which I have not yet seen, and had read some of the comments on the earlier drafts, in particular Mr. Robertson's caustic telegram No. 1908 of November 11th. He apparently had not seen my more detailed comments, and he wanted to consult me at this stage as to the general line which I thought should be taken.

On this point I went over with him what I regard as the essentials, and proposed that we omit suggestions, at this stage in any case, for an interim arrangement agreement, a self-contained procedure of amendment in the treaty and other additions which were not essential to the central object of securing a military alliance. I also argued my view that the aim, particularly with several of the smaller countries, ought to be effective association and not uniformity of obligation. I made it clear that we would have to associate Italy in some way unless the U.S. Government completely reversed the position it has consistently taken.

He asked me whether we need put in any comment at all. I said that I thought that we should, but that it should be brief, not more than seven to ten pages, and confined principally to the essential points which we knew were still debatable. He then requested my view on the role which we should seek to play in the further negotiations. I told him that I was pretty certain that in fact the problem would be to reconcile the views of the Brussels Powers and the U.S., and that we could not secure and should not aim at securing detailed consideration of an extensive Canadian draft. We might be able to do a good deal to compromise differences, but it would only complicate and prolong the negotiations if we took the initiative in pressing for the inclusion of new matter not necessary for the conclusion of the alliance. I emphasized in particular that a detailed discussion now of the agencies to

be set up under the pact would open up all the very difficult questions about their composition and representation on them. While these matters would have to be faced, it seemed to me better to set up a council of the parties and leave it to them to work out the procedure and powers of various other agencies.

He said that he, on the whole, agreed with my views. I then told him that the last of Mr. Reid's drafts that I had seen contained what seemed to me to be a good Canadian comment on the paper if it was cut down in the manner which I had indicated in my message to Mr. Reid of November 19th.

He had not seen Mr. Reid's draft treaty.

H[H] W[WRONG]

442.

DEA/283 (S)

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

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

TOP SECRET

[Ottawa, November 23, 1948]

NORTH ATLANTIC TREATY

You may wish to make a progress report to Cabinet at tomorrow's meeting on the subject of the North Atlantic Treaty.¹⁷⁰

2. When you reported on this subject to Cabinet last week, we were under the impression that the second phase of informal and non-committal discussions in Washington at the ambassadorial level would have been resumed by now. This estimate of the timetable was based on information given us by the State Department.

3. However, it now appears likely that the talks will not be resumed for another week or two. The reason for the delay appears to be that the Permanent Commission of the Brussels Powers, at its meetings last week in London, reached agreement on a draft commentary on the Washington paper of September 9. They may also have reached agreement on the actual text of a draft treaty. The documents on which they have agreed have now been referred by them to their respective governments for approval and comment. The Western Union Permanent Commission will meet again on Thursday, the 25th, to receive these comments.

4. On the assumption that, at the meeting of the Permanent Commission this week, substantial agreement can be reached, the United Kingdom is hopeful that they will have their comments ready for communication to Ottawa and Washington before the end of this month.

¹⁷⁰ Le Cabinet a simplement noté le rapport du secrétaire d'État par intérim aux Affaires extérieures à sa réunion du 24 novembre.

The Cabinet simply noted the report by the Acting Secretary of State for External Affairs at its meeting of 24 November.

5. Papers are being prepared in the Department for the guidance of the Canadian representative in the discussions in Washington when they are resumed. One paper is a commentary on the Washington paper of September 9. This commentary has been prepared in a form in which it could appropriately be circulated to the other participating countries. Mr. Pearson has approved of the text of this commentary.

6. Another much shorter paper¹⁷¹ has been prepared which summarizes the longer paper and contains some material which could not appropriately be included in the longer paper.¹⁷²

7. It may be found necessary to supplement these two rather formal papers with an informal letter to Mr. Wrong, giving him some of the reasons for the proposals and suggestions made in the other two papers.

8. None of the papers prepared at the present time involve commitments by the Canadian Government. Such commitments are unnecessary at this stage, since the next phase of the discussions are to remain informal and non-committal.

9. It is still impossible to forecast with any degree of precision the length of time which is likely to elapse between the beginning of the second phase of the informal discussions and the final signature of the treaty. One officer in the State Department has hazarded the guess that the period may be as long as three months.

[ESCOTT REID]

443.

DEA/283 (S)

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

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

TELEGRAM WA-3024

Washington, November 24, 1948

TOP SECRET

Following for Reid only from Wrong, Begins: North Atlantic Treaty. I have questioned Achilles about Callender's Paris despatch on page 8 of today's *New York Times* reporting that the Brussels Treaty Powers are ready to resume negotiations here immediately. He said that the despatch seemed to contain many inaccuracies. Bérard, the Minister at the French Embassy, had called at the State Department yesterday to say that he had heard from Paris that instructions might arrive by the

¹⁷¹ Voir le document 450/See Document 450.

¹⁷² Notre copie du document porte l'annotation suivante :

The following was written on this copy of the document:

I attach a copy of the November 23 draft of this. You will recall that I reported to you this morning that Mr. Pearson recommends that no documents should go before Cabinet tomorrow.

E. R[eid]

end of the week unless it was found necessary for the Brussels Permanent Commission to consider comments from the Governments on the paper drafted by the Commission.

2. Mr. Claxton told me on the telephone yesterday that Robertson had reported that Jebb was of the opinion that instructions would not reach Washington for at least a fortnight. Would you please repeat Robertson's telegram to me?

3. Achilles mentioned that the French have twice in the last fortnight denied the reports in the press that a complete Draft Treaty has been prepared in Paris for presentation at the next stage of the talks. The latest denial was made by Bérard yesterday. He thinks that we should not get into a discussion of drafts until we have got further on the scope of the Treaty, the methods of approach to other North Atlantic countries, the circumstances giving rise to the *casus foederis*, and other debatable issues.

4. I asked him what he thought of an interim arrangements agreement on the general lines of your proposal. He said immediately that they "could not look at" any agreement coming into effect on signature as it would seriously prejudice the consideration of the Treaty itself in the Senate later. He takes the view that the Article in the Treaty covering the establishment of agencies should be on the lines of the Brussels Treaty — i.e. a Council should be set up, probably able to function continuously, which would have authority to establish other necessary agencies. I have expressed before my concern lest an attempt to spell out the agencies to be established in the Treaty would lead to protracted discussion and dispute over composition, terms of reference, location and so on. I much prefer to get the Treaty first and then debate these matters in a Council, on which we would, of course, be effectively represented.

5. Achilles mentioned that he now attached greater importance to the inclusion of economic provisions on the lines proposed in the annex to the paper of September 9th. He said that the State Department would not accept any obligation to establish economic or cultural agencies under the North Atlantic Treaty because of the confusion which this would create with other international agencies in this field. They would want, however, some general blessing to be given in the Treaty for bilateral, trilateral or multilateral collaboration between the members.

6. I regret that my message to you No. WA-2980 of November 19th was so abruptly worded. It was dictated in a great hurry just before leaving to catch a train, and I had no time to include elaborate explanations. I think that if you had been present at the discussions of last summer it would be easier to understand the reasons which have led me to reject a number of your proposals as impracticable at this time.

7. I have not commented on your memorandum to Mr. St. Laurent of November 15th, and will not now do so in detail since it has already been presented. I have doubts on some points which you make in it. These include the estimate of the strength of our position given in paragraphs 7 to 13. The purpose of the negotiation is to tie up the United States with the defence of Western Europe, and no one but ourselves will be much impressed by Canadian electoral considerations. The issues affecting the appointment of a Supreme Commander (paragraph 14) are in my

judgment best left for discussion after the Treaty is concluded, provided that it gives us an adequate forum; I think that we are more likely to get our position recognized if we do it this way. I doubt that the Brussels Treaty agencies will be wholly superseded by the North Atlantic agencies (paragraphs 15 and 16) because that would be a replacement of Western Union by North Atlantic Union, which is certainly not in the mind of the State Department. The Brussels agencies should, however, become secondary to North Atlantic agencies. As you know, I am quite unconvinced about the utility or the feasibility of a deliberative body (paragraphs 19 to 23). In this section also your aim seems to be wholly to merge the Western Union movement in a North Atlantic Union, and this will not go down here. Finally, I believe that there is no chance at all of getting serious consideration for as elaborate a proposal as your Draft Treaty. I think it unnecessary to present a Canadian draft at this stage, and I am sure that what both the United States and the Brussels Powers are aiming at is a short Treaty corresponding to the annex to the September paper. Ends.

444.

DEA/283 (S)

*Le secrétaire d'État aux Affaires extérieures
à la délégation à l'Assemblée générale des Nations Unies à Paris*

*Secretary of State for External Affairs
to Delegation to the General Assembly of the United Nations in Paris*

TELEGRAM 295

Ottawa, November 25, 1948

TOP SECRET. IMMEDIATE.

Following for Pearson only from Reid, Begins: North Atlantic Treaty. Your telegram No. 456 of November 22.† Claxton made a brief report to Cabinet yesterday on the reasons for the delay in holding the second phase of the exploratory talks in Washington but no, repeat no, documents were brought before Cabinet. My estimates of the date of resumption had been given Wrong by Hickerson, who had confidently expected that the Brussels powers would be ready to start discussions as soon as the State Department said that it was ready.

2. The present situation is as follows.

Three documents are being prepared:

(1) A "Commentary" for circulation to the participating governments.¹⁷³ This is a revision of the draft memorandum of November 14 which had been entitled "Statement of preliminary views of the Canadian Government."

(2) A much shorter paper for Cabinet which would not, repeat not, be circulated to other governments and which would be given some such title as "Memorandum for guidance of Canadian representative."¹⁷⁴ This is based on the commentary but includes such passages as paragraphs 3, 4(b) and 4(c), which you suggested in your

¹⁷³ Voir la pièce jointe du document 413 et le document 453.

See enclosure to Document 413 and Document 453.

¹⁷⁴ Voir le document 450/See Document 450.

telegram No. 441 of November 21, be deleted from the commentary as not being appropriate for circulation to other governments.

(3) An informal letter of "supplementary instructions"¹⁷⁵ to Wrong which would develop some of the main reasons for the suggestions put forward in the other two documents.

3. My understanding is that it is not, repeat not, intended to circulate the commentary to Cabinet but that "the memorandum for guidance" will probably be circulated at a Cabinet meeting, presumably next Wednesday, December 1.

4. In the immediately succeeding paragraphs of this telegram I will report on the present text of the commentary.

5. Paragraphs 2, 3 and 4 of the draft of November 14, as amended by your telegram No. 441 of November 21, have been restored, since on more mature consideration we considered this would be better than substituting a series of quotations. Amended, these paragraphs include nothing to which Wrong has objected except the word "constitutional" in paragraph 4(d), which Wrong submits is ambiguous. The annexes have also been deleted and a short series of quotations now appear in the annex to the second paper.

6. Your telegram No. 441 of November 21. All the changes suggested have been made, including deletion of sub-paragraph 8(d). Many thanks for your congratulations which I have passed on to Crean, Hopkins and Ignatieff.

7. Your telegram No. 463 of November 23.

(1) Sub-paragraph 8(f) is being retained but in the supplementary instructions Wrong will be told not to press this if objection develops.

(2) Paragraphs 20, 21 and 22 have been deleted. I would suggest, however, that in the supplementary instructions Wrong be informed that this is the kind of chain of authority which the Canadian Government would consider appropriate.

(3) Paragraphs 37 and 38 have been deleted.

(4) Section 13 has been deleted but in the supplementary instructions Wrong will, if you agree, be authorized to bring forward this formula, emphasizing that the principle embodied in this formula has already been accepted by the Senate when it ratified the Chicago Convention and that it provides what would appear to be a realistic compromise between the rigidity which would flow from a requirement of unanimity in making amendments and the unrealism of a provision under which the United States and the United Kingdom would obligate themselves to accept an amendment adopted by the other contracting states. The practical effect of the Chicago formula is to give countries like the United Kingdom and the United States a veto over amendments which affect them but to take the veto away from countries like Luxembourg.

(5) The expression of a preference in 54 (a) has been deleted.

(6) Section 15 is being transferred to the supplementary instructions to Wrong but I am afraid the target date of January 15 for signature is hopelessly optimistic.

¹⁷⁵ Voir le document 468 et sa pièce jointe.
See Document 468 and enclosure.

Hickerson now guesses three months between the resumption of the talks in Washington and the date of signature. This, he says, would be required in order to give time for "the necessary soundings" by which I suppose he means "soundings" of the Senate. This means that the formal diplomatic conference would not conclude until the end of February.

8. This leaves the problem of paragraphs 11 to 17 on the Interim Arrangements Agreement. Hopkins, Ignatieff, Crean and I had a long session on this this morning and I hope you will not mind my asking you to give further consideration to this question in the light of the following considerations, most of which have not as yet been drawn to Wrong's attention.

9. If Hickerson's estimate is reasonably accurate, it would look as if there may, in any event, be another three months of negotiation before the Treaty is signed. If we were to put forward early in December a tentative suggestion that consideration be given to an Interim Arrangements Agreement, and particularly if we were to put such a suggestion forward in a top secret Commentary which avoids the use of such terms as "the Canadian Government suggests" and which is prepared for circulation either before or at a series of informal and non-committal meetings, we shall have plenty of opportunity to withdraw the suggestion or not to press it if we become convinced that it would cause delay or endanger the ratification of the Treaty by the Senate of the United States. The Interim Agreement could be drafted in such a way as not, repeat not to require ratification by the Senate since it would give rise to no, repeat no, international obligations but would merely constitute interim organs for consultation and planning. These organs would not, repeat not, formally replace the Western Union military organs but I assume they would make unnecessary the continued presence of Canadian and United States observers on these Western Union military organs. The interim organs established under an Interim Agreement would cease to exist once the corresponding organs had been created by the North Atlantic Organization after the Treaty has come into force and it would seem to me, therefore, that there could be no, repeat no, problem about the relationship to the interim organs of states which acceded later to the Treaty.

10. My reasons for feeling that it might be useful to instruct our representative to explore the question of an Interim Agreement in the second phase of the exploratory discussions are:

(a) If the governments participating in the Washington discussions were, at the conclusion of the second phase of the discussions, to agree in principle on the desirability of an Interim Agreement to operate during the interval between the signature and the coming into force of the Treaty, they could immediately, through normal diplomatic channels, consult on such difficult questions as the membership and terms of reference of the various interim organs and the nomination of specific persons for specific jobs. The crucial question is the membership of the Commanders-in-Chief Committee; this should not, I would hope, be too difficult. (For instance it is, I think, generally assumed (i) that the Supreme Commander will be an American and it will be up to the United States to designate Eisenhower or Bradley or some one else; (ii) that Montgomery will be Deputy Supreme Com-

mander and (iii) that General de Lattre will probably become Land Commander.¹⁷⁶ If the decisions on these and the other appointments are not made before the Treaty comes into force they will have to be made after, and the only question is whether the necessary top-level discussions through diplomatic channels begin about December 15 or February 15 or, say, May 15.) However, if the discussions are going to be difficult, surely the sooner they commence the better.

(b) The establishment of interim organs should make easier the working out of the ultimate relationship between the military organs of the North Atlantic Organization with those of the Brussels Powers.

(c) Would not your position when you present the Treaty to the House of Commons be somewhat stronger if you could point to an Interim Agreement under which Canada had already been given equal representation with the United States and the United Kingdom not only on a Council but on a Chiefs-of-Staff Committee and a Military Supply Board. This, you could say, demonstrates that Canada will be given the same recognition on the permanent organs of the North Atlantic Organization once they are set up after the Treaty has come into force, and that Canada is thus getting a share in control of policy appropriate to its share of the burden of risks.

(d) Our bargaining position is at its strongest before we sign the Treaty. Therefore if any of the United States or United Kingdom people have any thought of excluding Canada from full membership on the North Atlantic Chiefs-of-Staff Committee it would be better to smoke them out before we sign the Treaty. Moreover it might be easier for all the contracting states concerned to obtain agreement on such questions as the membership and the terms of reference of organs during the enthusiasm of a successful conference than two or three months later when there is usually a let-down.

(e) It has almost become standard practise now, when signing a multilateral treaty setting up a new international organization, to set up at the same time an interim organization to operate during the interval between the signature and the coming into force of the Treaty. We could therefore put forward our suggestion for an Interim Agreement not as a revolutionary proposal but as normal practise.

(f) Finally, it might well be that every signatory government would find it easier to gain parliamentary and public support for the Treaty if it had been demonstrated that the North Atlantic nations had established effective interim military organs, especially in view of the critical period which can be expected early next Spring. Next March may well be a period of acute tension, punctuated by crises arising out of stories which the Russians may plant that they are about to precipitate hostilities.

¹⁷⁶ Le général d'armée Dwight D. Eisenhower, chef d'État-Major de l'Armée américaine (-fév.), par la suite président de l'Université Columbia; le général Omar N. Bradley, chef d'État-Major de l'Armée américaine; le maréchal vicomte Montgomery, président du Comité des commandants en chef de l'Europe occidentale (oct.-); le général Jean de Lattre de Tassigny, commandant-en-chef de l'Armée de terre, de l'Europe occidentale (oct.-).
General of the Army Dwight D. Eisenhower, Chief of Staff, US Army (-Feb.), then President, Columbia University; General Omar N. Bradley, Chief of Staff, US Army; Field Marshal Viscount Montgomery, Chairman, West European Commanders-in-Chief Committee (Oct.-); General Jean de Lattre de Tassigny, Commander-in-Chief, West European Land Forces (Oct.-).

People are likely to be more confident and steady during this dangerous period if they know that organs have been set up by the principal Western powers to meet an attack.

11. The time factor in this matter seems to me of paramount importance. If an Interim Agreement is concluded, interim North Atlantic military organs will be in existence next Spring should there be a Soviet attack. Furthermore, the right of effective Canadian participation in these organs will have been established, thus avoiding the problems which plagued us during the last war and which arose out of an arrogation of power by the United States and the United Kingdom.

12. I am looking forward to receiving your decision on whether paragraphs 11 to 17 on the Interim Agreement should be (a) retained in the Commentary, (b) transferred to the supplementary instructions to Wrong, or (c) dropped. Ends.

445.

DEA/283 (S)

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

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

TELEGRAM WA-3030

Washington, November 25, 1948

TOP SECRET

Following for Reid *only* from Wrong, Begins: Since despatch yesterday of my WA-3024 on the North Atlantic Treaty, I have learned on fairly good authority that the present thinking in the State Department on the duration of the Pact favours a 10-year term and that Dulles, who originally supported a term of only five years, is now in agreement. This is, of course, no reason why we should not argue for a longer term, but I imagine that what will come out in the end is 10 years firm plus, perhaps, automatic renewal for subsequent 5-year periods unless the Treaty is denounced or revised at the end of 10 years. A longer original term would probably have the effect of reducing the influence of the United States in support of closer union in Western Europe, which remains an important objective of their foreign policy.¹⁷⁷

2. I am sure that we shall run into a good deal of difficulty about the position of Italy and that, no matter what answer is found, we shall frequently have to review the relationship of Italy to the Pact. Do you think it would be a good idea to get the Joint Intelligence Committee to give an estimate of Italian military potentialities, taking into account such questions as the limitations on armament imposed by the Peace Treaty, the probable military capacity of Italy to do any serious fighting even if re-armed, the industrial contribution which might be made by the Italian engineering and aircraft industries in view of their location and dependence on impor-

¹⁷⁷ Note marginale :/Marginal note:

If the State Dep[artmen]t moves to 10 years; the Brussels Powers propose 50; & we support 20-25; we may end up with 15 years which would be pretty good. E. R[eid] Nov 25/48.

tant raw materials, and so on?¹⁷⁸ The general purpose would be to weigh the disadvantages and advantages of Italy as a member or associate of the alliance, both in the event of war and in the course of building up the strength of the Western Powers.¹⁷⁹ Ends.

446.

DEA/283 (S)

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

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

TOP SECRET

[Ottawa], November 26, 1948

NORTH ATLANTIC SECURITY

I am afraid that I will not be able to have ready until Monday, November 29, a clean copy of the "Commentary" in the form and language in which it has received Mr. Pearson's approval. Mr. Wrong has recently sent in a number of suggestions for revision which I have repeated by cable to Mr. Pearson and he is giving them his consideration. I expect to have his final reply by Saturday or Sunday.

2. As you know, there are three documents being prepared in the Department:

(1) A "Commentary" for circulation to the participating governments. This is a revision of the draft memorandum of November 14 which had been entitled "Statement of preliminary views of the Canadian Government."

(2) A much shorter paper for Cabinet which would not be circulated to other governments and which would be given some such title as "Memorandum for guidance of Canadian representative." This is based on the commentary but includes such passages as paragraphs 3, 4(b) and 4(c), which Mr. Pearson suggested in his telegram No. 441 of November 21 be deleted from the commentary as not being appropriate for circulation to other governments.

(3) An informal letter of "supplementary instructions" to Mr. Wrong which would develop some of the main reasons for the suggestions put forward in the other two documents.

¹⁷⁸ Note marginale :/Marginal note:

Could you have this done & also prepare a teletype to Mr. Wrong thanking him for this suggestion. E. R[eid] Nov. 25/48

Le télégramme [EX-2735] fut envoyé le 26 novembre.

The teletype [EX-2735] was sent on November 26.

¹⁷⁹ Cette évaluation† fut envoyée par le secrétaire du comité des chefs d'État-major à Reid le 12 janvier.

This assessment† was forwarded by the Secretary of the Chiefs of Staff Committee to Reid on 12 January.

3. It is my understanding that it will be the second document which you may wish to circulate at the Cabinet meeting.¹⁸⁰

E[SCOTT] R[EID]

447.

DEA/283 (S)

*La délégation à l'Assemblée générale des Nations Unies à Paris
au secrétaire d'État aux Affaires extérieures*

*Delegation to General Assembly of United Nations in Paris
to Secretary of State for External Affairs*

TELEGRAM 482

Paris, November 26, 1948

TOP SECRET. IMPORTANT.

Following for Reid, Begins: North Atlantic Treaty: Further consideration of draft memorandum of Atlantic Pact has been made following talks with French and others, about which I am reporting separately.

Please change paragraph 10: Last sentence should now read "The Atlantic Treaty, therefore, should contain a reference to the desirability of establishing as soon as possible and through the Consultative Council the agencies necessary for the speedy and effective implementation of the Treaty."¹⁸¹

I think there should be some reference in section 7 to the undesirability of the pledge of mutual assistance extending to the Colonial areas of the signatory Powers. Have you thought of this?¹⁸²

Section 14, paragraph 53: Omit first sentence. From the second sentence omit "which the Canadian Parliament and people will be asked to support." Please omit annexes containing excerpts from speeches.¹⁸³

I am sending you by air mail final revision of memorandum as we now have it here. Ends.

¹⁸⁰ Note marginale :/Marginal note:

A[cting]/U[nder] S[ecretary]: Both 1 and 2 would have to go to Cabinet if we in fact do decide to recommend something for circulation. I have my doubts about it. B[rooke] C[laxton]

¹⁸¹ Les notes de renvoi dans le document sont des notes marginales de Reid :

The footnotes in the document are marginal notes by Reid:

Good

¹⁸² This ought to go in.

¹⁸³ Good but transfer omitted sections to supplementary letter to Wrong.

448.

DEA/283 (S)

*La délégation à l'Assemblée générale des Nations Unies à Paris
au secrétaire d'État aux Affaires extérieures*

*Delegation to General Assembly of United Nations in Paris
to Secretary of State for External Affairs*

TELEGRAM 502

Paris, November 29, 1948

TOP SECRET. IMMEDIATE.

Following for Reid from Pearson, Begins: Your telegram No. 295 re North Atlantic Treaty: I should be grateful if you would cable me text of the shorter paper for the Cabinet based on the commentary to which reference is made in paragraph 2 of your telegram, before it goes to the Cabinet, as I should like to have opportunity for comment on text.

2. I concur in alterations in commentary proposed in paragraphs 5, 6 and 7 of your telegram under reference, subject to comments contained in my telegram No. 482 of November 26th.

3. With regard to the interim arrangements agreement, I fully appreciate the force of the arguments you put forward so cogently in its favour and as you know I was originally attracted by the idea but on further reflection I have come to the conclusion that it would introduce a complicating and controversial element into the negotiations. Paragraphs 11 to 17 should therefore be excluded and replaced by the additional sentence to paragraph 10 as stated in my telegram No. 482 of November 26th. I do not object, however, to including in Mr. Wrong's supplementary instructions a reference to the possibility of bringing up the question of interim arrangements if that seems desirable at any time during the Washington discussions. You will of course have noted Wrong's account in his telegram No. 293 of November 25th, paragraph 4 of the adverse preliminary State Department reaction.¹⁸⁴ In this connection I do not think that there is any likelihood of the Brussels agencies being superseded at any rate in the near future by the North Atlantic agencies. From our conversations in Paris with Gladwyn Jebb and my talk with M. Schuman (see my letter of November 25th),† I understand that the United Kingdom and French Governments are most anxious to retain the Brussels agencies. M. Schuman spoke to me of the Atlantic Pact agencies being "gradually superimposed on the Brussels agencies." I am impressed by the United Kingdom and French arguments in favour of the retention of the Brussels agencies. I think that in the interval until the Atlantic agencies are set up, United States and ourselves might co-operate with the Brussels agencies. Ends.

¹⁸⁴ Voir le document 443/See Document 443.

449. 035120

DEA/283 (S)

*La délégation à l'Assemblée générale des Nations Unies à Paris
au secrétaire d'État aux Affaires extérieures*

*Delegation to General Assembly of United Nations in Paris
to Secretary of State for External Affairs*

TELEGRAM 517

Paris, November 30, 1948

TOP SECRET. IMMEDIATE.

Following for Reid, Begins: My immediately preceding teletype.† North Atlantic Treaty. Changes suggested in my immediately preceding teletype are of a drafting character. There are three other points which it may be difficult to settle except on the basis of discussion, for which you may not have time. If it is possible, however, I would be grateful if you would draw these three points to the attention of Mr. St. Laurent and Mr. Claxton. It may be possible that they can be covered orally in Cabinet without changes in the document.

2. The first point concerns paragraphs 10 and 12. In paragraph 10 the memorandum states that it is important that the original signatories should include the Scandinavian countries. Paragraph 12 says that it would be difficult to support an invitation to Italy because Italy does not border on the North Atlantic. Sweden and Denmark, however, do not border on the North Atlantic either, and there is therefore an inconsistency between these two paragraphs.

3. The second point concerns paragraph 13. The last sentence says that the pledge should be as close as possible to that undertaken by the parties to the Brussels Treaty. The attention of the Cabinet is thereby drawn to specific commitments which the Government may be asked to undertake. It occurs to me that we should be certain that members of the Cabinet fully understand the nature of these commitments and realize consequences which may flow from the Treaty.

4. The third point concerns the Annexes. It occurs to me that the succession of quotations from Mr. King, Mr. St. Laurent, Mr. Claxton and myself may seem to other members of the Cabinet to be an attempt to indicate that so great a commitment has already been taken by the Government that the Cabinet has no other alternative than to accept the proposal which is being placed before it. Ends.

450. 8. 1. 1948

DEA/283 (S)

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

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

TOP SECRET

Ottawa, December 1, 1948

NORTH ATLANTIC TREATY

*Draft of Proposed Memorandum for Guidance of the Canadian
Representative in the Second Series of Informal and
Non-Committal Discussions in Washington*

Introduction

1. At the beginning of October on instructions from the Cabinet, the Governments of Belgium, France, Luxembourg, the Netherlands, the United Kingdom and the United States were informed that the Canadian Government had considered the proposals set forth in the Washington paper of September 9, 1948, for a "North Atlantic Security Pact" and was ready to enter into a treaty with these countries, and such other countries as might be agreed, on the general lines of the annex to that paper.

Reasons for Canada Entering Into the Treaty

2.(a) The march of events has shown that the Soviet Union is seeking world domination by aggression, direct or indirect. Nation after nation has succumbed to these tactics. The only world war which might occur in the foreseeable future would be a war for domination by Soviet Communism. Such a war would in time involve all the Western powers who would either have to fight or fall. Canada could not avoid being involved in such a war.

(b) The only way to prevent the further spread of Communism through nation after nation is for them to stand together now. That is the lesson of two world wars. The only way to avoid conflict or conquest is to prevent both by standing together.

(c) In these circumstances, the only way to prevent war is to make it clear that the Soviet Union could not win. In order to convince them of this they must be confronted with an overwhelming preponderance of force organized for peace. This force must be organized in such a way as to ensure that it is so used as to guarantee that the free nations will not be defeated one by one, thus jeopardizing the security of Canada.

(d) The organization of such a preponderance of force under a North Atlantic security pact is the one and only solid basis for the defence of Canada.

(e) It could establish a constitutional basis for the collective organization of defensive power in peace and for the devolution of power in war from the members of the Alliance to its organs and agents. This would contrast favourably with the concentration of power in the hands of the Big Two or the Big Three during the last war.

(f) It could contain within itself possibilities of growth and of adaptation to changing conditions.

(g) The North Atlantic countries already constitute, in fact, a group of nations sharing similar democratic ideals and cultural traditions. The creation of a "collective security system" among them may well provide a basis on which it may be possible to build, in the course of this generation, a closer unity of the North Atlantic world.

Primary Objective of the Forthcoming Negotiations

3. The objective of the forthcoming negotiations should be:

(a) To establish, within the framework of the United Nations Charter, a treaty for collective self-defence among the countries of the North Atlantic region, based on continuous and effective self-help and mutual aid, and

(b) to strengthen the national security of each contracting state by the establishment under the treaty of joint agencies, which would in peace-time be agencies of recommendation and which could in wartime become agencies of military decision.

The Treaty and the United Nations

4. It is important that the organization established by the Treaty should be kept strictly within the framework of the United Nations.

Organs to be Established Under the Treaty

5. It will be necessary for the Treaty to contain a provision setting up a Council (presumably of foreign ministers) empowered to establish such organs as from time to time seem necessary. These might be similar to those now set up by Western Union.

6. Should signature of the Treaty not take place for some time, or should it seem likely that some months may elapse between the signature of the Treaty and its coming into force, it might be necessary to make provision at the time of signature for setting up an Interim Council empowered to establish interim organs.

Canadian Control

7. The association of the Canadian Government with the proposed Treaty must be based upon due constitutional processes. This means not only that the Treaty must be approved by the Canadian Parliament but also that the ultimate control by the Canadian Government of any measures recommended by the Council which may entail military or economic contributions by Canada must be preserved.

Non-Military Provisions

8. In order to emphasize the positive and moral content of the Treaty, it should include provision for consultation, cooperation and common action in the economic field, and also a provision under which the contracting states would accept without qualification the compulsory jurisdiction of the International Court on any legal dispute which may arise among them. Moreover, the preamble should set forth, in much the same language as the preamble to the Brussels Treaty, the belief of the signatories in the values and virtues of their common civilization and their common determination to work for the promotion of their mutual welfare and the preserva-

tion of peace, which is the aim of the Treaty. The language of the Treaty should be simple and clear and "officialese" and pedantic terms should be avoided.

Original Members of the Organization

9. It is desirable that the original signatories should include, if possible, the Scandinavian countries, Iceland and Ireland, as well as the participants in the Washington discussions. If one of them should refuse to join, it will be necessary for those willing to join to give careful consideration to whether the Organization can extend guarantees to any country which does not reciprocate, although the strategic importance of bases in one of the countries might justify special arrangements between the Organization once it has been set up and the country concerned.

10. All the contracting states should be able to subscribe to the principles of democracy, personal freedom and political liberty. There will be difficulty in reconciling these principles with Portuguese membership in the Organization. Only the most important strategic considerations can therefore justify Portugal's inclusion.

11. It would be difficult to support an invitation to Italy to become a member of a North Atlantic Organization since Italy not only does not fall within the North Atlantic region, but she could contribute little to the common pool of resources. In view, however, of Italy's strategic importance, the Organization once it has been set up might make special arrangements with Italy, under which Italy would receive a promise of defence by the North Atlantic Organization and, in return, agree to grant defence facilities to the Organization.

The Undertaking

12. It would seem wise to limit the undertaking to give mutual assistance under the Treaty to attacks on members or on states with which the Organization has made defence arrangements, but the undertaking should not apply to non-self-governing territories outside the North Atlantic Region, unless such territories are specifically included. The undertaking should be as close as possible to that in the Brussels Treaty, which reads as follows:

"If any Party should be the object of an armed attack in the area covered by the Treaty, the other Parties will, in accordance with the provisions of Article 51 of the Charter, afford the Party so attacked all the military and other aid and assistance within their power."

Duration

13. The Treaty might remain in force for, say, twenty or twenty-five years.

BROOKE CLAXTON

451.

PCO

*Extrait des conclusions du Cabinet**Extract from Cabinet Conclusions*

TOP SECRET

[Ottawa], December 1, 1948

NORTH ATLANTIC SECURITY; RESUMPTION OF WASHINGTON DISCUSSIONS

10. *The Minister of National Defence, as Acting Secretary of State for External Affairs*, referring to the discussion at the meeting of November 24th, submitted and read a draft of a proposed memorandum for guidance of the Canadian representative in the second series of informal and non-committal discussions which were soon to be resumed in Washington. Copies of the draft were circulated.

After drawing attention to the fact that, on instructions from the Cabinet, the governments of the other participating countries had been informed that the Canadian government were ready to enter into a North Atlantic Security Pact, the memorandum went on to state the reasons for Canada entering into the treaty and the primary objective of the forthcoming negotiations.

Reference was then made to the relationship of the proposed treaty to the United Nations and to the organs which would be established thereunder. The association of Canada must be based upon due constitutional processes which meant that the treaty must be approved by Parliament and also that ultimate control of any measures recommended involving military or economic contributions by Canada must be reserved to the Canadian government. The inclusion of certain non-military provisions would be desirable.

The membership of the organization should include the Scandinavian countries, Iceland and Ireland, as well as the participants in the Washington discussions. Strategic and other considerations might justify the inclusion of other states, specifically Portugal and Italy.

The basic undertaking of the treaty would be to give mutual assistance against attacks on members or on states with which the organization had made defence arrangements. It should be along the lines of the undertaking in the Brussels Treaty. The pact might remain in force for say twenty or twenty-five years.

(External Affairs memorandum, Dec. 1, 1948 — Cabinet Document 809).

11. *The Cabinet*, after considerable discussion, agreed:

(a) that the memorandum submitted be amended as follows:

(i) by the deletion of paragraph 10, it being understood that the Canadian representative would be instructed that, if the question of Portugal's inclusion arose, he would indicate that the Canadian government did not wish to oppose Portuguese membership on purely ideological grounds; and,

(ii) by the addition of the words "for strategic reasons" after the word "unless" in line 6 of paragraph 12; and,

(b) that the memorandum submitted, as amended, be approved for the confidential instruction of the Canadian representative in the forthcoming resumption in Washington of discussions on the North Atlantic Treaty.

...

452.

DEA/283 (S)

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

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

TELEGRAM WA-3085

Washington, December 4, 1948

TOP SECRET. IMMEDIATE.

Following for Reid from Wrong, Begins: Your letter of December 1st† enclosing the commentary on the North Atlantic Pact.

This is a very respectable paper. I have some doubts about two or three points of substance and a few unimportant questions of form which I am passing on in case it is not too late for minor changes to be made.

2. The following are the points of substance:

(1) *Paragraph 7(e)*. I fail to see how the Charter could be amended "on the lines of the provisions in the North Atlantic Treaty," since the Treaty will be a regional arrangement only and possibly one of fairly short duration.

(2) *Paragraphs 18 and 19*. From recent talks here it is fairly clear that we shall have to accept a close association with Italy from the beginning either by full membership of Italy or by a simultaneous engagement towards Italy. I should hope, therefore, that our position could be modified by the omission of the 3rd, 4th and 5th sentences of paragraph 18 and by the modification of paragraph 19, leaving our policy somewhat more flexible.

(3) *Paragraphs 28 and 29*. There may be no harm in putting up this proposal, but there is no serious chance of its adoption because of the attitude of the Senate towards unlimited compulsory jurisdiction of the International Court.

3. On questions of form the following points occur to me:

(1) The last three sentences of paragraph 2, which are in my own language, seem to me unsuitable for inclusion in a commentary of this sort. They were spoken with a completely different purpose in mind.

(2) *Paragraph 9*. The reference to "the consultative council" is ambiguous as the continuing agency of the North Atlantic Pact has not yet been named.

(3) *Paragraph 12*. I think that "with full obligations" should be added at the end of the second sentence. I also have some doubts about calling the North Atlantic Pact "the Organization".

(4) Paragraphs 34 and 35. I would prefer that paragraph 35 be dropped, or put into separate instructions to me. In paragraph 34 can we not avoid that horrid word "officialese"? Ends.

453.

DEA/283 (S)

*Commentaire au sujet du document de Washington
du 9 septembre 1948*

*Commentary on the Washington Paper
of September 9, 1948*

TOP SECRET

Ottawa, December 6, 1948

NORTH ATLANTIC TREATY

This Commentary sets forth a number of provisional views on some of the problems raised in the Washington paper of September 9, 1948. It has been prepared for the use of the Canadian representative in the second phase of the informal and non-committal discussions in Washington.

The circulation of this Commentary to the other participants in the second phase of the Washington discussions does not at this stage commit the Canadian Government to the views expressed in the Commentary.

SECTION ONE
INTRODUCTION

1. At the beginning of October, the Canadian Government informed the governments of Belgium, France, Luxembourg, the Netherlands, the United Kingdom and the United States that the Canadian Government had considered the proposals set forth in the paper of September 9, 1948, prepared in Washington as a result of the discussions in Washington during July, August and September, between the Under-Secretary of State of the United States and the Ambassadors of the United Kingdom, France, the Benelux countries and Canada, and that the Canadian Government was ready to enter into a Treaty with these countries, and such other countries as might be agreed, on the general lines of the annex to this paper.

2. A Treaty on the general lines of the annex would be appropriate to the realities of the existing international situation for the following among other reasons:

(a) The only way to prevent war is to make it clear that the Soviet Union could not win. In order to convince the Soviet Union of this, it must be confronted with an overwhelming preponderance of force — military, economic and moral — organized for peace. This force must be organized in such a way that it is so used as to guarantee that the free nations will not be defeated one by one, thus jeopardizing the security of each.

(b) The Treaty could be based on the principle of a pooling of risks, of resources, and of combined control over policy and establish a constitutional basis for the collective organization of defensive power in peace and for the devolution of power in war from the members of the Alliance to its organs and agents.

(c) The Organization established by the Treaty could contain within itself possibilities of growth and of adaptation to changing conditions.

(d) The North Atlantic countries already constitute, in fact, a group of nations sharing similar democratic ideals and cultural traditions. The creation of a collective security system among them may well provide a basis on which it may be possible to build, in the course of this generation, a closer unity of the North Atlantic world.

SECTION TWO

PRIMARY OBJECTIVES OF THE FORTHCOMING NEGOTIATIONS

3. The primary objectives of the forthcoming negotiations might be stated as follows:

(a) The establishment, within the framework of the United Nations Charter, of an arrangement for collective self-defence among the countries bordering on the North Atlantic based, (as called for in the Resolution of the Senate of the United States of June 11, 1948), on "continuous and effective self-help and mutual aid." This should demonstrate the determination of the contracting states to meet their obligations under the Charter of the United Nations and to encourage the "progressive development of regional and other collective arrangements for individual and collective self-defence."

(b) The strengthening of the national security of each contracting state by the establishment under the Treaty of joint agencies, which would in peacetime be agencies of recommendation and which could in wartime become agencies of military decision. These agencies would strengthen the individual and collective capacity of the contracting states to resist aggression. They would begin their work as soon as possible in an effort to preserve peace by deterring any would-be aggressor; if aggression should occur, these agencies would help to ensure victory over our enemies.

SECTION THREE

PREAMBLE OF THE TREATY

4. The Preamble might usefully set forth, in much the same language as in the Preamble to the Brussels Treaty, the common belief of the signatories in the values and virtues of their common civilization and their common determination to work for the promotion of their mutual welfare and the preservation of peace. The Preamble could also make clear that the contracting states are uniting their strength not for the purpose of waging war but for the purpose of preventing war and that the aim of the Treaty is peace.

SECTION FOUR

THE TREATY AND THE UNITED NATIONS

5. It is important that the organization established by the Treaty be kept strictly within the framework of the United Nations and that the Treaty contain a number of provisions which are directly linked with appropriate provisions of the Charter. Thus:

(a) The pledge of mutual assistance in the event that a contracting state is the object of an armed attack should contain a reference to Article 51 of the Charter which recognizes the "inherent right of individual or collective self-defence" against an armed attack.

(b) The Treaty should provide that any measures of self-defence taken under it shall, in accordance with the provisions of Article 51, be immediately reported to the Security Council and terminated as soon as the Security Council has taken the measures necessary to maintain or restore international peace and security.

(c) The Treaty should contain a reaffirmation of the undertaking of all Members of the United Nations, set forth in Article 2 (4) of the Charter, not to threaten or use force against the territorial integrity or political independence of any state.

(d) The section on economic, social and cultural cooperation might include a provision under which the contracting states would agree that they would seek to attain the objectives set forth in this section by making the most effective use possible of other international economic, social or cultural organizations in which the contracting states are or may be represented.

(e) The Treaty should contain a reference to Article 103 of the Charter to the effect that none of the provisions of the Treaty shall be construed as impairing or conflicting with the rights and obligations of the signatory states under the Charter.

(f) The Treaty should contain a provision for registration with the United Nations under Article 102 of the Charter.

SECTION FIVE

ORGANS TO BE ESTABLISHED UNDER THE TREATY

6. The only organ mentioned in the Brussels Treaty is the "Consultative Council". The Brussels Powers have, however, found it necessary to establish a number of other organs, among them a Chiefs-of-Staff Committee, a Military Supply Board, a Commanders-in-Chief Committee, a Military Committee, and a common secretariat.

7. It appears evident that the North Atlantic Organization will, in order to be effective, need to have from its outset, most, if not all, of the organs which Western Union has found necessary. The Atlantic Treaty, therefore, should contain a provision for establishing a Consultative Council empowered to set up such organs as from time to time seem necessary, in order that the Treaty may be implemented speedily and effectively.

8. The association of the Canadian Government with the proposed Treaty must be based upon due constitutional processes. This involves not only approval of the Treaty by Parliament but also control by the Canadian government of any measures recommended by the Council of the North Atlantic Organization which may entail contributions by Canada of a military or economic nature. The Council should therefore be composed of Cabinet Ministers of the signatory states, who would make recommendations to their governments on policy. The Council would direct its subordinate bodies to carry out planning and required action within the framework of agreed policy.

9. This does not necessarily mean that every member of the North Atlantic Organization need be represented at all levels in all organs of the Organization. To insist on this would make some of the organs unworkable. But the controlling decision on matters of policy must ultimately rest with the governments of the members of the Organization. Accordingly, all subordinate bodies of the Organization and of its executive agencies would be required to carry out agreed decisions on the basis of the Council's recommendations.

SECTION SIX

ORIGINAL MEMBERS OF THE ORGANIZATION

Norway, Sweden, Denmark, Iceland and Ireland

10. The original members of the Organization should be Canada, the United States and the parties to the Brussels Treaty, together with such other nations of the North Atlantic as are willing and able to undertake the obligations of the Treaty and are acceptable to the states participating in the Washington discussions. It is particularly important for Canada that as many as possible of these other countries come into the Organization with full obligations. Otherwise, some Canadians may ask why Canada should make greater commitments than other North Atlantic democracies which are more directly menaced by the Soviet Union than is Canada.

11. Moreover, it is important to Canadian security that the North Atlantic Organization should secure the facilities which it needs from the Scandinavian countries, and from Iceland and Ireland.

12. Consequently, every effort should be made to persuade the Scandinavian countries and Iceland and Ireland to become original members of the Organization. If one of them refuses to come in it will be necessary for the states which are willing to join the Organization to consider very carefully whether the Organization can extend guarantees to any country which does not reciprocate, although the strategic importance of bases in such a country might justify special arrangements between the Organization, once it has been set up, and that country.

Italy

13. It would be difficult to support an invitation to Italy to become a member of the North Atlantic Organization, since Italy not only does not fall within the North Atlantic region, but it could contribute little to the common pool of resources. In view, however, of Italy's strategic importance the Organization, once it has been set up, might make special arrangements with Italy, under which Italy would receive a promise of defence by the North Atlantic Organization and, in return, agree to grant defence facilities to the Organization.

SECTION SEVEN

THE AREA TO BE COVERED BY THE PROVISIONS FOR MUTUAL ASSISTANCE

14. The pledge of mutual assistance in the Brussels Treaty comes into effect if one of the signatories is "the object of an armed attack in Europe." The pledge in the Rio Treaty comes into effect "in case of an armed attack which takes place within the region" described in the Treaty; it therefore comes into effect if a non-member state within the safety-zone of the region is attacked.

15. There are sound arguments against the inclusion in the North Atlantic Treaty of a "safety-zone" provision similar to that in the Rio Treaty, within the geographical limits of which any act of aggression against any state in that zone would mean war with all the parties to the Treaty. Such a proposal would give all the other countries within the North Atlantic zone a very good reason for doing nothing in the way of "mutual aid and self-help" (as demanded by the Vandenberg Resolution); they would be assured of powerful allies without undertaking any commitments, even a commitment to furnish facilities. On the other hand, if the guarantee under the Treaty is limited to attacks on the members of the Organization, the effect would be to increase the risk of a Soviet attack, or of Soviet indirect aggression, against a non-member — such as, say, Sweden.

16. Since it would be desirable for all the countries in the North Atlantic area to become members of the Organization, it would seem wise to limit the guarantee under the Treaty to attacks on members or states with which defence arrangements have been made. This issue will necessarily have to be left open until soundings have been taken of the North Atlantic countries which were not represented in the Washington talks this summer.

SECTION EIGHT THE NATURE OF THE PLEDGE

17. The three possible formulas worked out in the Washington discussions this summer were:

A. Based on Rio

"An armed attack by any State against a Party shall be considered as an attack against all the Parties, and, consequently each Party undertakes to assist in meeting the attack in the exercise of the inherent right of individual or collective self-defence recognized by Article 51 of the Charter."

B. Based on Brussels

"If any Party should be the object of an armed attack in the area covered by the Treaty the other Parties will, in accordance with the provisions of Article 51 of the Charter, afford the Party so attacked all the military and other aid and assistance in their power."

C. Compromise

"Provision that each Party should agree that any act, which, in its opinion, constituted an armed attack against any other Party in the area covered by the Treaty be considered an attack against itself, and should consequently, in accordance with its constitutional processes, assist in repelling the attack by all military, economic and other means in its power in the exercise of the right of individual or collective self-defence recognized by Article 51 of the Charter."

18. In deciding on a formula, regard should be had to the following considerations:

(a) the firmer the pledge, the greater the effect the Treaty may be expected to have in deterring the Soviet Union and in restoring in Western Europe the confi-

dence necessary for the economic reconstruction and the rearmament of that area; and

(b) the more the pledge is limited by constitutional safeguards, the less controversial it is likely to prove in the domestic political field.

The first of these considerations is clearly the more important. Therefore, if the United States representatives in the forthcoming discussions feel that the United States cannot go as far as the Brussels formula, it is to be hoped that the formula agreed on will be as close to the Brussels formula as is possible.

SECTION NINE

ECONOMIC AND SOCIAL COOPERATION

19. As reported on page 13 of the Washington paper of September 9, 1948, the Canadian representatives in the Washington discussions emphasized the importance which they attached to the inclusion in the Treaty of provisions for the encouragement of cooperation among the signatories in fields other than security. In their opinion, such cooperation would contribute directly to general security. They felt that the purpose of the Treaty should not be merely negative but that it should create the only dynamic counter-attraction to totalitarian communism — a free, prosperous and progressive society.

20. In addition, in order to strengthen the collective capacity of the whole Organization to resist aggression, it is essential that the combined production of goods and services of the members of the Organization should be as great as possible, particularly at a time when a large proportion of this combined production must unhappily be devoted to preparations to resist aggression.

21. For these reasons, it is important to include in the Treaty effective provisions for consultation, cooperation and common action in the economic field.

SECTION TEN

PEACEFUL SETTLEMENT OF DISPUTES

22. It is proposed in the annex to the paper dated September 9, 1948, which resulted from the Washington exploratory talks on security, that the Treaty should include "an undertaking to submit every controversy which may arise among the parties to methods of peaceful settlement." The Brussels Treaty contains an article along these lines which is, however, subject to the qualification that the contracting states accept the compulsory jurisdiction of the International Court over disputes *inter se* — "subject only, in the case of each of them, to any reservation already made by that party when accepting this clause for compulsory jurisdiction to the extent that that party may maintain the reservation."

23. The inclusion in the North Atlantic Treaty of a provision under which the contracting states would accept without qualification the compulsory jurisdiction of the International Court on all legal disputes which may arise *inter se* would be a useful demonstration of the belief of the signatory states in the rule of law among nations.

SECTION ELEVEN
DISQUALIFICATIONS

24. The concluding note of the annex to the Washington paper reads as follows:

"The question of including a provision for disqualification under certain circumstances of any of the signatories from enjoying the benefits of the Treaty requires further consideration."

Presumably the "certain circumstances" include the coming into power of a communist-dominated government in a contracting state.

25. The Treaty might provide for the expulsion or suspension of a member by a unanimous vote of the other members or by a vote of, say, two-thirds of all the members.

SECTION TWELVE
DURATION OF TREATY

26. The Brussels Treaty remains in force for fifty years. The Rio Treaty remains in force indefinitely, but any state can denounce the Treaty and its denunciation becomes effective two years later.

27. Generally speaking, the longer the initial duration of the Treaty, the more effective it is likely to be as a deterrent to aggression and as an encouragement to self-help and mutual aid. The Treaty might, therefore, remain in force for, say, twenty or twenty-five years. The Treaty might also include a provision similar to that in the Brussels Treaty under which, after the end of the initial period, each contracting state would have the right to cease to be a party to the Treaty, provided it had previously given one year's notice of denunciation.

SECTION THIRTEEN
LANGUAGE OF THE TREATY

28. It is considered desirable that the Treaty should be easily understood and that it should, if possible, be drawn up in such a way as to strike the imagination of the public and kindle their enthusiasm. Consequently, it is important that every effort be made to draft the Treaty in simple, clear and unambiguous language avoiding "officialese" and pedantic terms which might create an unnecessary bar to understanding.

29. In pursuance of this objective:

(a) The international security organization established by the Treaty might be called in English "The North Atlantic Community" or "The North Atlantic Alliance" or "The North Atlantic Union"; and in French "La Ligue de l'Atlantique Nord" or "L'Alliance de l'Atlantique Nord", or "L'Union de l'Atlantique Nord".

(b) The Treaty might be given a simple title such as "The North Atlantic Treaty".

(c) The states which sign the Treaty might be called in the Treaty, not "signatory states", "contracting states" nor "High Contracting Parties", but the "North Atlantic Nations".

(d) The Preamble might set forth in a number of short sentences the purposes of the Treaty and be written in the name of the people of the North Atlantic Nations and not in the name of the contracting states.

454.

DEA/283 (S)

*Note du sous-secrétaire d'État par intérim aux Affaires extérieures
pour le Cabinet du premier ministre*

*Memorandum from Acting Under-Secretary of State for External Affairs
to Prime Minister's Office*

CONFIDENTIAL

[Ottawa], December 6, 1948

NORTH ATLANTIC TREATY

As you [J.W. Pickersgill] may have noticed, *Le Devoir* is becoming even more violent in its advocacy of neutrality for Canada. For this and for other reasons, it might perhaps be useful if one of the Ministers were to give a speech before Christmas following up the Prime Minister's speech of November 11. The speech might, to a very great extent, be an expansion of the introductory passages in the memorandum presented to Cabinet this week, and it might then go on to give to the Canadian people everything that we feel we can now give them about the views of the Canadian Government on the various problems which will arise in the drafting of the treaty.

I would be glad to have a talk with you about this any time at your convenience.

E[SCOTT] R[REID]

455.

DEA/283 (S)

*Extrait d'un télégramme du secrétaire d'État aux Affaires extérieures
à la délégation à l'Assemblée générale des Nations Unies à Paris*

*Extract from Telegram from Secretary of State for External Affairs
to Delegation to the General Assembly of the United Nations*

TELEGRAM 351

Ottawa, December 7, 1948

TOP SECRET. IMMEDIATE.

Following for Pearson only from Reid, Begins: Reference Mr. Ritchie's letter of November 26† enclosing your revised draft of the Canadian Commentary on the paper of September 9 resulting from the Washington talks.

I have further revised the draft as follows:¹⁸⁵

...

¹⁸⁵ Voir le document 453/See Document 453.

2. These are the only changes, with the exception of minor drafting points. I shall telegraph to you the supplementary instructions as soon as they are ready for your approval.

3. Wrong has pointed out that neither the State Department nor the European representatives will circulate a commentary when the conversations are resumed. He therefore suggests that it would be inappropriate to circulate the Canadian Commentary. I am not convinced by this argument. It seems clear that the Brussels Powers would not wish to circulate a commentary as we already know that they wish a pact along the lines of the Brussels Treaty. I can understand that the State Department might not wish to show their hand by issuing a commentary at this stage. In our case, however, I can see positive value in circulating a commentary. I should be grateful for your ruling on this point. Ends.

456.

DEA/283 (S)

*Le secrétaire d'État aux Affaires extérieures
à la délégation à l'Assemblée générale des Nations Unies à Paris*

*Secretary of State for External Affairs
to Delegation to the General Assembly of the United Nations*

TELEGRAM 352

Ottawa, December 7, 1948

TOP SECRET AND PERSONAL IMMEDIATE.

Following for Pearson only from Reid, Begins: North Atlantic Treaty. Canadian Commentary. Reference final paragraph of my immediately preceding telegram.

The Commentary, as revised, is now reduced to eight pages. Wrong, even before the latest revisions were made, said that he considered it to be "very respectable", which is high praise from him. I think it would be a pity if he were not, repeat not, now instructed to circulate it to the other participants in the Washington discussions. As revised, it does not, repeat not, commit the Canadian Government but its circulation would give us an opportunity to put forward some of the arguments for the line which Cabinet has authorized Wrong to take in the discussions. We could also, if you saw fit, send a few copies to London and Paris and perhaps to Brussels and The Hague for transmission to the local Foreign Offices and this might have some effect on the instructions sent from those Foreign Offices to their representatives in Washington as various questions emerge in the discussions there.

2. The reluctance of the State Department to circulate a Commentary of their own is clearly due to their desire to be able to tell the Senators, whom they will be sounding out later on, that none of the issues have been closed by the State Department. I assume that one reason why the Brussels powers are not circulating a Commentary is that they found it extremely difficult to reach agreement on anything except the bare text of a draft treaty which is not much more than a slight revision of the Brussels Treaty.

3. My only worry at the moment about the course of the forthcoming discussions in Washington is that most of the other participants may argue for a Treaty that is

nothing more than a military alliance. This would not be in accord with the Prime Minister's repeated public emphasis on the necessity for a positive and moral content in the Treaty; moreover a mere military alliance would not, I think, be calculated to secure the same degree of public enthusiasm and support in Canada. This provides another argument for the circulation of the Commentary since the Commentary includes some arguments for the Prime Minister's position and some suggestions on how the Treaty might be drafted to meet his views.

457.

DEA/283 (S)

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

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

TELEGRAM EX-2804

Ottawa, December 7, 1948

TOP SECRET

Following for Wrong from Reid, Begins: North Atlantic Treaty. Thank you for your telegram WA-3085 of December 4. I have made the following changes in the Commentary as the result of your suggestions:

1. I have eliminated paragraph 7(e). Supplementary instructions, however, will ask you to raise this matter during the discussions. I shall explain fully the reasons for this suggestion.

2. Paragraphs 18 and 19. I have eliminated these paragraphs and have substituted paragraph 10 of the "Memorandum for Guidance of the Canadian Representative" approved by Cabinet on December 1, the text of which was telegraphed to you.

3. Paragraphs 28 and 29. I am leaving these paragraphs in for the following reasons. While I realize the Senate has been opposed to compulsory jurisdiction of the International Court, without reservation, I understand that the State Department would not be opposed to our raising this issue. You will recall that the State Department told us this in strict confidence some months ago when we told them that Canada was considering accepting the optional clause without reservation. They are obviously not in a position to do so themselves in view of the past attitude of the Senate, but I think they would be interested in any arguments which might persuade the Senate to change its views so long as the State Department does not have to put forward the arguments on its own behalf.

4. In regard to the questions of form which you raised, I have now eliminated paragraphs 2 and 3 of the Commentary and have adjusted paragraph 4 so that it is more in line with the memorandum approved by Cabinet. The opening sentence of paragraph 4 therefore now reads: "A Treaty on the general lines of the annex would be appropriate to the realities of the existing international situation for the following among other reasons." Sub-paragraph (a) has been re-drafted in substantially the same terms as paragraph 2(c) of the memorandum approved by Cabinet. Sub-

paragraphs (b), (c) and (d) have been slightly reworded but the substance has not been changed.

5. I have cleared up the ambiguity in paragraph 9, the second sentence of which now reads: "The Atlantic Treaty, therefore, should contain a provision for establishing a Consultative Council empowered to set up such organs as from time to time seem necessary, in order that the Treaty may be speedily and effectively implemented."

6. I have altered paragraph 12 to include "with full obligations". The use of the term "Organization", however, seems a useful portmanteau term rather than referring throughout the document to "the Organization set up under the Treaty" or some similar phrase.

7. I have retained paragraphs 34 and 35. Ends.

458.

DEA/283 (S)

*La délégation à l'Assemblée générale des Nations Unies à Paris
au secrétaire d'État aux Affaires extérieures*

*Delegation to General Assembly of United Nations in Paris
to Secretary of State for External Affairs*

TELEGRAM 589

Paris, December 9, 1948

TOP SECRET

Following for Reid from Pearson, Begins: Your telegrams 351 and 352 of December 7th. North Atlantic Treaty. As you point out in your telegrams under reference, there is much to be said in favour of circulating the commentary particularly in its present "very respectable" form to the other participants in the Washington discussions. On the other hand, if Wrong who is on the spot and knows the pre-negotiation atmosphere in Washington takes exception to the circulation of the commentary at this stage, I should be inclined to postpone its circulation. The question seems to me to be largely one of appropriate timing. It may be that after the initiation of the negotiations and after we have had an opportunity to size up the positions of the other participants might be a more useful stage at which to circulate our commentary. It may even be that we would wish to make certain further changes in the light of these initial discussions. It seems to me that thus it is a matter of tactics as to whether our views as contained in the commentary would have their maximum effect at the opening stage of the negotiations or at a later stage and I think you should consult Wrong on this point.

2. In any case, I do not think it desirable at this stage to send copies of the commentary to Foreign Offices of other participating countries as this might appear to commit us in advance. Ends.

459.

DEA/283 (S)

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

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

TELEGRAM WA-3142

Washington, December 10, 1948

TOP SECRET. IMMEDIATE.

North Atlantic Treaty. The Acting Secretary of State met the Ambassadors of the other countries concerned this afternoon.¹⁸⁶ The surprise of the meeting was Mr. Lovett's insistence on rapid progress towards completing a draft treaty. He said that we should now "aim at the end product", adding that "far greater definition" was needed before he finally cleared the project with the President and took it up with the ranking members of the Congressional Committees. Several times he emphasized the importance of the time element, although he expressed no direct criticism of the three months' intermission since the last meeting of the group.

2. In this Mr. Lovett must have overruled some of his advisers, since as recently as yesterday they were suggesting at the State Department that we should not be concerned with actual drafting at this stage of the talks. No-one, however, objected to the procedure proposed by the Acting Secretary.

3. Much of the meeting was concerned with the discussion whether the Brussels Treaty Powers should table the draft and commentary received from London. All their representatives emphasized that their instructions were tentative only, in order to clarify issues arising from the study of the September paper. It was indicated that all, or most, of them had separate instructions from their Governments. I have learned, incidentally, that there is an unresolved difference between the British and Netherlands Governments on the one hand and the French and Belgian Governments on the other hand about the admission of Italy as a full party to the treaty.

4. It was finally agreed that the documents prepared by the Brussels Permanent Commission would not be presented at a full meeting, so that the press could be informed that there had been no exchange of papers. They will be distributed probably tomorrow. There will be a further meeting of the full group on Monday, at which it is expected that a working group will be re-established to go through the project article by article and to consider in detail the related questions of the countries to be invited to adhere, the procedure of approaching them, and so on.

5. In view of this development, I think it desirable that I should be able to distribute in a similar manner the Canadian commentary on the September paper. I have not yet received its final text, and I hope that it will be forthcoming promptly.

6. There is no new indication of the attitude of the Government of the United States. Mr. Lovett remarked that a number of Latin-American countries were show-

¹⁸⁶ Pour un compte rendu de cette réunion, voir :

For a record of this meeting, see:

FRUS, 1948, III, pp. 310-4.

ing a great interest in the proposal, because they were concerned to find out whether they might be involved in war through the operation of the Rio Treaty in the event that an act of aggression took place in the North Atlantic area.

7. There was general agreement that there should be no publicity about what goes on in this series of talks. I emphasized the importance of discouraging speculation, pointing out that detailed advance discussion of the differences between the commitment in the Brussels Treaty and that in the Rio Treaty, for example, tended to depreciate the actual value of the Rio commitment if that was what we had to accept. A brief press statement, the text of which I am sending en clair,† was issued at the end of the meeting, accompanied by much photography, but nothing more than this was said.

460.

DEA/283 (S)

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

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

TELEGRAM EX-2832

Ottawa, December 10, 1948

TOP SECRET. IMMEDIATE.

Repeat to Mr. Pearson in Paris as No. 372. Immediate.

Following for Wrong from Reid, Begins: North Atlantic Treaty. Your WA-3142 of December 10. Paragraph 5. I am sending you by tomorrow's bag twenty-five copies of the commentary in its final form. I expect to obtain Claxton's approval for circulation in the morning. Pearson's views are contained in his telegram No. 589 of December 9 which I have relayed to you. Providing I have Mr. Claxton's final approval it is therefore in order for you to distribute the commentary to the representatives of the other governments.

2. My immediately following telegram† contains our views in draft form concerning the use of the Brussels formula in the Treaty. I should be glad to have your comments on this as these paragraphs will form part of the supplementary instructions. I am sending you by bag tomorrow the complete draft of the supplementary instructions for your comments.

461.

DEA/283 (S)

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

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

TOP SECRET

[Ottawa], December 11, 1948

I attach copy No. 28 of the Canadian Commentary on the Washington Paper of September 9, 1948. This has now been substantially revised. Mr. Pearson has now agreed to the text.

Mr. Wrong, in paragraph 5 of the attached telegram of December 10, now expresses the view that the Commentary should be circulated to the representatives of other Governments. Mr. Pearson, in his telegram No. 589 of December 9, considers that the circulation of the Commentary is largely a matter of timing, and suggests that Mr. Wrong is in the best position to know when it should be circulated.

I should therefore be glad to have your early agreement for the circulation of the Commentary to the representatives of the other Governments in Washington on Monday.¹⁸⁷

E[SCOTT] R[EID]

462.

DEA/283 (S)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures
Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-3144

Washington, December 11, 1948

TOP SECRET. IMMEDIATE.

Following for Reid from Wrong, Begins: Your EX-2833, draft supplementary instructions on the North Atlantic negotiations.¹⁸⁸ I think your draft over-emphasizes the difference between the commitments in the Brussels and Rio Treaties. The Rio Treaty, after all, contains an undertaking that each party must regard an attack against another party "as an attack against all the American States," and must undertake "to assist in meeting the attack." This, it is true, is qualified by the provision of Article 20 "that no State shall be required to use armed force without its consent." We must remember that a pledge on the lines of the Rio Treaty is likely to be the best that we can get, and we must not underrate its value, which is very considerable.

2. I cannot accept the argument in your paragraph 23 that an understanding that each party will decide whether an attack has taken place is "equivalent in law to no pledge at all." From the time of the Pentagon talks onwards it was recognized in these discussions by all the participants, including Mr. Pearson, that it was an

¹⁸⁷ Cette copie était paraphée par Claxton avec la note suivante :

This copy was initialled by Claxton with the following note appended:

Mr. Claxton approved the circulation of the Commentary to other governments subject to deletion of word ultimate in line four of para[graph] 8. 15-12-48 G.G. Crean

¹⁸⁸ Voir la pièce jointe du document 468.

See enclosure to Document 468.

inherent attribute of sovereignty for each Government to decide this for itself unless an international body was established to which the power of decision by a majority vote was delegated. It was also recognized that it would not be practicable to set up such an international body in this case. (If a Council under the Treaty could only act by unanimous agreement, the effect would be that each Government would decide the matter for itself and instruct its representative how to vote).

3. Our concern in the earlier stages was to eliminate an explicit statement from the commitment to the effect that the right of decision was vested in the individual Governments.

4. As to the use of the phrase "in accordance with its constitutional processes," we can try to transfer this to the preamble in some appropriate form rather than include it in the body of the Treaty. It will have to appear somewhere or other. The United States representatives are apologetic about this and would agree that it is a statement of the obvious.

5. In general, I doubt whether much in the way of supplementary instructions is really needed, and I hope that I shall not receive a very lengthy and detailed document which would limit my capacity in seeking to compromise conflicting views of the other participants. I shall, of course, seek instructions on specific points that arise, and I am thoroughly familiar with the general position of the Government.

6. On the general nature of the argument in these paragraphs I think that it is unnecessarily diffuse. I do not want to have a long debate by teletype on what should go into the instructions while simultaneously busily engaged in the actual negotiations.

7. Finally, is the Canadian Government prepared to accept "an automatic commitment to go to war" in the event that the Russians occupy the whole of Spitzbergen and stop there, or if some similar development takes place at a marginal point within the area covered by the agreement? Ends.

463.

DEA/283 (S)

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

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

TELEGRAM WA-3150

Washington, December 13, 1948

TOP SECRET

North Atlantic Treaty. The second meeting of this series was held this afternoon.¹⁸⁹ At it, Lovett asked me if I would give a brief review of the Canadian position. This I did, emphasizing among other points our desire for as definite a commitment as possible, our hope that the Scandinavian countries, Iceland, and Ireland would be

¹⁸⁹ Pour un compte rendu de cette réunion, voir :

For a record of this meeting, see:

FRUS, 1948, III, pp. 315-21.

included as full members, our concern that the Treaty should authorize collaboration in fields other than defence, and our belief that a political organ of consultation on the ministerial level should be established. I explained that there would be a number of other points which we would bring up at a later stage.

2. I ended by urging that we should now set a target date on which we would hope that the Treaty would be signed. Lovett at once took this up, and it was agreed that the target should be February 1st. I doubt that we can in fact meet this target, but its acceptance ought to speed up the proceedings.

3. The Belgian Ambassador then suggested that the group had been informed of the general views of Canada and the Brussels Powers but had heard no statement from the United States. Mr. Lovett based his reply on points which, in his judgment, must be included in order to satisfy Congressional and public opinion. His four points were as follows:

(a) At the risk of repetition, he considers it essential to include reference to procedure by constitutional process in the text of the Treaty as well as in the preamble. As this is a statement of the obvious, I suppose that we cannot press an objection.

(b) He said it must be made abundantly clear that the Treaty is not in conflict with the Charter and that the effective operation of the Charter remains the aim of the parties. This is generally acceptable.

(c) It would be unfortunate if the military aspect alone was emphasized. In this, he had in mind the suggestion of the Brussels Powers that the North Atlantic agency should be called a defence organization. He cited the consultation provisions of the Rio Treaty, pointing out that they had just been brought into operation by Costa Rica nine days after the Treaty had come into effect, and endorsing my remark that the North Atlantic Treaty should have a political organ.

(d) Every endeavour must be made to bring in other North Atlantic countries, so that the Treaty would not be only an engagement between the Brussels Powers, Canada, and the United States. This suits our book.

4. The rest of the meeting was devoted almost wholly to discussion of how to speed up the negotiations. It was recognized that there are two sets of interrelated questions: the drafting of a text and decision on the countries which should participate, the area to be covered, the methods of approach to other Governments, and so on. In the outcome, a Working Committee was set up, to meet probably daily from Wednesday, with as its first task the separation of the difficult questions from those which are mainly a matter of drafting. It is to draw up an annotated agenda for use of the Ambassadors Group, which may meet again on Friday. Stone and Rogers will sit on this Committee for Canada.

5. It was agreed to continue to use the "Metric" security regulations for the distribution of documents and to observe the strictest secrecy about matters under discussion here.

6. What Lovett wants is a complete text plus proposals on original participants and related questions as soon as we can get it, which might be before the middle of January. He is very anxious to reserve time for consideration of the project in the Senate Committee on Foreign Relations, and possibly in the House Committee as

well, early in the session of Congress, and insists that he must have a more or less final text. He agreed when I suggested that what we were aiming at now, on the analogy of parliamentary procedure, was to give second reading to the text. Then there would have to be a committee stage, with possibilities of amendment in detail, followed by third reading at the time of signature.

7. Lovett asked whether there was likely to be a long interval between signature and deposit of ratifications by any of the Governments represented. Everyone expressed the view that parliamentary approval could be given in his country in not more than two months, especially since all the legislatures will be in session in the early months of 1949.

464.

DEA/283 (S)

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

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

TELEGRAM WA-3155¹⁹⁰

Washington, December 14, 1948

TOP SECRET

Following for Reid from Wrong, Begins: In your letter of December 11th you requested my views by telegraph on your draft supplementary instructions¹⁹¹ in connection with the North Atlantic Treaty. The following is a summary statement:

(1) *Paras. 2 to 4.* I question the logic of this proposal. The Geneva Protocol was open for signature by all League members whereas the North Atlantic Treaty is a regional agreement within the framework of the United Nations. While the text will undoubtedly make clear that the signatories have no intention of violating either the letter or the spirit of the Charter, this particular suggestion might easily be misrepresented as condoning such a violation by binding the parties to seek amendments to the Charter to make it accord with their views.¹⁹²

(2) *Paras. 5 to 11.* At the Ambassador's meetings yesterday I tried out the suggestion of an interim arrangements agreement and got no support from anyone. I pointed out that preparatory bodies had been established at the time of the signature of the conventions setting up the new international organizations, but nobody was impressed with the analogy, especially since it had just been agreed that there need

¹⁹⁰ Note marginale :/Marginal note:

Marginal comments are Mr. Reid's taken from the advance copy of the telegram [G.G. Crean].

¹⁹¹ Voir la pièce jointe du document 468.

See enclosure to Document 468.

¹⁹² Les autres notes de renvoi dans le document sont des notes marginales de Crean (voir note 190 plus haut) :

The remaining footnotes in the document are marginal notes by Crean (see n190 above):

O.K. Leave out

not be more than two months' interval between signature and ratification. Let us therefore not spend any more time on this idea.¹⁹³

(3) *Para. 15.* There is certainly no intention on the part of anybody that the Treaty should cover dependent territories outside the North Atlantic area. The definition of the area to be covered is likely to be discussed very shortly, and we shall have to explore various ways and means. I take it that there is no objection to a clause requiring consultation between the parties in the event of an attack on a dependent territory in another region.

(4) *Paras. 16 to 26.* I have already commented on these paragraphs in my WA-3144 of December 11th.

(5) *Paras. 27, 28 and 39.* These paragraphs could bear the construction that we wish new agencies to be established for economic collaboration. There is no chance of this, but I believe that the United States will join with us in urging on the Brussels Powers the importance of including an article on the lines of paragraph 3 of the Annex to the September paper. The purpose would be to give a general blessing to multi-lateral and bi-lateral collaboration between the parties in economic social and cultural matters but to safeguard the position of existing organizations in this field, such as the O.E.E.C., the Economic Commission for Europe and UNESCO.¹⁹⁴

(6) *Paras. 29 and 30.* There is no prospect of American acceptance of a special amendment procedure, since they believe a scheme on the lines suggested would arouse opposition in the Senate.¹⁹⁵ The importance of finding some more flexible method of amendment than unanimity is related to (a) the duration of the commitment, which may not be more than ten years, and (b) the number of parties, which may not be more than 12. In these circumstances it would be unwise and fruitless for us to push for the procedure you suggest.

(7) *Paras. 31 to 37.* As my reports of the meetings on December 10th and 13th have shown, the situation has changed, and we are now getting down to drafting and have established a target date. It is certainly not expected here that the final formal conference need last more than a very brief period, although its length may depend on the answer to the question whether other North Atlantic countries will be original signatories or will accede later.¹⁹⁶ This is due for early discussion.

2. You may conclude from these observations that in my view it is unnecessary to pursue further the question of supplementary instructions. Ends.

¹⁹³ The Cabinet instruction still stands.

¹⁹⁴ Explain that we at Bryce's suggestion changed the negative to positive.

¹⁹⁵ Out

¹⁹⁶ It is expected by the Acting Minister that it will last longer.

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*Procès-verbal de la réunion du Groupe de travail**Minutes of Meeting of Working Group*

TOP SECRET

Washington, December 15, 1948

Those present were as follows:

- Canada—Mr. Stone, Mr. Rogers
- United States—Mr. Kennan, Mr. Hickerson, Mr. Reber, Mr. Galloway, Mr. Merrill
- United Kingdom—Mr. Hoyer-Millar, Mr. Henderson
- France—Mr. Bérard, Mr. Wapler
- [Netherlands]—Jonkheer Reuchlin, Mr. Vreede
- Belgium—Mr. Taymans, Mr. Vaes
- Luxembourg—Mr. LeGallais

Mr. Kennan presented a draft of what the United States Working Party thought might be suitable suggestions for Articles IV, V, and XII of the proposed pact.† He suggested that the Working Group proceed from the general to the particular and take up general considerations before discussing specific articles. He then presented a paper suggesting an agenda for the meeting.† With respect to Item 5 of the agenda, he said that whatever the language of the text of the article defining military obligations there would, in fact, be vast differences in the effect of the obligation accepted by the various countries. *Mr. Hoyer-Millar* suggested the addition to the agenda of the discussion of the possibility of the inclusion of economic and social clauses in addition to the military clauses. In other words, should the pact go beyond military articles? *Mr. Kennan* thought that the subject of the area involved in the pact should be treated as an article rather than as a general question (this was to include the matter of overseas territories).

Discussion of Item 1 (Procedure of Negotiation)

Mr. Kennan said that the United States feels "quite strongly" that it would "cause unnecessary trouble to us all" to call a formal conference for anything more than signature. *Mr. Hickerson* said he wanted to talk at a later date about the place of signature. *Mr. Hoyer-Millar* said that he saw no need for a formal conference — that the Foreign Ministers could just turn up to sign. *Mr. Hickerson* said that he did not want to follow the San Francisco United Nations technique. *Mr. Kennan* said he saw no reason to call it a conference at any time. He suggested that the Working Group advise in this sense.

Discussion of Item 2 (Other Countries to be Initially Taken In)

Mr. Kennan said he thought the meeting should discuss how and when before deciding what countries. *Mr. Bérard* asked if Canada omitted Portugal purposely. *Mr. Stone* and *Mr. Hickerson* explained that Canada would not oppose the inclusion of Portugal if overwhelming strategic considerations were brought up. *Mr. Kennan* said he thought that when the "second reading" was completed and a document had been agreed upon by the Ambassadors' meeting, and when we have an idea that the document so produced is more or less acceptable, then would be the time to take soundings of the other countries to see if they are willing to join. *Mr.*

Hickerson said that the United States Government's position differed from that of the other six participants as they have all approved the specific idea of a North Atlantic Pact in principle, but the United States Government has not as yet, although it has approved the general idea of regional pacts. *Mr. Kennan* said that we must be able to approach the other countries with something fairly firm but not yet final. *Mr. Stone* explained that the Canadian Working Party thought that there might be advantages in letting other countries have a hand in the drafting and that we should, therefore, approach the other countries before the wording of the pact is too close to being final. *Mr. Kennan* said it was difficult to define the point at which other countries should be consulted, but that he thought we should have reached it when we have a document which we all feel would be satisfactory to discuss with them but which has not reached the stage at which we would no longer be willing to accept amendments. *Mr. Bérard* remarked that the French Government was anxious that there should not be too long a delay in approaching other governments because they may take considerable time to act on the invitation.

Mr. Kennan said we should decide at this time what country should approach whom in order that the country which is going to make the approaches will be able to keep in touch with those governments from now on to prepare the way for a formal approach later. *Mr. Bérard* cautioned that we must be sure that consultation with other powers does not complicate negotiations unduly. *Mr. Kennan* said that if countries decide to join they should authorize their Ambassadors to join the Ambassadors' Group in Washington. Although he recognized the desirability of some flexibility in the method of approach, he thought there should be some norm which would be considered the ideal method. *Jonkheer Reuchlin* said that the United States, as the host country, should make both the soundings and the approaches. *Mr. Hickerson* said he thought the United Kingdom should make the approach to Portugal. *Mr. Hoyer-Millar* said he thought the approaches would be more fruitful if the United States made all of them since only the United States could give the answers to questions about what the United States was willing to do. He thought, however, that the United Kingdom would be willing to join in an approach to Dr. Salazar if necessary. *Mr. Kennan* said that, subject to overnight thought, he would give his qualified consent to having the United States make all the approaches. He said that in the approaches he would have to make it plain that "The Pact" and "Military Aid" are not the same thing.

Mr. Kennan asked what countries should be approached, but he said he thought there was no doubt about Iceland, Norway, and Denmark. *Mr. Hoyer-Millar* said he thought it was necessary to give a warning to watch the timing of the approach to be made to Ireland. *Mr. Kennan* said he was not inclined to discuss domestic political considerations in relation to the pact and that was the view of the officials in the United States Government. *Mr. Hickerson* said the United States will not touch the problem of partition. *Mr. Kennan* remarked that he did not think Irish participation was fundamentally important. He said he would take note of the fact that the United Kingdom might have comments concerning the timing and the method of the approach to Ireland.

Mr. Hickerson said the United States would be glad to see Sweden join the pact if Sweden was willing to do so, but he felt "quite strongly" that we should all

proceed on the assumption that Sweden will not participate. He suggested that there should be no direct approach to Sweden but that Norway and Denmark should be told that they can tell Sweden that Sweden will be welcome. He was not willing to risk an almost certain rebuff from Sweden. He saw no reason to make an approach which he felt almost certain would be answered in the negative. *Mr. Kennan* backed *Mr. Hickerson's* idea that there should be no initial approach. *Mr. Bérard* suggested that, according to French information, the Danes may be reluctant to participate. *Mr. Kennan* remarked that he was making a note that the timing in relation to Denmark would be an important factor. *It was agreed* that no approach should be made to Sweden, but that Norway and Denmark should be told that Sweden would be welcome and that they may so inform Sweden if they wish.

Mr. Kennan asked the Canadian view concerning Portugal. *Mr. Stone* again explained that some Canadians had objections to Portugal on ideological grounds but that these ideological objections would not outweigh strategic considerations. *Mr. Kennan* thought that the Azores outweigh any ideological qualms. The next best route to the Azores would absorb an additional fifteen thousand men for maintenance alone. *Mr. Hoyer-Millar* said he would like to have the United States Ambassador associate himself with the United Kingdom Ambassador if the latter is to make the approach to Dr. Salazar. *Mr. Kennan* agreed that while the two Ambassadors should not see Dr. Salazar together, they should certainly do so the same day, and, if possible, in immediate succession.

Mr. Kennan said that the United States feels that Italy's status in relation to the North Atlantic Pact depends upon its relationship to the Brussels Pact. Italy would be eligible for full membership in the North Atlantic Pact if it adhered to the Brussels Pact. The United States is very much concerned about Italy but is anxious to avoid an invitation to Italy which might seem invidious to the other Mediterranean states. Consideration of Italy must be coupled with the consideration of countries like Greece and Turkey. *Mr. Bérard* talked at length in defence of the inclusion of Italy. *Mr. Kennan* used some of the Canadian arguments against *Mr. Bérard*. *Mr. Bérard* did not like the idea of making Italy's participation contingent upon subscribing to the Brussels Pact. He thought it should be put the other way around, and that Italy's participation in the Brussels arrangement should be made conditional upon participating in the North Atlantic arrangement. *Mr. Hoyer-Millar* said he doubted if Italian public opinion would support a move to subscribe to the Brussels Pact. *Mr. Bérard* said he thought Italy was ready to subscribe to both. *Mr. Kennan* said United States concern was solely to make sure Italy does not feel repelled or rejected. *Mr. Reber* said that he was anxious that Italy be brought into the Western European community. *Mr. Bérard* said that North Africa was very important to France and to French defence. Italy is part of the outlying defences of North Africa (Hickerson had, earlier cast doubt upon the willingness of the United States to include North Africa). *Mr. Bérard* went on to say that Italy was really a Western European Country. *Mr. Hoyer-Millar* and *Mr. Hickerson* both revealed that there had been a recent approach from Turkey for participation in the North Atlantic Pact, brought on largely by press talk of the inclusion of Italy. *Mr. Reber* said that he is sure Italy wants to take part in the North Atlantic Pact but is not so sure about its wanting to take part in the Brussels Pact. *Mr. Kennan* said the United States

Chiefs of Staff now think that Italy is necessary to the defence of Western Europe (*Mr. Hoyer-Millar* said that the five Western Union Chiefs of Staff, in September, thought the reverse). This marks a change in the outlook of the United States Chiefs of Staff. *Mr. Hoyer-Millar* said the United Kingdom Staff thinks that the main attack would be against the Brussels Pact Powers proper, across the Rhine. He feared the inclusion of Italy would lead to the dissipation of United States assistance. *Mr. Bérard* said he thought something would have to be done later about making a Mediterranean arrangement. By telling Greece and Turkey that this was to be done we might manage to make them less anxious about the inclusion of Italy in the North Atlantic Pact. *Mr. Kennan* suggested that we might return to this question when we discuss the nature of the obligations accepted. *Mr. Stone* said he thought the Canadian Government would be very much concerned about the extension of Canadian responsibilities under the Pact to the Middle East. He referred to paragraph 13 of the Canadian commentary and said that there would be little difference between that and full membership for Italy, in his personal opinion.

Mr. Taymans said that Belgium had been impressed by the decision of Western Union Chiefs of Staff that Italy would be a military liability. Belgium, however, would not take a definite position at the present time. *Jonkheer Reuchlin*, in addition to rehearsing some of the arguments already heard, suggested that Italian public opinion might be attaching itself to the idea of remaining neutral. *Mr. Kennan* summarized the debate on Italy by saying that there were two alternatives: (1) To admit Italy with limited obligations; (2) to leave Italy out, but to make a strong statement to show interest and concern over Italy. *Mr. Hickerson* and *Jonkheer Reuchlin* remarked that the DeGasperi Government would probably fall if Italy was not invited.

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Procès-verbal de la réunion du Groupe de travail
Minutes of Meeting of Working Group

TOP SECRET

Washington, December 16, 1948

Those present were as follows:

Canada—*Mr. Stone, Mr. Rogers*
 United States—*Mr. Kennan, Mr. Hickerson, Mr. Reber, Mr. Achilles, Mr. Galloway*
 United Kingdom—*Mr. Hoyer-Millar, Mr. Henderson*
 France—*Mr. Bérard, Mr. Wapler*
 [Netherlands]—*Jonkheer Reuchlin, Mr. Vreede*
 Belgium—*Mr. Taymans, Mr. Vaes*
 Luxembourg—*Mr. LeGallais*

Mr. Kennan suggested that the meeting turn to the discussion of the articles as most of the rest of the general questions on the agenda bear closely on specific articles. *Mr. Stone* suggested the use of a sub-group for the obvious articles. It was agreed to run through the articles seriatim. *Mr. Kennan* then circulated drafts of Articles 1 and 3 (papers IWG D-3/1 and D-3/2).

Discussion of Article 1 (IWG D-3/1)

The meeting discussed this article, amended it and approved it as amended (see attached paper CWG-1).

Discussion of Article 3 (IWG D-3/2)

Mr. Stone suggested the insertion of the words "through collaboration in economic, social and cultural fields." *Mr. Bérard* objected to the use of the word "economic" as he thought that the bonds uniting the North Atlantic nations were purely cultural and had nothing to do with economics. A compromise was reached by inserting the words "through collaboration in the cultural, economic and social fields." *Mr. Hoyer-Millar* said, and he was speaking on behalf of the rest of the Brussels Powers, that if such an article is necessary, and his instructions will not yet let him say that it is, he thinks that this article would be acceptable in its present form (see paper CWG-2 for revision).

Discussion of Article 4 (AWG-D7A)

This article was accepted as drafted.

Discussion of Article 5 (AWG-D7A)

Mr. Kennan said that, in the United States' opinion, this clause should be an acknowledgement of a broad obligation but that the details of the action to be taken in accordance with the obligation must be determined elsewhere. In other words, this clause should not try to define the obligation specifically. Specific actions will have to be determined after the Treaty has been signed. He drew attention to the fact that the draft as submitted was a great departure from the Rio formula, and stressed that this draft had not been circulated outside of the United States Working Group. Neither he nor the other members of the United States Group would be willing to say what Senators might think. *Mr. Bérard* said he did not like the dropping of the words "help" or "aid" from Article 5. Europe, he said, was longing for a promise of help and this promise appeared to be missing from the United States draft. *Mr. Hoyer-Millar* asked *Mr. Bérard* to hold on and said that this draft did not shock him. He suggested the insertion of the words "military or other" in front of "action": *It was agreed* that the following wording should be used in an effort to meet the French position: "Such military or other action as may be necessary to assist the party so attacked and to restore and assure the security of the North Atlantic area." *Mr. Stone* suggested the addition of the words "against one or more of them" after "attack" in line 2. There was a debate over what would happen if Iceland, as a non-member, was attacked. It was the consensus of the meeting that we could not give a written guarantee to non-members and the phrase was, therefore, accepted. *Mr. Taymans* wanted "forthwith" after "will take". This was accepted.

Mr. Kennan said that he wanted more time to think about the area to be defined in paragraph 5. He agreed, in reply to a question by *Mr. Hoyer-Millar*, that Bornholm was intended to be included. *Mr. Bérard* objected to the mentioning of the North Pole by name, although he did not object to its inclusion in the area. *Mr. Stone* suggested that the meeting decide on the places which are to be included in the area and then seek to define the area. This was agreed. *Mr. Kennan* remarked

that the United States Group was not sure what it thinks about the inclusion of North Africa. He proposed that the meeting pass to Article 6 and leave Article 5 in abeyance (see paper CWG-4 for revision of first sentence of Article 5).

Discussion of Article 6 and 12 (Article 12 AWG-D7A)

Mr. Kennan said that the United States accepts the outline given in Article 6 of the Brussels draft as being a correct description of what would occur, but said that he would not like to see it set forth so openly in a public document. He said that the United States Group would prefer to set up a more general organ of consultation. The United States cannot accept the word "determine" under 6(ii)(a) as a legal obligation. The United States could accept "recommend". He assured Mr. Bérard that the United States has no mental reservations. The reason this form of wording is being sought is to meet the constitutional requirements of the United States. Mr. Bérard said he did not like the word "consultative" in front of "Council" because France was hoping for more than just consultation. Mr. Hoyer-Millar asked whether the Council would deal with political matters. Mr. Kennan replied in the affirmative. Mr. Stone presented the Canadian Ambassador's revision of the United States draft of Article 12 (see paper CWG-3 attached). It was agreed that Mr. Achilles would try to draft a compromise on Article 12 to include all the ideas brought forth during the meeting.

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

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

TOP SECRET

Ottawa, December 17, 1948

Dear Hume [Wrong],

I enclose a draft of today's date of the North Atlantic Treaty. It has been prepared with the text on the right hand side and with observations on the left hand side. The observations, you will note, are taken from the Commentary.

2. Hopkins, Crean and Ignatieff have done a great deal of work in improving on the previous draft, and I hope that you will agree that it marks a very considerable improvement.

3. So far as I am aware, it is entirely consistent now with the Commentary, and I hope that it contains nothing to which you will take exception.

4. As soon as Mike [Pearson] gets back — which is not now expected until noon tomorrow — I shall bring it to his attention and suggest to him that he show it to the Prime Minister.

5. Meanwhile, you may take it as being the texts which officials in the Department would recommend you would be authorized to put up for discussion in Washington.

6. My guess is that the Americans are being much too optimistic about the length of time which will lapse between the conclusion of your work in Washington and the signature of the Treaty. I am convinced that governments, and in particular this Government, will want to have at least two weeks' time to consider the draft agreed to in Washington before they send a Cabinet Minister to attend a formal conference.

7. Brooke Claxton also feels very strongly, and I am inclined to agree with him, that it is completely unrealistic to expect that the formal conference of Cabinet Ministers will be perfunctory. In his opinion, it will last at least two weeks.

8. On the assumption, therefore, that your group can produce a draft treaty by January 15, the earliest date at which it would be signed would, on this view, be about February 15th.

Yours sincerely,

ESCOTT (REID)

[PIÈCE JOINTE/ENCLOSURE]

Projet du Traité de l'Atlantique Nord

Draft North Atlantic Treaty

TOP SECRET

Ottawa, December 17, 1948

On the left hand pages of this document are re-produced extracts from the Canadian Commentary of December 6, 1948, on the Washington Paper of September 9, 1948; on the right hand pages are the Articles of a Draft Treaty.

The Draft Treaty should not be construed as having the approval of the Canadian Government. It represents an attempt at this official level to draft a Treaty on the general lines of the discussions held in Washington during the summer of 1948.

PREAMBLE

WE, the people of the North Atlantic Nations, are dedicated to the cause of peace. We believe in the dignity and worth of every man, woman and child. We affirm our faith in the principles of parliamentary democracy, political liberty and personal freedom which are our common heritage.

WE, are confident that, by applying the principles of self-help and mutual aid, we may contribute to the establishment of a peaceful world in which everyone may live in freedom from fear and want and with liberty of thought and worship.

WE are determined to unite our efforts to maintain peace and to preserve these principles and freedoms.

OUR Governments, therefore, have agreed to this North Atlantic Treaty, and do hereby establish, in the exercise of the inherent right of collective self-defence recognized in Article 51 of the Charter of the United Nations, and in accordance with the Principles and Purposes of the Charter, an organization to be known as the "North Atlantic Community" whose member states shall be known as the "North Atlantic Nations".

Observations on the Preamble

It is considered desirable that the Treaty should be easily understood and that it should, if possible, be drawn up in such a way as to strike the imagination of the public and kindle their enthusiasms. Consequently, it is important that every effort be made to draft the Treaty in simple, clear and unambiguous language avoiding "officialese" and pedantic terms which might create an unnecessary bar to understanding.

In pursuance of this objective:

(a) The international security organization established by the Treaty might be called in English "The North Atlantic Community" or "The North Atlantic Alliance" or "The North Atlantic Union"; and in French "La Ligue de l'Atlantique Nord" or "L'Alliance de l'Atlantique Nord", or "L'Union de l'Atlantique Nord".

(b) The Treaty might be given a simple title such as "The North Atlantic Treaty".

(c) The states which sign the Treaty might be called in the Treaty, not "signatory states", "contracting states" nor "High Contracting Parties", but the "North Atlantic Nations".

(d) The Preamble might set forth in a number of short sentences the purposes of the Treaty and be written in the name of the people of the North Atlantic Nations and not in the name of the contracting states.

The Preamble might usefully set forth, in much the same language as in the Preamble to the Brussels Treaty, the common belief of the signatories in the values and virtues of their common civilization and their common determination to work for the promotion of their mutual welfare and the preservation of peace. The Preamble could also make clear that the contracting states are uniting their strength not for the purpose of waging war but for the purpose of preventing war and that the aim of the Treaty is peace.

CHAPTER ONE
POLITICAL AND DEFENCE COOPERATION

Article 1

The North Atlantic Nations agree that an armed attack by any state against any North Atlantic Nation is an attack against all the North Atlantic Nations. In accordance with Article 51 of the Charter of the United Nations, each North Atlantic Nation undertakes to give immediately to any other North Atlantic Nation which is attacked by any state all the military, economic and other aid and assistance in its power.

Observations on Article 1

The pledge of mutual assistance in the Brussels Treaty comes into effect if one of the signatories is "the object of an armed attack in Europe." The pledge in the Rio Treaty comes into effect "in case of an armed attack which takes place within the region" described in the Treaty; it therefore comes into effect if a non-member state within the safety-zone of the region is attacked.

There are sound arguments against the inclusion in the North Atlantic Treaty of a "safety-zone" provision similar to that in the Rio Treaty, within the geographical limits of which any act of aggression against any state in that zone would mean war with all the parties to the Treaty. Such a proposal would give all the other countries within the North Atlantic zone a very good reason for doing nothing in the way of "mutual aid and self-help" (as demanded by the Vandenberg Resolution); they would be assured of powerful allies without undertaking any commitments, even a commitment to furnish facilities. On the other hand, if the guarantee under the Treaty is limited to attacks on the members of the Organization, the effect would be to increase the risk of a Soviet attack, or of Soviet indirect aggression, against a non-member — such as, say, Sweden.

Since it would be desirable for all the countries in the North Atlantic area to become members of the Organization, it would seem wise to limit the guarantee under the Treaty to attacks on members or states with which defence arrangements have been made. This issue will necessarily have to be left open until soundings have been taken of the North Atlantic countries which were not represented in the Washington talks this summer.

In deciding on a formula, regard should be had to the following considerations:

(a) the firmer the pledge, the greater the effect the Treaty may be expected to have in deterring the Soviet Union and in restoring in Western Europe the confidence necessary for the economic reconstruction and the rearmament of that area; and

(b) the more the pledge is limited by constitutional safeguards, the less controversial it is likely to prove in the domestic political field.

The first of these considerations is clearly the more important. Therefore, if the United States representatives in the forthcoming discussions feel that the United States cannot go as far as the Brussels formula, it is to be hoped that the formula agreed on will be as close to the Brussels formula as is possible.

The pledge of mutual assistance in the event that a contracting state is the object of an armed attack should contain a reference to Article 51 of the Charter which recognizes the "inherent right of individual or collective self-defence" against an armed attack.

Article 2

At the request of the North Atlantic Nation or Nations attacked, and until the North Atlantic Council has reached agreement on collective measures, each North Atlantic Nation will determine the immediate measures which it will individually take in fulfillment of its undertakings under Article 1 of this Treaty and in accordance with the principles of self-help and mutual aid.

Article 3

In addition to any other act which the North Atlantic Community may characterize as an attack within the meaning of Article 1, the following shall be considered as attacks:

(a) Armed attack by any state against the territory, the people, or the land, sea or air forces of another state;

(b) Invasion, by land, sea or air forces of any state, of the territory of another state, through the crossing of boundaries demarcated by treaty, judicial decision, or arbitral award, or, in the absence of frontiers thus demarcated, invasion of a region which is under the effective jurisdiction of another state.

Article 4

Any measures of individual or collective self-defence taken under this Treaty shall be immediately reported to the Security Council of the United Nations and shall be terminated as soon as the Security Council has taken the measures necessary to maintain or restore international peace and security.

Observations on Article 4

The Treaty should provide that any measures of self-defence taken under it shall, in accordance with the provisions of Article 51, be immediately reported to the Security Council and terminated as soon as the Security Council has taken the measures necessary to maintain or restore international peace and security.

Article 5

This Treaty shall not be construed as impairing or conflicting with the obligations of the North Atlantic Nations under the provisions of the Charter of the United Nations. Each North Atlantic Nation undertakes not to conclude any alliance or participate in any coalition directed against any other North Atlantic Nation or to accept obligations in conflict with this Treaty or with the Charter of the United Nations.

Observations on Article 5

It is important that the organization established by the Treaty be kept strictly within the framework of the United Nations.

The Treaty should contain a reference to Article 103 of the Charter to the effect that none of the provisions of the Treaty shall be construed as impairing or conflicting with the rights and obligations of the signatory states under the Charter.

The Treaty should contain a reaffirmation of the undertaking of all Members of the United Nations, set forth in Article 2 (4) of the Charter, not to threaten or use force against the territorial integrity or political independence of any state.

Article 6

The North Atlantic Nations undertake to communicate to each other the terms of any undertakings of assistance against aggression which they have given or may in future give or decide to give to other states. Each North Atlantic Nation agrees to refrain from concluding any agreement which will limit its obligations under this Treaty or indirectly create new obligations for the other North Atlantic Nations.

Article 7

The North Atlantic Nations agree to consult concerning any development which might threaten their independence or which might call any of the foregoing undertakings into operation.

Article 8

The North Atlantic Nations agree to make every effort, individually and in common, on the basis of continuous and effective self-help and mutual aid, to strengthen the individual and collective capacity of the North Atlantic Nations to resist aggression.

Article 9

Subject to the provisions of Article 4, each North Atlantic Nation agrees that, if it becomes engaged in hostilities following an armed attack against it or arising in consequence of the application of this Treaty, it will not conclude any armistice or treaty of peace except through the North Atlantic Council and with its approval.

Article 10

The North Atlantic Community may, on terms to be agreed between the Council and the state concerned, extend some or all of the guarantees of this Treaty to any state whose defence is considered by the Council to be vital to the defence of the North Atlantic Community.

Observations on Article 10

Consequently, every effort should be made to persuade the Scandinavian countries and Iceland and Ireland to become original members of the Organization. If one of them refuses to come in it will be necessary for the states which are willing to join the Organization to consider very carefully whether the Organization can extend guarantees to any country which does not reciprocate, although the strategic importance of bases in such a country might justify special arrangements between the Organization, once it has been set up, and that country.

CHAPTER TWO

ECONOMIC, SOCIAL AND CULTURAL COOPERATION

Article 11

The North Atlantic Nations undertake to make every effort in common to eliminate conflict in their economic policies, to coordinate their production, and to encourage the greatest possible development of trade between them.

Article 12

The North Atlantic Nations undertake to make every effort in common to promote the attainment of a higher standard of living by their people and greater economic and social justice, to bring about a better understanding of the principles which form the basis of their common civilization, and to promote cultural exchanges between themselves.

Observations on Articles 11 and 12

As reported on page 13 of the Washington paper of September 9, 1948, the Canadian representatives in the Washington discussions emphasized the importance which they attached to the inclusion in the Treaty of provisions for the encouragement of cooperation among the signatories in fields other than security. In their opinion, such cooperation would contribute directly to general security. They felt that the purpose of the Treaty should not be merely negative but that it should cre-

ate the only dynamic counter-attraction to totalitarian communism — a free, prosperous and progressive society.

In addition, in order to strengthen the collective capacity of the whole Organization to resist aggression, it is essential that the combined production of goods and services of the members of the Organization should be as great as possible, particularly at a time when a large proportion of this combined production must unhappily be devoted to preparations to resist aggression.

For these reasons, it is important to include in the Treaty effective provisions for consultation, cooperation and common action in the economic field.

Article 13

The North Atlantic Nations agree that in seeking to attain the objectives of this Chapter they will make full use of international economic, social or cultural organizations in which they may be represented.

Observation on Article 13

The section on economic, social and cultural cooperation might include a provision under which the contracting states would agree that they would seek to attain the objectives set forth in this section by making the most effective use possible of other international economic, social or cultural organizations in which the contracting states are or may be represented.

CHAPTER III NORTH ATLANTIC COUNCIL

Article 14

There is hereby established the North Atlantic Council. The Council shall consist of all the North Atlantic Nations. Each North Atlantic Nation shall have one representative in the Council.

Article 15

The Council may establish such subsidiary organs as it deems necessary for the performance of its functions. The Council may delegate to any organ or officer of the Community such of its own powers as it sees fit and may revoke or modify any such delegation of power at any time.

Observations on Articles 14 and 15

The only organ mentioned in the Brussels Treaty is the "Consultative Council". The Brussels Powers have, however, found it necessary to establish a number of other organs, among them a Chiefs-of-Staff Committee, a Military Supply Board, a Commanders-in-Chief Committee, a Military Committee, and a common secretariat.

It appears evident that the North Atlantic Organization will, in order to be effective, need to have from its outset, most, if not all, of the organs which Western Union has found necessary. The Atlantic Treaty, therefore, should contain a provision for establishing a Consultative Council empowered to set up such organs as from time to time seem necessary, in order that the Treaty may be implemented speedily and effectively.

The association of the Canadian Government with the proposed Treaty must be based upon due constitutional processes. This involves not only approval of the Treaty by Parliament but also ultimate control by the Canadian government of any measures recommended by the Council of the North Atlantic Organization which may entail contributions by Canada of a military or economic nature. The Council should therefore be composed of Cabinet Ministers of the signatory states, who would make recommendations to their governments on policy. The Council would direct its subordinate bodies to carry out planning and required action within the framework of agreed policy.

This does not necessarily mean that every member of the North Atlantic Organization need be represented at all levels in all organs of the Organization. To insist on this would make some of the organs unworkable. But the controlling decision on matters of policy must ultimately rest with the governments of the members of the Organization. Accordingly, all subordinate bodies of the Organization and of its executive agencies would be required to carry out agreed decisions on the basis of the Council's recommendations.

Article 16

The Council shall work out plans to ensure (a) the maintenance of an overwhelming preponderance of military, economic and other force on the side of peace, and (b) prompt and effective action by the North Atlantic Nations under Article 1 of this Treaty.

Article 17

In the event of hostilities arising in consequence of the application of this Treaty, the Council shall perform the functions of the Supreme War Council of the North Atlantic Community.

Article 18

The Council shall normally meet at . In order that the Council may be able to act promptly and effectively, each North Atlantic Nation shall at all times maintain at the seat of the Council a representative accredited to the Council.

CHAPTER FOUR STAFF

Article 19

The Staff shall comprise a Chancellor and such secretarial, administrative and other employees as the Community may require.

Article 20

The Chancellor, who shall be the chief administrative officer of the North Atlantic Community, shall be appointed by the Council.

Article 21

The other members of the Staff shall be appointed by the Chancellor under regulations established by the Council.

Article 22

The paramount consideration in recruiting the Staff shall be the necessity of securing the highest standards of efficiency, competence and integrity. Due regard shall also be paid to the desirability of an equitable distribution of posts among the nationals of the North Atlantic Nations.

CHAPTER FIVE
PEACEFUL SETTLEMENT OF DISPUTES

Article 23

The North Atlantic Nations agree as follows in respect of any dispute which may arise between themselves:

(a) all disputes falling within Article 36, paragraph 2, of the Statute of the International Court of Justice shall be referred to the Court and the decision of the Court shall be final and binding;

(b) all other disputes shall be submitted to conciliation;

(c) any party to a dispute which involves questions for which conciliation is appropriate, and other questions for which judicial settlement is appropriate, shall have the right to require that the judicial settlement of the legal questions shall precede conciliation.

Observations on Article 23

It is proposed in the annex to the paper dated September 9, 1948, which resulted from the Washington exploratory talks on security, that the Treaty should include "an undertaking to submit every controversy which may arise among the parties to methods of peaceful settlement." The Brussels Treaty contains an article along these lines which is, however, subject to the qualification that the contracting states accept the compulsory jurisdiction of the International Court over disputes *inter se* — "subject only, in the case of each of them, to any reservation already made by that party when accepting this clause for compulsory jurisdiction to the extent that that party may maintain the reservation."

The inclusion in the North Atlantic Treaty of a provision under which the contracting states would accept without qualification the compulsory jurisdiction of the International Court on all legal disputes which may arise *inter se* would be a useful demonstration of the belief of the signatory states in the rule of law among nations.

Article 24

The provisions of Article 23 in no way affect the application of relevant provisions or agreements prescribing some other method of peaceful settlement, whether provided for in the Charter of the United Nations or otherwise.

CHAPTER SIX
GENERAL

Article 25

This Treaty shall be registered with the Secretary-General of the United Nations.

Observations on Article 25

The Treaty should contain a provision for registration with the United Nations under Article 102 of the Charter.

Article 26

The Council may invite any state to accede to this Treaty on conditions to be agreed between the Council and the state so invited. Any state so invited may become a party to the Treaty by depositing an instrument of accession with the Chancellor, who will inform each North Atlantic Nation of the deposit of each instrument of accession.

Article 27

The Council may, by resolution, suspend or expel any North Atlantic Nation from the privileges of membership in the North Atlantic Community if a resolution calling for such suspension or expulsion is handed in writing to the Chancellor at least two weeks in advance of its consideration by the Council, and is approved by a two thirds vote of the Council at two meetings of the Council separated by an interval of at least two weeks.

Observations on Article 27

The concluding note of the annex to the Washington paper reads as follows:

"The question of including a provision for disqualification under certain circumstances of any of the signatories from enjoying the benefits of the Treaty requires further consideration."

Presumably the "certain circumstances" include the coming into power of a communist-dominated government in a contracting state.

The Treaty might provide for the expulsion or suspension of a member by a unanimous vote of the other members or by a vote of, say, two-thirds of all the members.

CHAPTER SEVEN
COMING INTO FORCE

Article 28

This Treaty shall be ratified by the signatory states in accordance with their respective constitutional processes. The instruments of ratification shall be deposited as soon as possible with the Government of ----- which will notify all the signatory states, and the Chancellor when he is appointed, of each deposit.

Article 29

This Treaty shall come into force on the date of the deposit of ratifications by France, the United Kingdom and the United States and by a majority of the other signatory states.

Article 30

This Treaty shall remain in force for twenty-five years. After the end of that period, each North Atlantic Nation shall have the right to cease to be a party to this Treaty one year after it has given notice of denunciation to the Chancellor.

Observations on Article 30

The Brussels Treaty remains in force for fifty years. The Rio Treaty remains in force indefinitely, but any state can denounce the Treaty and its denunciation becomes effective two years later.

Generally speaking, the longer the initial duration of the Treaty, the more effective it is likely to be as a deterrent to aggression and as an encouragement to self-help and mutual aid. The Treaty might, therefore, remain in force for, say, twenty or twenty-five years. The Treaty might also include a provision similar to that in the Brussels Treaty under which, after the end of the initial period, each contracting state would have the right to cease to be a party to the Treaty, provided it had previously given one year's notice of denunciation.

Article 31

This Treaty, of which the English and French texts are equally authentic, shall be deposited in the archives of the Government of ----- . Duly certified copies thereof will be transmitted by that government to the governments of the other signatory states.

In faith whereof, the representatives of the governments of -----, having exhibited their full powers found to be in good and due form, have signed this Treaty. Done at the City of -----, the ----- day of -----, one thousand, nine hundred and forty-nine.

468.

DEA/283 (S)

*Note du sous-secrétaire d'État par intérim aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*¹⁹⁷

*Memorandum from Acting Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*¹⁹⁷

TOP SECRET

[Ottawa], December 17, 1948

NORTH ATLANTIC TREATY

I attach for your consideration a letter to Mr. Wrong supplementing the views set forth in the "Memorandum for Guidance of the Canadian Representative" which was approved by Cabinet on December 1st, and in the Canadian Commentary dated December 6th, which has been distributed to the representatives of the other governments participating in the present Washington talks. Mr. Wrong has already commented on the previous draft, and while he has taken the view that he would prefer at this stage only to have direction on specific points, I think there would be some merit in sending supplementary instructions in this form. First, it

¹⁹⁷ Il y a une copie de cette note et sa pièce jointe dans les documents de Wrong (volume 5), avec la mention suivante au haut :

There is a copy of this memorandum and its enclosure in the Wrong Papers (volume 5), with the following note at the top:

A later, but out-of-date, edition of E[scott] R[eid]'s supplementary instructions, given me, unsigned, 'for information' by L.B. P[earson] in New York, Dec. 29th H[ume] W[rong]

would be useful for the record. Secondly, it would make our position clear on certain points which will arise, and in particular, on the nature of the pledge.

2. I have in mind that at least certain parts of the document should be approved by the Prime Minister and perhaps by Cabinet — in particular the paragraphs on the nature of the pledge. It will be most unfortunate if the precise nature of the pledge, to which we are prepared to commit ourselves, is not clearly understood. In a recent telegram, Mr. Wrong has applied the acid test. In supporting a formula on the lines of the Brussels pledge (which Cabinet agreed to) "is the Canadian Government prepared to accept 'an automatic commitment to go to war' in the event that the Russians occupy the whole of Spitzbergen and stop there, or if some similar development takes place at a marginal point within the area covered by the agreement?"

3. The suggestion in paragraph 2 of the letter that a Joint Declaration be made at the time of signature would have the additional merit that it might be used as the basis for a resolution which might be introduced in Parliament before the Treaty is actually signed. This would be in line with the procedure followed in introducing the Resolution in respect of the United Nations before San Francisco. A Joint Declaration of this sort might also help to ensure that the explanation of the Treaty during the debates in Congress and Parliament on ratification of the Treaty would follow similar lines and would possibly help to avoid the United States giving one interpretation of the nature of the commitment, while we give another.

4. I have thought it desirable to leave in the suggestion of an Interim Arrangements Agreement, although Mr. Wrong's initial suggestions along these lines at the Ambassadors' meeting on December 13th met with no support. The suggestion that a proposal for interim arrangements might be made was approved by Cabinet.

5. I attach for your signature a Memorandum to the Prime Minister,¹⁹⁸ enclosing a copy of the supplementary instructions to Mr. Wrong for his consideration.

E[SCOTT] R[EID]

¹⁹⁸ Il y a une copie non-signée de cette note dans DEA/283 (S). Elle ne contient que les instructions supplémentaires et attire l'attention sur certains paragraphes.
There is an unsigned copy of this memorandum in DEA/283 (S). It simply encloses the supplementary instructions and draws attention to particular paragraphs.

[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*

TOP SECRET

Ottawa, December 16, 1948

NOT SENT

Dear Mr. Wrong:

You will already have received by telegram the text of the "Memorandum for Guidance of the Canadian Representative in the Forthcoming Series of Informal and Non-Committal Discussions in Washington," which was approved by Cabinet on December 1, 1948. I have also sent you the Canadian Commentary on the Report of the Washington Exploratory Conversations of September 9, 1948, for distribution to the representatives of the other powers taking part in the current talks in Washington. The first memorandum is, in part, a summary of the Commentary, although the reasons for Canada entering into the North Atlantic Treaty, contained in paragraph 2 of the Memorandum, were introduced largely for domestic purposes. I should, however, like to supplement the views set forth in these two documents for your information and guidance during the discussions.

The Treaty and the United Nations

2. There are already indications that one of the arguments which the Communists are busily engaged in making to certain well-meaning people is that the proposed North Atlantic Treaty is a violation of the spirit, if not of the letter, of the United Nations Charter. It might be wise, therefore, for the signatories of the Treaty to make clear in a Joint Declaration at the time of signature, that they continue to adhere to the principles of universal collective security set forth in the Charter, that they have been forced to adopt temporarily the alternative courses open to them under the Charter of collective security agreements only because Soviet intransigence has made it unsafe for them to depend upon a weak system of collective security on a 'universal' basis, and that once an effective United Nations security system has been established they will readily return to a universal system of security. I attach at Annex A a tentative draft text of such a Joint Declaration.†

Organs Established Under the Treaty

3. With regard to Section 5 of the Commentary, we are anxious that the Treaty should be implemented as speedily as possible. It seems probable that the Treaty will not be signed until the middle of February, and that it will not come into force until the middle of April. Next March may well be a period of acute tension with the Soviet Union, and the existence of effective organs during this period might do much to deter any aggressive actions on the part of the Soviet Union, and to give confidence to the people and governments of the Western countries.

4. The Brussels powers consider it unlikely that the organs set up under the Brussels Treaty will be superseded, at any rate in the near future, by North Atlantic agencies. We also understand the United Kingdom and French Governments are most anxious to retain the Brussels agencies. The phrase that M. Schuman used recently in speaking to me of the North Atlantic agencies was that they would be "gradually superimposed on the Brussels agencies." Until the Atlantic agencies are set up, I would suggest that the United States and Canada might continue to cooperate with the Brussels agencies. Such cooperation would no doubt go far to ensure that effective organs are in being to meet a possible Soviet threat in the spring, before the Council established under the Atlantic Treaty is in being or has had the opportunity to set up the necessary organs to implement the Atlantic Treaty.

5. An alternative and perhaps preferable method of meeting the problem would be to sign an Interim Arrangements Agreement at the same time as the Treaty is signed. You will recall that the Cabinet Memorandum of December 1 said that, should signature of the Treaty not take place for some time, or should it seem likely that some months may elapse between the signature of the Treaty and its coming into force, it might be necessary to make provision at the time of signature for setting up an Interim Council empowered to establish interim organs. I attach at Annex B a draft suggesting the lines upon which an Interim Arrangements Agreement might be drawn up.†

6. If an Interim Arrangements Agreement is thought to be desirable, it should, of course, be drafted in such a way as to avoid the necessity of ratification by the United States Senate. This should not be difficult, since it would give rise to no international obligations but would merely constitute organs for consultation and planning.

7. Such an agreement might well be advantageous from Canada's point of view. Our bargaining position will be stronger during the course of negotiations for the Treaty than after it is signed. It might therefore be wise for us before signature of the Treaty to secure agreement on Canadian membership of an Interim Chiefs-of-Staff Committee. This would frustrate any efforts on the part of the United Kingdom or the United States to exclude us from membership on the permanent organ.

8. Whatever procedure is adopted, it is important that we avoid the monopolization of authority by the United Kingdom and the United States which occurred in the last war. We should be unwilling to accept such an arrogation of authority in our peacetime planning, or in the conduct of another war; although in the latter event, no doubt a substantial delegation of power would be necessary for the speedy and effective conduct of the war.

9. In paragraph 5(f) of the Commentary, the view is expressed that the Treaty should contain a provision for registration with the United Nations under Article 102 of the Charter. It seems important that it be made clear at some point in the informal discussions that we do not consider that there is any legal necessity for registering with the United Nations any of the arrangements which are made after the Treaty comes into force. In our view, therefore, there would be no necessity to register decisions of the Council to set up various organs or, indeed, any other defence arrangements reached by the signatory powers under the Treaty. (As you

know, this problem has arisen with respect to inter-governmental agreements reached as the result of recommendations of the Permanent Joint Board on Defence.) If an Interim Arrangements Agreement were signed, it would appear necessary to register it with the United Nations, although as soon as it lapsed it would, in our view, be unnecessary to register arrangements for the establishment of subsidiary organs under the Treaty.

Original Members of the Organization

10. With regard to Section 6 of the Commentary, the Canadian Government is anxious that Norway, Sweden, Denmark, Iceland and Ireland, or at least as many of these countries as possible, should be original members. In our view, the adherence of these countries at the outset would demonstrate clearly to the Canadian public that we were not undertaking commitments disproportionate to those undertaken by states more directly menaced by the Soviet Union. The adherence of these countries would consequently assist us in gaining the measure of public support for the Treaty which will be essential if we are to contribute our fair share to the commitments which will arise under the Treaty.

11. I realize that there are difficulties in the way of all the Scandinavian countries joining at the outset, particularly in view of Sweden's attitude. While every effort should be made to bring all the Scandinavian countries in, we may have to be satisfied, at least at the outset, with a provision in the Treaty under which the North Atlantic Organization, once it is set up, will be empowered to make special defence arrangements with a country.

Portugal

12. During the discussion in Cabinet of the "Memorandum for Guidance of the Canadian Representative" it was decided that no reference should be made to the position of Portugal in any document for circulation to other Governments. It was decided that you should not take any initiative in raising the question of the association of Portugal with the Treaty Powers or with the North Atlantic Organization after it is set up. If, however, the matter is raised you should intimate that, if there are sufficient strategic reasons for inviting Portugal to become an original member, or to be associated with the Organization after it is set up, the Canadian Government would not be inclined to oppose such arrangements on the grounds that Portugal might not be able to meet the ideological principles which are referred to in the preamble of the Brussels Treaty and which, presumably, will be reaffirmed in the North Atlantic Treaty.

The Area to be Covered by the Provisions for Mutual Assistance

13. Nothing is said in Section 7 of the Commentary concerning attacks on colonies and dependencies. It is important that the guarantee be limited, in general, to the metropolitan areas of member states and of other states with which the Organization makes defence arrangements. Perhaps the best method would be to specify those territories outside the metropolitan areas of the member states which would be covered by the guarantee. Thus Greenland, the Azores and any other territories which are of strategic importance to the defence of Western Europe and this Continent, and are within the North Atlantic region might be specified. It would be for

consideration whether French North Africa, for example, should be included. In any event, we can see no objection to a provision in the Treaty requiring consultation between the parties should an attack be made on a dependent territory in another region.

The Nature of the Pledge

14. The main question in the drafting of the Treaty will of course be whether the pledge of mutual assistance is to be based on the Brussels formula or the Rio formula.

15. Having in mind the position taken by the United States thus far, a pledge based on the Rio formula may be the most that we can expect. Indeed it may be contended that so long as United States forces are in Western Europe, such a pledge would in effect be equivalent to the Brussels pledge, since the President, as Commander-in-Chief, could and no doubt would order the United States forces to resist in advance of a declaration of war by Congress.

16. While the value of a pledge based on the Rio formula should not be underestimated, the Canadian Government would prefer the pledge to follow as closely as possible the Brussels pledge. Such a pledge would in our view have a greater deterrent effect on the Soviet Union than the Rio pledge, and would make it more difficult for Soviet leaders to misconstrue, or to mislead others about the firmness of, United States foreign policy.

17. We hope, therefore, that you may be able, during the forthcoming discussions, to persuade the United States representatives to go further in the direction of the Brussels formula than they have hitherto been willing to go. Certainly, whatever formula is worked out, what is being undertaken should be made clear beyond possibility of doubt. It would be most unfortunate if, during the debates in Congress and Parliament on ratification of the Treaty, the United States were to interpret the pledge in one way and Canada in another.

18. It may be argued that the form of the pledge will not make much difference since, in any event, an attack by the Soviet Union on a member of the alliance would inevitably involve all the members in a major war. If this is so, however, it seems desirable that the pledge should reflect these facts.

19. It may also be argued that the acceptance by the United States of the Brussels formula might be interpreted to mean that, in the event of an attack in Europe, the United States would have to throw all of its forces into Western Europe. This seems to us to be a strained interpretation of the Brussels pledge, since it would be the responsibility of the Chiefs of Staff of the North Atlantic Organization to work out the strategic concept of how or where a war would be fought in given circumstances.

20. Nor, in our understanding, would United States constitutional processes be affected adversely by the acceptance of the Brussels formula. Whatever formula is eventually agreed upon, however, I hope that the United States will not insist on the inclusion of any such phrase as "in accordance with its constitutional processes." It is surely evident that no signatory will commit itself to act otherwise than in accordance with its constitutional processes. If something other than this is meant by the

use of such a phrase, the United States representatives should be asked to make their position clearer.

21. It would seem to me that the real objection of the United States representatives to the Brussels formula is not a constitutional one but is based on the political undesirability of the present Congress binding future Congresses. Under the Brussels formula, the right to declare war would still be vested exclusively in Congress, but Congress would be under an obligation to declare war if in future an attack is made against a co-signatory.

22. In our view, under the Brussels formula, the question whether an attack has occurred (which would bring the commitment into operation) is one of fact. Since the North Atlantic Council will not be given the authority to decide whether the signatories will go to war, it will in practice be left to the signatories themselves to determine whether an attack has taken place. This, it seems to us, makes unnecessary and undesirable the inclusion in the pledge of an explicit provision that each state will determine whether an attack has occurred within the meaning of the pledge. It remains our view that the pledge should be firm and that it should be clear from the language of the Treaty that the signatories are determined to resist by force of arms any further encroachments by the Soviet Union in the area covered by the pledge. If, for example, Norway were a signatory, and Spitzbergen were attacked or occupied by Soviet forces, the other signatories should in our opinion be required to go to war.

23. The United States is not alone in foreseeing certain difficulties in the way of securing public support for a pledge along the lines of the Brussels formula. While the press reaction in Canada to the North Atlantic Treaty has on the whole been favourable, some editorials have already appeared in Canadian papers urging that Canada should not enter into a Treaty which contains an automatic commitment to go to war. We propose to meet this by stating that the national interest demands the conclusion of a treaty which is best calculated to prevent war, and that the best chance of preventing war lies in making it clear to the Soviet Union that war with one of the signatories means war with all.

Economic and Social Cooperation

24. Section 9 of the Commentary contains the Canadian views concerning the importance of including in the Treaty provision for consultation, cooperation and common action in the economic field. Plans for the mobilization of the maximum military strength on the part of the Organization would not be fully effective without complementary plans for the pooling of essential resources and for the most economic combination of the production facilities of the signatory powers. Some countries are better suited than others for the production of certain types of material. Similarly, it would be more economical to have some countries specialize in certain branches of research and development.

25. If, therefore, the Treaty is to have its full effect in deterring the Soviet Union from aggression and in strengthening the collective capacity of the whole Organization to resist aggression, it should provide for continued consultation, cooperation and common action in the economic field. For this purpose, an Article along the lines of paragraph three of the Annex to the Washington paper of September 9th

would be satisfactory, although we should prefer that the Article be written positively, rather than contain a negative qualifying clause, as suggested in the Annex. Thus we might say that in the cooperation envisaged the North Atlantic Nations "will make full use of international economic, social or cultural organizations on which they are or may be represented." I do not think that such a clause would imply that we wish to establish new agencies, while it would state in positive form that existing organizations, such as O.E.E.C., the Economic Commission for Europe and the specialized agencies of the United Nations will be used to the full, thus avoiding duplication.

Future Procedure

26. I am glad to learn that your group in Washington is going to try to produce a complete Treaty text and proposals on original participants and related questions by the middle of January. I very much doubt, however, whether the treaty could be ready for signature by February 1st. The draft Treaty text prepared in Washington will, of course, have to go before Cabinet, together with recommendations on the amendments which we think might usefully be made in the draft before it is signed. My guess is that we will require at least two weeks here between receipt of the Washington draft and the opening of the formal conference. This would mean that the conference could not open until early in February.

27. How long the conference is likely to last, I am not prepared to say. I hope it would not last longer than two weeks; I am sure it will last longer than a few days. It must be remembered that the discussions up to January 15, 1949, will all have been "informal, non-committal and exploratory." I do not think it is reasonable to expect to move from that situation to signature of a treaty of this importance in less than a month.

28. If your discussions end about January 15, and if the formal conference opens towards the beginning of February, it may be desirable for the Government to ask Parliament to adopt a resolution of the kind which Parliament adopted before the San Francisco Conference. Officers of the Department are now working on a draft of such a resolution. One advantage of putting such a resolution before Parliament would be that it might tend to blunt the edge of the criticism that the Government intends to sign a North Atlantic Treaty without first taking Parliament and the people into its confidence.

29. An additional reason for suggesting in paragraph 2 that a Joint Declaration should be made at the time of signature is that the resolution to be submitted to Parliament could be based on it. If this procedure is followed a Joint Declaration might help to ensure that the explanation of the Treaty during the debates in Congress and Parliament on ratification of the Treaty would follow similar lines, and would possibly help to avoid the United States giving one interpretation of the commitment while we give another.

General Spirit of the Treaty

30. As you have no doubt noticed from Canadian newspapers, the Government is being severely criticized in the great majority of the French-language newspapers for its advocacy of a North Atlantic Treaty. I am convinced, however, that the gen-

eral attitude of French-speaking Canadians is not adequately reflected by the editorials in the French language press. It is nevertheless of very great importance that the kind of Treaty which is eventually presented to the Canadian Parliament for approval should be one most calculated to appeal to all sections of Canadian opinion.

31. There is, I think, no doubt that the Canadian public would be much more wholeheartedly in favour of a Treaty which has a positive and moral content than of one which is little more than a military alliance. Consequently, I hope that you will be successful in convincing your colleagues in Washington of the necessity of including in the Treaty provisions for economic, social and cultural cooperation between the signatories along the lines I have suggested.

32. Mr. St. Laurent, as you know, has emphasized in every one of his public speeches on the Treaty the importance which he attaches to the Treaty including positive provisions for cooperation in fields other than military. His difficulties in the House of Commons will be increased if the Treaty does not adequately meet the specifications which he has laid down.

Yours sincerely,
[ESCOTT REID]

469.

DEA/283 (S)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*
*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-3177

Washington, December 17, 1948

TOP SECRET. IMPORTANT.

North Atlantic Treaty. This message is designed to assist you on your return to Ottawa in catching up with developments since the discussions were resumed here on December 10th. I have reported the main points that arose at the meetings of the Ambassadors group on the 10th and 13th in my messages WA-3142 and WA-3150. The agreed record of these meetings will shortly be available and will be forwarded by bag.

2. Since then there have been two meetings of the Working Committee at which considerable progress has been made. It is apparent that the end product will contain little or no matter which was not included in the Annex to the Washington paper of September 9th and will follow the proposals in the Annex fairly closely.

3. There is some difficulty about reporting discussions in the Working Group as their recommendations are likely to be revised at the meetings with the Ambassadors. I do not intend to submit texts to you as they are agreed on in the Working Group, and I am endeavouring to arrange that the Ambassadors Group should meet fairly frequently so as to ensure that the same points are referred to all the Governments. The following paragraphs indicate the stage that has been reached in the

Working Group, which is now meeting daily. The Ambassadors Group will deal with them early next week.

(a) A formal conference is unnecessary, and the negotiations should be carried on in Washington under current procedure. There should be a final meeting attended, if possible, by the Foreign Ministers for signature. (I think that the United States might support having the signature take place in Ottawa with Canada as the depository of the Treaty and ratifications. If this looks advantageous from the point of view of domestic politics, we should be ready to say so before very long, but the idea can, of course, readily be killed.)

(b) The Ambassadors should prepare the Treaty in a form which would be firm but not final before a formal approach is made to other North Atlantic countries. This approach should be carried out by the United States, except possibly in the case of Portugal. In the case of Ireland the United States would reject any attempt to bargain over the partition issue.

(c) The following countries should certainly be approached initially: Iceland, Norway, Denmark, Ireland and Portugal. There has been strong emphasis on the strategic necessity of including Portugal which overruled our doubts arising from its form of Government.

(d) Because it is considered almost certain that Sweden would refuse an invitation, Sweden should not be directly approached, but the Danes and Norwegians might be asked to intimate to Sweden that they would be welcome if they wished to participate.

(e) The question of Italy is still open. The French are pressing strongly for Italian participation, and the British are opposed. The United States insists that Italian security must be covered in some way. They still suggest adhesion to the Brussels Pact leading to membership in the North Atlantic Pact. The United States Chiefs of Staff have changed their views and now consider Italy necessary for the defence of Western Europe.

(f) Some understanding should be reached about reassuring Greece, Turkey, Iran, and Italy if Italy is not included in the Pact. We are arguing that this is a matter for the United States and the United Kingdom rather than the North Atlantic Group.

4. In addition the Working Group has considered draft texts covering paragraphs 1, 2, 3, 4, 5, 7 and 12 of the Annex to the Washington paper. This consideration has reached the following stage:

(a) *Paragraphs 1 and 2.* Insert a single article which will repeat the language of article 2 (3 and 4) of the Charter. Since we desire participation of States not members of the United Nations, this repetition of general obligations of United Nations members is considered useful.

(b) *Paragraph 3.* The British and French are cold towards a general pledge of economic and social collaboration, but we can probably get a clause in saying that the parties will encourage cooperative efforts between any or all of them in this field, subject to the employment as much as possible of existing international organizations.

(c) *Paragraph 4.* An article should contain an undertaking to strengthen individual and collective capacity to resist aggression on the lines of the Vandenberg resolution.

(d) *Paragraph 5.* The State Department, to our surprise has produced a very tentative draft omitting references to constitutional processes and containing a pledge to take military or other action in the event of an attack against any of the parties. I shall submit the full text to you as soon as it becomes somewhat firmer.

(e) *Paragraph 7.* The definition of the area to be covered is now under consideration. It seems certain to include the Metropolitan territories of the parties in Europe and North America and their island territories in the North Atlantic. The definition proposed by the Brussels Permanent Commission would have covered the whole Mediterranean and the Suez Canal. We are resisting this. The French, however, are pressing, not unreasonably, for the inclusion of Morocco and Algiers,¹⁹⁹ partly on the ground that Algiers is part of Metropolitan France and Morocco faces the North Atlantic. It has been decided to postpone an attempt at exact definition until decision has been reached on the participants, especially Italy.

(f) *Paragraph 12.* The only agency directly established by the Treaty will probably be a Council. There is difficulty in providing that this must both be on the Ministerial level and able to function continuously. We have put forward a draft, which is under consideration as a counter draft to a clumsy American proposal.

5. Since the aim of this series of discussions is to produce a Treaty acceptable to the seven Governments although subject to later amendment after other countries have been brought in, it will be useful if quick preliminary approval or criticism can be given in Ottawa to specific points as they emerge from the Ambassadors meetings. There will have to be an opportunity for revision when a complete text is developed, but unless the major provisions are agreed currently the negotiations may drag on. If you agree, I shall submit as soon as possible after each meeting of the Ambassadors the points accepted (or the area of difference) for your consideration.

¹⁹⁹ A une réunion du groupe de travail le 17 décembre, le représentant français a aussi plaidé en faveur de l'inclusion de la Tunisie.

At a meeting of the Working Group on 17 December, the French representative also advocated inclusion of Tunisia.

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H.H.W./Vol. 5

*Procès-verbal de la réunion du Groupe de travail**Minutes of Meeting of Working Group*

TOP SECRET

Washington, December 17, 1948

Those present were as follows:

Canada—Mr. Stone, Mr. Rogers
United States—Mr. Kennan, Mr. Hickerson, Mr. Achilles, Mr. Galloway, Mr. Murrell
United Kingdom—Mr. Hoyer-Millar, Mr. Henderson
France—Mr. Bérard, Mr. Wapler
[Netherlands]—Jonkheer Reuchlin, Mr. Vreede
Belgium—Mr. Taymans, Mr. Vaes
Luxembourg—Mr. LeGallais

Mr. Kennan accepted the understanding, on the Working Group level, that the United States will make all approaches to other countries, with reservations in the cases of Portugal and Ireland.

Article 1

Mr. Bérard said he might want something about the implementation of Article 1 said in Article 6 (sometimes called Article 12). He wanted the Council to act as an organ of conciliation as well as an organ of defence. *Mr. Hoyer-Millar* did not want to take the chance that European squabbles would be settled under the North Atlantic Pact instead of through some European organization. *Mr. Bérard* wanted something put in Article 6 to emphasize the defensive functions of the Council, but he wanted also to show that that was not its sole function by making note of its conciliatory duties. *Mr. Stone* said the Canadian Group would want to look at this suggestion before accepting it. *Mr. LeGallais* said he would favour Bérard's suggestion. *Mr. Hoyer-Millar* remarked that the British Government had looked upon the Council's function as being almost entirely military.

Article 5 (IWG D-3C)

Mr. Achilles introduced a re-wording of the first sentence of Article 5 for the approval of the meeting. *Mr. Kennan* said that the reaction to the wording put forth by the United States Working Group yesterday and today had been favourable, although the Working Group had not yet tried to get any Congressional reaction. *It was agreed* that no adverse comments had been made on the first sentence of Article 5 today.

Mr. Kennan said that Africa and Italy were intimately connected. If Italy was not included in the area he was not sure whether the United States would be willing to have the pact cover North Africa. The United States Working Group has given further consideration to the problem of Italy. The best solution might be to have Italy invited to accede to the North Atlantic Pact and, at the same time, to work out some sort of association with the Brussels Powers. An idea that had occurred to him this afternoon was that we might invite Italy by a note to join the North Atlantic Pact and arrange to have Italy write a note in reply declining, the two notes to be so arranged as to show very close association between Italy and the North Atlantic

and, at the same time, to settle Italian political differences by proving that Italy was not rejected but that she, at the same time, had not undertaken any military obligations which she could carry out under the Peace Treaty. This suggestion was based on the assumption that Italy did not really wish to subscribe to the pact. One effect of this manoeuvre might be to keep North Africa out of the area. *Mr. Bérard* remarked that the exclusion of North Africa would not be satisfactory from the French point of view. Algeria is part of Metropolitan France. Algeria should be included and so should Morocco and Tunisia. *Mr. Kennan* assured *Mr. Bérard* that the United States is not averse to the inclusion of North Africa but that no firm decision has yet been reached. *Mr. Hoyer-Millar* asked where the Eastern most line would be drawn if Italy were included. *Mr. Kennan* replied: Algeria. *Mr. Bérard* asked that Tunisia should be included. Tunisia and Italy, he said, were closely connected. *Mr. Taymans* remarked that if North Africa was included consideration might have been given to other parts of Africa. *Mr. Kennan* replied that the United States cannot get involved in Africa. *Mr. Taymans* said the inclusion of Algeria but not of the Belgian Congo would raise grave difficulties with public opinion in Belgium. *Mr. Hoyer-Millar* raised the question of the British troops in the Suez Canal zone. *Mr. Kennan* said that this would drag the pact farther East than the United States was willing to go. The United States wants to keep to the North Atlantic: to go further makes the pact anti-Russian. *Mr. Kennan* said that there should be further attempts to try to find out what would be the Italian reaction to an invitation. If we discover that Italy would refuse an invitation obviously we need not argue about her further. If Italy were excluded either by her own action or lack of an invitation, her status would be the same as that of Greece and Turkey. Italy might, like Sweden, be more useful as a neutral. *Mr. Bérard* said he wanted a memorandum setting forth the pros and the cons of Italian participation presented to the Ambassadors to guide them in their discussions.

The Report of the Working Group to the Ambassadors

It was agreed that *Mr. Stone* should be responsible for preparing a draft of a report from the Working Group to the Ambassadors. Such a report should contain an outline of the Working Group's opinions on the general questions which were discussed, should set forth the agreed articles and should list the unresolved articles (concerning Italy and the scope, for example), and should set forth the different views in respect of the last category. The summary should note that the views given were those of the Working Group only.

Article 6/12 (IWG D-3d, CWG-5)

Mr. Bérard said that France had originally wanted a pledge of automatic help. From there it had hoped to get a pledge of immediate help. Now France wanted, at least, some mention of help. *Mr. Bérard* would like the Treaty to say that the Council will, in particular, immediately set up a defence committee. He wanted to include the spirit of the London draft, if not its wording.

A sub-committee, consisting of *Mr. Bérard*, *Mr. Achilles* and *Mr. Henderson*, left the room to try to agree on a fresh draft for the meeting. They came back later with document CWG-5/2. *Mr. Kennan* said he wished to consider this paper over the week-end and that in any case he would wish to water down the second

sentence slightly to eliminate the word "measures". *It was agreed* that further discussion of this point should be deferred until Monday.

Articles 8, 9 and 11 (IWG D-3/3)

Mr. Hoyer-Millar handed around a draft article (marked BWG-1), the sense of which declared that none of the earlier treaties entered into by the parties was suspended or negated by the present treaty. *Mr. Kennan* said he thought he could accept the first paragraph of the United Kingdom draft. He did not like the second paragraph concerning coalitions. *It was agreed*, tentatively, to accept the first paragraph and to place it probably after the combined clause of Articles 8, 9, and 11. The meeting then accepted the United States draft of Articles 8, 9, and 11, headed "Article Y".

Article 10

Mr. Kennan said that the United States accepts the London draft of Article 10. He thought the language of this article included any situation anywhere in the world of interest to any party. *Mr. Hoyer-Millar* said he thought it might be well to make it explicit somewhere that overseas territories were included. *Mr. Kennan* said he thought this was superfluous. Article 10 of the London draft was accepted.

Article "Z" (IWG D-3/4)

Mr. Hoyer-Millar said that, as drawn this article transfers the onus for refusing to allow the entrance of Greece and Turkey from the North Atlantic Powers to the Brussels Powers. *It was agreed* that the phrase "North Atlantic and Western European" should be included in place of the language already in the draft. *Mr. Kennan* did not think any more accurate wording could be used to describe the area until a decision had been taken about Italy.

Article on Duration

Mr. Kennan said that if the Treaty was confined to the North Atlantic Powers the United States would probably be willing to have the duration longer than if the area extended further East. *Jonkheer Reuchlin* asked if the United States would object to binding the next generation. *Mr. Kennan* replied that he did not think the United States Group could go beyond the forty-year period mentioned by *Mr. Byrnes* in his offer to the Soviet Union. *Mr. Achilles* spoke of twenty years as a convenient term. *Mr. Hickerson* said there had been no attempt to check with Senators. However, he thought it would be wise to keep the duration in multiples of four years in order to keep the time at which the pact would fall in a year when there would be neither a Presidential nor a Congressional election. *Mr. Kennan* said that the United States could accept the language of ratification of the London draft provided the time was left blank. He thought that a long-term pact had a less anti-Soviet appearance than a short-term one.

471.

DEA/283 (S)

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

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

TOP SECRET

[Ottawa], December 18, 1948

NORTH ATLANTIC TREATY

As you know, the Brussels Powers have circulated to the other participants in the Washington discussions a draft text of a North Atlantic Pact, as prepared by their Permanent Commission. They have also circulated a commentary on their text.

2. Mr. Wrong has reported that the general impression in Washington is that the Brussels Powers took a long time to produce very little, and that this impression seems to be shared by the representatives of the Brussels Powers in Washington. Mr. Heeney's comment is that the Brussels mountain laboured and brought forth a deformed mouse.

3. The Canadian commentary was circulated in Washington on Tuesday, December 14, but we have not yet circulated a draft treaty.

4. I think that there is a good deal to be said for us now authorizing Mr. Wrong to circulate our draft treaty in its present form. The latest draft, which is dated December 17, represents, I think, a very great improvement over previous drafts. It has been very much cut down in length and is now in complete accord with the Canadian commentary.

5. Since, in its present form, it is a joint product of Hopkins, Ignatieff, Crean and myself, I feel I can say that, in my opinion, it is a very workmanlike job.

6. It contains now, I think, nothing which is superfluous or likely to cause unnecessary controversy. We have gone through it many times, article by article, and have removed anything which, in our opinion, is not wise or useful to put forward.

7. It is, of course, entirely clear that, no matter how great the effort we make, we shall not be able to persuade the other participants in the informal discussions in Washington to agree to precisely the kind of treaty which we want, the outlines of which are given in the memorandum approved by Cabinet on December 1. However, I am sure you will agree, from your experience in international discussions, that our chances of getting something pretty close to the kind of treaty we want will be very considerably increased if our own treaty draft is taken as a basis, or the basis, of discussion in the present talks in Washington.

8. Since the Brussels draft is so imperfect there is, I think, a good chance that, if we can get our draft before the participants as early as possible next week, it will be found by the end of the week that our draft is being used as *the* basis of discussion, even though this will not be explicitly admitted.

9. Any danger that the circulation in Washington of the Canadian draft treaty would tie the hands of the Government would, I think, be slight. In the first place,

we could, as suggested in the note on the cover of the draft, state that the draft should not be considered as having the approval of the Canadian Government, but that it represents an attempt, on the official level, to draft a treaty on the general lines of the discussions held in Washington during the summer of 1948. Secondly, we are protected by the precedent set by the Brussels Powers, who have circulated a draft but who, as reported by Mr. Wrong, have taken the position, with which everyone agrees, that the articles in the draft treaty are no more than suggestions.

10. Mr. Wrong, as you know, was, until a week ago, opposed to the circulation of the Canadian commentary. He changed his mind after the Brussels Powers had agreed to circulate their draft treaty and commentary. In order that the press could be informed that there had been no exchange of papers, the Brussels documents were not presented at a full meeting.

11. Mr. Wrong may still have some hesitations about circulating a Canadian draft of a treaty, but I should think that the considerations which led him to urge that our commentary be circulated should equally lead him to concur in the circulation of a draft treaty.

12. I sent Mr. Wrong, in Friday's bag, a copy of the draft treaty, so that if you should decide to instruct him to circulate it, he could have copies mimeographed in Washington immediately after making any revisions that occur to you.

13. I attach two copies of our draft treaty.

14. I am sending you a separate note, of today's date, on the subject of the supplementary letter of instructions to Mr. Wrong.²⁰⁰ There is not the same degree of urgency about this supplementary letter of instructions as there is about the draft treaty, but I would hope that you may be able to sign it as early as possible next week.

15. I am also sending you Volume 4 of your personal duplicate file on the North Atlantic Treaty. You will find, at the bottom of the file, the Washington paper of September 9 and the memorandum which you presented to Cabinet on October 6.

E[SCOTT] R[EID]

²⁰⁰ La pièce jointe du document 468./Enclosure to Document 468.

472.

DEA/283 (S)

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

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

TELEGRAM WA-3189

Washington, December 20, 1948

TOP SECRET. IMPORTANT.

North Atlantic Treaty. My WA-3177 of December 17th. A meeting of the Ambassadors' group is called for December 22nd which is expected to consider a comprehensive report from the Working Group. Stone is drafting this report. It will show a substantial area of agreement, and the remaining differences ought to be soluble.

2. The Working Group's report will include draft articles for the whole Treaty except possibly the preamble, to some of which reservations will be attached by certain members. It will also cover questions of original membership and future procedure.

3. In the Working Group the State Department representatives have shown themselves much readier than before to consider a fairly lengthy term for the Treaty, and have suggested as possible an engagement for twenty or even forty years.

4. We expect to be sending you a fairly lengthy report after the Ambassadors' meeting on Wednesday, and we hope that it will be possible for you to let us have at least your initial comments a few days thereafter, in spite of the holiday season.

473.

H.H.W./Vol. 5

*Procès-verbal de la réunion du Groupe de travail
Minutes of Meeting of Working Group*

TOP SECRET

Washington, December 20, 1948

Those present were as follows:

Canada—Mr. Stone, Mr. Rogers
United States—Mr. Kennan, Mr. Hickerson, Mr. Achilles, Mr. Galloway, Mr. Murrell
United Kingdom—Mr. Hoyer-Millar, Mr. Henderson
France—Mr. Bérard, Mr. Wapler
[Netherlands]—Jonkheer Reuchlin, Mr. Vreede
Belgium—Mr. Taymans, Mr. Vaes
Luxembourg—Mr. LeGallais

After some preliminary discussion the meeting turned to a consideration of a draft report on the deliberations of the Working Group for submission to the Committee of Ambassadors. The Working Group, at the same time, considered the first international draft of a pact. All references in these Minutes are to the articles as numbered in the new draft (draft 4).

Article 1

The report was accepted with French and Netherlands reservations concerning the mentioning of the International Court of Justice. The French wanted the process spelled out and the Netherlands were not sure that they could allow the complete suppression of Article 2 of the London draft.

Article 2

It was noted that the meeting would have to ask the Ambassadors what should be done about the inclusion of this article.

Article 3

No comment.

Article 4

Mr. Hoyer-Millar said the United Kingdom would probably want something said about overseas territories.

Article 5

Paragraph 1 was accepted with only one small verbal change in the text of the article.

The United States Working Group presented, and then withdrew, a new draft (AWG D-8) of paragraph 2 of Article 5, defining the area to be covered. Argument at once arose concerning North Africa. *Mr. Bérard* reiterated French unhappiness about the hesitation being shown over the inclusion of North Africa. *Mr. Kennan* said he was tentatively opposed to the inclusion of any part of North Africa. *Mr. Hoyer-Millar* said his instructions required him to say that he thought Africa north of 30° north should be included where the territory was owned or occupied by forces of the participating powers. *Mr. Bérard* said France would not be satisfied with the inclusion of Algeria alone or of Algeria and Morocco alone: Tunisia must, he said, be added as it was impossible to discriminate against Tunisia. He said the instructions from his Government were to the effect that France cannot accept the treaty unless North Africa is included. *Mr. Taymans* said that Belgium did not want any mention of Africa in the draft at all, but if Africa is mentioned he will have to press for the inclusion of the Belgian Congo. *Mr. LeGallais* said he sided with his Belgian colleague. It was decided that the report to the Ambassadors should show the United States, Canada, Belgium and Luxembourg in favour of the United States draft, and France, the United Kingdom and the Netherlands in favour of the London draft. The report was not, however, to enter into a discussion of what parts of North Africa were to be included but was to confine itself to the general principle of including any part of North Africa.

Article 6

Mr. Kennan at first suggested the addition of a new paragraph 4 to provide for allowing the Security Council to use the agencies of the North Atlantic Pact under Article 53 of the United Nations Charter. In view, however, of the use in that article of the words "but no enforcement action shall be taken under regional arrangements or by regional agencies without the authorization of the Security Council . . .," the Working Group did not feel drawn towards the United States suggestion

and Mr. Kennan withdrew it. *Jonkheer Reuchlin* said that he thought paragraph 2 of Article 6, as drafted, was unnecessary and redundant as the subject was already covered, in his opinion, in Article 1. He wished a note to this effect to be made in the report to the Ambassadors.

Article 7

Accepted without comment.

Article 8

Mr. Kennan said the United States does not like the inclusion of a reference to the Defence Committee because it might be held, for example, to mean that the Icelanders are compelled to sit on the defensive body. *Mr. Kennan* seemed to be implying that he hoped the present Western Union Military Committee would continue to function and that the smaller stepping-stone countries would not be represented on it but would have to be satisfied with general control through the Council. He said, however, that on his personal responsibility he would be willing to go as far as the draft AWG D-8. The meeting amended the United States draft to read as follows: "The High Contracting Parties hereby establish a Council to facilitate implementation of the present treaty. The Council shall set up such subsidiary bodies as may be necessary; in particular, it shall establish immediately a defence committee which shall recommend measures for the implementation of Articles 3 and 5 in order to ensure the effective defence of the North Atlantic area."

Mr. Kennan referred to the French desire that the Council act as a board of conciliation for the participants in the pact (this question is related to Article 1). He asked *Mr. Bérard* if he had a draft of the French proposal but *Mr. Bérard* did not. *Mr. Bérard* said that he was ready to draw up the provision for the Board to have conciliatory functions if such a provision was necessary from the point of view of Canada and the United States. *Mr. Stone* assured *Mr. Bérard* that it was not necessary from the Canadian point of view. *Jonkheer Reuchlin* asked that note be made of the fact that the Netherlands favours a reference to section 36 (2) of the Statute of the International Court under Articles 1 or 8.

Article 9

Was accepted as amended.

Article 10

Mr. Achilles said that the wording as approved the last time made the failure of one signatory to ratify the treaty a veto on the treaty coming into force. He had, therefore, drawn up a fresh draft (AWG D-8) which sought to eliminate this difficulty. The meeting discussed the provision for the ejection of any state which might fall into Communist hands and discovered that such a provision was extremely difficult to phrase satisfactorily. It was decided tentatively to eliminate any clause for expulsion, pending further consideration.

474.

DEA/283 (S)

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

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

TELEGRAM WA-3221

Washington, December 22, 1948

TOP SECRET. IMPORTANT.

North Atlantic Treaty. My WA-3189 of December 20th. The Ambassadors' Group met for over two hours this afternoon.²⁰¹ The discussion was almost wholly devoted to the possible inclusion of North Africa and Italy in the area to be covered by the Treaty. Lovett observed that the problem of the area was the only contentious point of critical importance that still remained to be settled. In the case of North Africa you will recall that the draft produced by the Brussels Treaty Permanent Commission would have covered attacks on any party north of Latitude 30, and would therefore have included the North African coast, the Suez Canal and the whole Mediterranean. At today's meeting there was general reluctance to include French North Africa in the area, except on the part of the French with mild British support. Bonnet argues strongly about the French difficulties if Algeria, Morocco and Tunis were not explicitly covered. Franks thought the British Government might be prepared to take the same line. There was no real argument in favour of extending the area eastwards from the Tunisian boundary.

2. In the case of Italy, only the French pleaded for the admission of Italy as a full partner to the Treaty. All the others took the line that Italy should not be included, but that some sort of an assurance must be given to Italy that her security was a matter of immediate concern to the North Atlantic countries.

3. It was decided to refer an agreed report of the discussion on these points to the Governments for further instructions, and this will be forwarded as soon as it is available.

4. Today's meeting did not go over the draft articles prepared by the Working Group, but the Working Group was instructed to meet again tomorrow and to see if they could produce an agreed text for all the articles except that covering area and the preamble. This should present no serious difficulty. The intention is to forward the draft articles to Governments for consideration as soon as they have been passed by the Working Group. I hope, therefore, to be able to send these to you by Friday. Several Ambassadors, including myself, will seek some change in the texts as presently drafted, and their observations are to be the basis for the further consideration of the drafts by the Working Group tomorrow.

5. Lovett wishes to consult several people outside the State Department before the Ambassadors meet him again. Because of the holiday season there will not be a further meeting of the Ambassadors until late next week at earliest. It is hoped,

²⁰¹ Pour un compte rendu de cette réunion, voir :
For a record of this meeting, see: *FRUS, 1948, III*, pp. 324-32.

however, in the interval to present to Governments a sufficiently comprehensive report on the texts and the points at issue to enable them to despatch prompt instructions to their representatives here. Ends.

475.

DEA/283 (S)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures
Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-3227

Washington, December 23, 1948

TOP SECRET. IMMEDIATE.

Following for Reid from Wrong, Begins: North Atlantic Treaty. Reference our telephone conversation, the following is the text of paragraph 1 of the commitment article as tentatively agreed upon although there may be one or two slight verbal changes before it is submitted to Governments:

"The parties agree that an armed attack against one or more of them occurring within the area defined below shall be considered an attack against them all; and consequently that, in the event such an armed attack occurs, each of them, in exercise of the right of individual or collective self-defense recognized by Article 51 of the Charter of the United Nations, will assist the party or parties so attacked by taking forthwith such military or other action, individually and in concert with the other parties, as may be necessary to restore and assure the security of the North Atlantic area."

2. Paragraph 2 of this Article would define the area and cannot be drawn up until we settle the questions mentioned in my WA-3221 of December 22nd. The general intention, however, is to cover attacks on the parties in their metropolitan territories and intervening sea space between the North Pole and the Tropic of Cancer.

3. There is resolute resistance from the other participants to introducing in the treaty matter not absolutely essential to achieve the main purpose. Ends.

476.

PCO/Vol. 112

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

TOP SECRET

Ottawa, December 23, 1948

RE NORTH ATLANTIC TREATY

With reference to the current discussions in Washington, so far as I know we have never obtained the advice of the Chiefs of Staff on the strategic necessity of

advisability of including in the proposed arrangements countries other than those taking part in the present discussions.

2. Presumably at least a tentative decision will be taken in Washington before long and I think that our representatives there should be informed of the military aspects of including certain countries as they are now advised on the political.

3. If you agree you might address a letter to the Secretary of the Chiefs of Staff Committee asking the Chiefs of Staff's immediate consideration of this question and mentioning the countries which have been referred to as possible participants or as states with whom subsequent and subsidiary arrangements might be made.

4. This suggestion is belated. It should have been made long ago, not only because we should have the Chiefs of Staff's advice, but also because of the importance of keeping the Chiefs of Staff organization in step in such mixed political-military matters.

A.D.P. H[EEENEY]

477.

H.H.W./Vol. 5

Procès-verbal de la réunion du Groupe de travail
Minutes of Meeting of Working Group

TOP SECRET

Washington, December 23, 1948

Those present were as follows:

Canada—Mr. Stone, Mr. Rogers

United States—Mr. Kennan, Mr. Hickerson, Mr. Achilles, Mr. Galloway, Mr. Murrell

United Kingdom—Mr. Hoyer-Millar, Mr. Henderson

France—Mr. Bérard, Mr. Wapler

Netherlands—Jonkheer Reuchlin, Mr. Vreede

Belgium—Mr. Taymans, Mr. Vaes

Luxembourg—Mr. LeGallais.

The meeting began by trying to decide what it was that the Ambassadors had meant it to do. It turned to a consideration of the articles of the draft treaty.²⁰²

Preamble

Mr. Bérard suggested the elimination of the preamble, as it had not been discussed. Mr. Kennan agreed, provided the meeting is not able to go over the preamble.

Article 1

Mr. Bérard wanted to leave Article 1 as it stands and to put in a new article after Article 8, to cover the details of the use of the International Court of Justice. Mr. Hoyer-Millar said that his government was satisfied with Article 1 in its present form, and agreed to the elimination of Article 2 of the London draft. He did not want to add anything after Article 8.

²⁰² Pour l'ébauche qui a résulté de ces délibérations, voir la pièce jointe du document 467.
For the draft which resulted from these deliberations, see enclosure to Document 467.

Article 2

Mr. Hoyer-Millar said that his government was not happy about the inclusion of an article on economic, social, and cultural co-operation. But it was possible that these objections might be withdrawn if an assurance were received that no new machinery was to be set up. *Mr. Kennan* asked if any of the working groups had any objection in principle to the inclusion of such an article. *Mr. Bérard* replied that his government does not agree in principle, but is willing to accept such an article if it has to. *Jonkheer Reuchlin* said he thought the Netherlands, too, could accept such an article if it did not mean setting up new agencies. *Messrs. Taymans and LeGallais* agreed with the position stated by *Jonkheer Reuchlin*. *Mr. Bérard* summarized by saying that the Brussels Pact powers do not think such an article is necessary; they think it would be adequate to have a reference in the preamble; but all will accept the article if no new machinery is to be set up.

There was discussion of a new draft submitted by *Mr. Stone*. It was accepted in part, but *Mr. Stone* did not think that the article as amended would be adequate for the Canadian Government. *Mr. Kennan* suggested that all working parties recommend acceptance of the new draft as a compromise.

Article 3

Accepted.

Article 4

Amended.

Article 5

Paragraph 1 was accepted.

The meeting amended Paragraph 2, Alternative "A". *Jonkheer Reuchlin* said that his government could accept either "A" or "B". *Mr. Hoyer-Millar* said that it should be noted that he was no longer pressing to have the area in Africa extended eastward to include British troops in Egypt. *Mr. Bérard* suggested that France and the U.K. consult to try to produce a new draft of "B". *Mr. Kennan* said that the U.S. would regard the violation of the territory of a country under occupation as being a *casus belli*, whether the troops of one of the parties were involved in actual fighting or not. *Mr. Bérard* said that French public opinion was ready to extend the protection of the pact to the troops of parties in Germany, but not to be put in the position of defending German territory.

Mr. Hoyer-Millar reiterated that the U.K. does not wish to include Cyrenaica or Egypt in the area.

Mr. Bérard suggested that North Africa might be covered without mentioning it. He said that he did not think the French Government would sign the treaty unless North Africa was covered.

Article 6

Mr. Hoyer-Millar said that one of the UK lawyers noted that this is the first time "breach of the peace" is mentioned in the draft. Article 4 was amended accordingly, to include this phrase. There was debate over the use of "refer" or "report" in paragraph 2. Everybody but *Mr. Hickerson* stood out for "report". *Mr. Kennan* left

the room to see Mr. Lovett, and returned with a ruling in favour of "report". *Jonkheer Reuchlin* then withdrew his objection to the inclusion of paragraph 2.

Article 7

Accepted.

Article 8

Mr. Hoyer-Millar asked for an assurance that the Council set up under Article 8 is to be composed of a deputy appointed by the Secretary of State of the United States, plus the diplomatic representatives of the other powers. The UK wanted to ensure that action could be taken under Article 5 without waiting for a formal meeting of the Foreign Ministers. The idea is to eliminate both undue delay and undue burdens on the Foreign Ministers.

478.

H.H.W./Vol. 5

Procès-verbal de la réunion du Groupe de travail

Minutes of Meeting of Working Group

TOP SECRET

Washington, December 23, 1948

Those present were as follows:

Canada—Mr. Stone, Mr. Rogers
 United States—Mr. Kennan, Mr. Hickerson, Mr. Achilles, Mr. Galloway, Mr. Murrell
 United Kingdom—Mr. Hoyer-Millar, Mr. Henderson
 France—Mr. Bérard, Mr. Wapler
 Netherlands—*Jonkheer Reuchlin*, Mr. Vreede
 Belgium—Mr. Taymans, Mr. Vaes
 Luxembourg—Mr. LeGallais.

The meeting reviewed the texts of the articles with a view to making editorial and other minor changes. Articles 1 to 7 were passed with no other comment.

Article 8

Mr. Kennan said that the United States military want "broad" inserted in front of "measures" to make it plain that the Council and its Defence Committee are not to get deeply involved in the details of military planning. As there appeared to be opposition to this proposal, *Mr. Kennan* said he would drop it for the time being.

French Proposal for a New Article

Mr. Bérard proposed the addition of an article on the use of the International Court of Justice, and on the definition of the conciliatory functions of the Consultative Council. *Mr. Hickerson* said that the introduction of a blanket arrangement for conciliation would raise difficulties with the Senate. Further discussion of the proposal was postponed.

479.

DEA/283 (S)

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

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

TELEGRAM WA-3235

Washington, December 24, 1948

TOP SECRET. IMMEDIATE.

North Atlantic Treaty. The report of the Working Group to Ambassadors' Committee has now been completed and will be sent to you in the immediately following series of teletypes. It carries the following covering note, Begins:

"The attached report indicates the points on which general agreement in principle has been reached by the representatives of the seven Governments participating in the Washington Security Talks. It also indicates the questions which are outstanding.

"It is forwarded to Governments for their urgent consideration. Representatives of Governments will now await instructions in order that they may proceed with the negotiations in Washington. They hope that these may be received as soon as possible." Ends.

My immediately following teletype will contain the texts of the articles of the Treaty as drafted here.

480.

DEA/283 (S)

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

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

TELEGRAM WA-3236

Washington, December 24, 1948

TOP SECRET. IMMEDIATE.

North Atlantic Treaty. So that the text may be promptly available in Ottawa, we are transmitting this afternoon the report of the working group and annexed draft articles of the Treaty. I shall postpone until Monday any comments of my own. The report is being sent by British courier to London for distribution to the European Governments. I doubt that comments from abroad will be received in time to permit resumption of discussions here before the New Year.

481.

DEA/283 (S)

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

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

TELEGRAM WA-3237

Washington, December 24, 1948

TOP SECRET. IMMEDIATE.

Reference my immediately preceding teletype. Following is the index followed by the 10 Articles of the treaty as drafted here. The index is useful in that it gives references to the September 9th paper.

The complete draft treaty which follows is Annex A of the Working Group's report. The text of the report itself will be found in following messages. I thought it desirable to send the texts of the draft articles first.

"DRAFT AGREEMENT
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ARTICLE	CORRESPONDS TO SEPTEMBER 9 ARTICLE	SUBJECT
Article 1	1 & 2	Peaceful Settlement
Article 2	3	General Welfare
Article 3	4	Mutual Aid
Article 4	10	Consultation
Article 5	5	Mutual Assistance
Par (1)	7	Definition of Area
Par (2)		
(Two alternative drafts)		
Article 6	8, 9, 11	United Nations
Article 7		Other International Engagements
Article 8	12	Organization
Article 9	13	Accession
Article 10	13	Ratification and Duration

Article 1 (Peaceful Settlement)

The parties undertake, as set forth in Article 2 of the Charter of the United Nations, to settle their international disputes in such a manner that peace, security and justice are not endangered, and to refrain in their international relations from the threat or use of force in any manner inconsistent with the purposes of the United Nations.

Article 2 (General Welfare)

The parties will encourage cooperative efforts between any or all of them to promote the general welfare through collaboration in the cultural, economic and social fields. Such efforts shall, to the greatest possible extent, be undertaken through and assist the work of existing international organizations.

Article 3 (Mutual Aid)

In order better to assure the security of the North Atlantic area, the parties will use every endeavor, severally and jointly, by means of continuous and effective

self-help and mutual aid, to strengthen their individual and collective capacity to resist aggression.

Article 4 (Consultation)

The parties will consult together whenever, in the opinion of any of them

(a) The territorial integrity, political independence or security of any of the parties is threatened; or

(b) There exists any situation which constitutes a threat to or breach of the peace.

Article 5 Paragraph 1 (Mutual Assistance)

(1) The parties agree that an armed attack against one or more of them occurring within the area defined below shall be considered an attack against them all; and consequently that, if such an armed attack occurs, each of them, in exercise of the right of individual or collective self-defence recognized by Article 51 of the Charter of the United Nations, will assist the party or parties so attacked by taking forthwith such military or other action, individually and in concert with the other parties, as may be necessary to restore and assure the security of the North Atlantic area.

Article 5 Paragraph 2 (Definition of Area)

(2) The provisions of the foregoing paragraph shall be applicable in the event of any armed attack directed against the territory, the population or the armed forces of any of the parties in:

Alternative A

(a) Europe or North America;

(b) The sea and air space of the North Atlantic area north of the Tropic of Cancer.

Alternative B

(a) Europe or North America; Africa north of latitude 30° north and west of longitude 12° east;

(b) The sea and air space of the North Atlantic area north of the Tropic of Cancer; and

(c) The sea and air space of the Western Mediterranean, west of longitude 12° east (or if Italy comes in, longitude 20° east).

Article 6 (United Nations)

This Treaty does not prejudice in any way the obligations of the parties under the provisions of the Charter of the United Nations. It shall not be interpreted as affecting in any way the authority and responsibility of the Security Council under the Charter to take at any time such action as it deems necessary to maintain or restore international peace and security.

Article 7 (Other International Engagements)

The parties declare, each so far as he is concerned, that none of the international engagements now in force between him and any other of the parties or any third State is in conflict with or affected by the provisions of this Treaty.

Article 8 (Organization)

The parties hereby establish a Council, on which each of them shall be represented, to deal with matters concerning the implementation of this Treaty. The Council shall be so organized as to be able to meet promptly at any time. The Council shall set up such subsidiary bodies as may be necessary; in particular it shall establish immediately a Defence Committee which shall recommend measures for the implementation of Articles 3 and 5.

Article 9 (Accession)

The parties may, by agreement, invite any other country in the North Atlantic or Western European regions to accede to this Treaty. Any State so invited may become a party to the Treaty by depositing its Instrument of Accession with the Government of ----- The Government of ----- will inform each of the parties of the deposit of each such Instrument of Accession.

Article 10 (Ratification and Duration)

This Treaty shall be ratified by the signatory States and the Instruments of Ratification shall be deposited as soon as possible with the ----- Government. It shall enter into force between the States which have ratified it as soon as the Ratifications of a majority of the signatories have been deposited and shall remain in effect for ----- years from that date. It shall come into effect with respect to the other signatory States on the date of the deposit of their Ratifications.

After this treaty has been in force for ----- years, each of the parties may cease to be a party one year after its notice of denunciation has been given to the ----- Government.

The ----- Government shall inform the Governments of the other parties of the deposit of each Instrument of Ratification and each Notice of Denunciation."

482.

DEA/283 (S)

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

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

TELEGRAM WA-3238

Washington, December 24, 1948

TOP SECRET. IMMEDIATE.

North Atlantic Treaty. Following is the text of the report of the Working Group to the Ambassadors' Committee of which Annex A (texts of articles) was contained in my immediately preceding message; Begins: Note: This document should be

seen only by authorized representatives of the seven countries taking part in these talks — Belgium, Canada, France, Luxembourg, the Netherlands, the United Kingdom, and the United States.

IWG D-5/1A

TOP SECRET

December 24, 1948

WASHINGTON SECURITY TALKS

REPORT OF THE WORKING GROUP TO THE AMBASSADORS' COMMITTEE

The Working Group have reached agreement on practically all the articles of a possible Pact. The text of these articles is given as Annex A. Explanatory notes on the individual articles are given as Annex B.

The only articles of the treaty on which it was not possible to reach agreement were the following:

(a) Article 5(2)—the area to be covered and in particular whether French North Africa is to be included. (Annex A, page 7)

(b) Article 8 (bis). Whether, as proposed by the French representatives, an additional article should be included providing for the reference of disputes to the International Court and endowing "the Council" with certain powers of conciliation.

(c) Article 10. Ratification and duration. (Annex A, page 12) the United States representatives preferred to leave the question of the duration of the treaty open at this stage.

While the Working Group were able to agree on some of the countries which should be invited to participate in the treaty, they were unable to reach any decision on the question of Italy or to make any firm recommendation on the steps to be taken to give assurances to Greece and Turkey (and perhaps Iran). A statement of the position in respect to Italy and Greece and Turkey, etc., is given as Annex C. The Working Group agreed on the procedure to be followed for the subsequent course of negotiations, approaches to other Governments, etc. A statement of their views on this point is given as Annex D.

The Working Group recommend that the Ambassadors forward a copy of this report to their Governments with the request that the latter furnish as soon as possible their comments on the text of the treaty and their views on the specific points mentioned above on which the Working Group has been unable to reach agreement.

Ends.

Annexes B, C and D will be found in my immediately following messages.

483.

DEA/283 (S)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures
Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-3239

Washington, December 24, 1948

TOP SECRET. IMMEDIATE.

North Atlantic Treaty. Reference my immediately preceding messages, following is the text of Annex B to the Working Group's report, Begins:

*Annex B
Comments on Proposed Articles
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TOP SECRET

Washington, December 24, 1948

ARTICLE

ANNEX B

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Comments on Proposed Articles

The following are comments on the draft articles included in Annex A. They are presented in the same order and under the same numbers as the articles in Annex A.

1. *Peaceful Settlement of Disputes*

A draft of Article 1 designed to replace Articles 1 and 2 of the outline of September 9th and Articles 1 and 2 of the Permanent Committee's suggestions was agreed in the form given in Annex A.

2. *Co-operation in the Cultural, Economic and Social Fields*

The Brussels Powers' representatives doubted the necessity of including an article calling for economic, cultural, and social co-operation and feared duplication of existing machinery. They agreed, however, that, if such duplication were clearly avoided, they would have no objection to including such an article. (Article 3, Sep-

tember 9th paper.) Canada and the United States strongly favoured including one. It was agreed that the text given in Annex A would be generally acceptable as a compromise, since the Canadian representative would have preferred a more strongly worded provision.

3. *Pledge of Self-Help and Mutual Aid*

This article was acceptable in the form given in Annex A.

4. *Provision for Consultation*

The text of this article as given in Annex A is the text as suggested by the Permanent Commission in London, which was found to be acceptable without change.

It was agreed that this provision for consultation covers all threats to the peace, including attacks against the overseas territories of any of the parties to the treaty, and that this should be recorded.

5. *The Pledge of Mutual Assistance*

The Working Group accepted Part 1 of the proposed Article 5 in the form given in Annex A.

It is proposed that Part 2 should define the area to be covered by the treaty. Two drafts of this part of Article 5 are presented in Annex A, marked (a) and (b). Draft (a) was acceptable to the United States, Canada and Belgium. Draft (b) was acceptable to France and the United Kingdom. It will be noted that the essential difference between these two drafts is that Draft (a) excludes any part of Africa or the Mediterranean from the area to be covered by the treaty, whereas Draft (b) includes parts of North Africa and of the Mediterranean.

6. *Relationship to the United Nations*

The Working Group agreed to the draft of this article as given in Annex A, which is designed to replace Articles 8, 9 and 11 of the September 9th Document.

7. *Conflict with other Treaties*

The United Kingdom representative proposed a separate article declaring that the present treaty was not in conflict with any previous treaties entered into by the parties, and the draft as given in Annex A was accepted.

The United Kingdom representative proposed an additional paragraph as follows:

"None of the parties will conclude any alliance or participate in any coalition directed against any other of the parties or against any members of the United Nations."

The French representative supported this proposal but it was not accepted.

8. *Organization*

The Working Group accepted the draft as given in Annex A.

8. (BIS) *International Court and Conciliation*

The French representatives were concerned lest the Pact be interpreted as an instrument of coalition. It should on the contrary appear as a regional Pact with the appropriate machinery of such an organization. They suggested, therefore, that an article be added after Article 8 providing that the parties will refer to the International Court of Justice all disputes which come under the provisions of Article 36

of the statute of the Court. This article would also provide that the Council established by Article 8 should act as an organ of conciliation when other means of conciliation or arbitration have failed. It would be understood that the Council should in no way interfere with the operation of existing treaties and agreements between the parties. Other representatives pointed out that the International Court, although of special importance, was only one among many of the available peaceful means for settling disputes. As regards the proposal that the Council should become an instrument of conciliation, it was considered by other representatives that the Council might thus duplicate and perhaps confuse the operation of existing treaties of conciliation between parties to the Pact or of permanent agencies already established. Furthermore, the possibility of disputes between parties to the Pact of such a serious nature as to defy solution by these existing agencies or under existing treaties seemed to some members of the Committee so remote as to make it unnecessary to establish a further agency of conciliation as between the parties.

It was also believed that mention of the International Court might mean protracted delay in negotiating the treaty in view of the difficulty of finding language which would adequately safeguard the reservations which various countries have already made or would have to make. For these reasons, the additional article proposed by the French representatives was not accepted.

9. Accession Clause

This article as given in Annex A was accepted by the Working Group with the understanding that a more accurate definition of the area from which acceding countries might come might be agreed upon at a later date.

10. Duration of the Treaty

At the request of the United States representatives, decision on the duration was deferred, but it was generally agreed that the number of years should be a multiple of four. It was agreed to insert the article on ratification given in Annex A, with the length of time left blank.

11. Various forms of an article which would provide for the expulsion from the treaty of any signatory under certain circumstances were discussed. This proved difficult to express and on balance it was decided to recommend that no such article be included. Ends.

484.

DEA/283 (S)

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

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

TELEGRAM WA-3240

Washington, December 24, 1948

TOP SECRET. IMMEDIATE.

North Atlantic Treaty. Reference my immediately preceding messages. Following is the text of Annex C to the Working Group's report to the Ambassadors' Committee, Begins:

Annex C

Italy

No agreement as to whether an invitation should be extended to Italy to join the Pact as an original signatory could be reached. It was thought that a brief review of the arguments for and against the inclusion of Italy might be useful.

(i) *Arguments for the Inclusion of Italy*

(a) The non-inclusion of Italy might result in a very serious increase in Soviet propaganda and other efforts to detach this country from Western Europe.

(b) Non-inclusion would be a serious blow to the Italian Government. On the other hand, there is evidence of support in Italy for a policy of neutrality. On the basis of the information it had, however, the Group thought that it might be easier for the Government of Italy to justify participation than to explain exclusion to its Legislature and to the Italian people.

(c) If an invitation is not extended to Italy to become a full member, she might refuse to associate herself in any way with the Pact. The supporters of a policy of neutrality would then presumably carry the day.

(d) Geographically Italy occupies a position of considerable strategic importance on the right wing of the defence of Western Europe. In case of conflict it would be essential to safeguard the southern flank as well as to guarantee the security of the southern route by which assistance from North America would be in part carried to Europe. The position of Italy is important to the operation of this route and it is otherwise important that Italy not be in enemy hands.

(e) It would be illogical to exclude Italy from this Pact while encouraging efforts to integrate her more fully into the Western European economic organization — such as the projected Franco-Italian Customs Union.

(f) As long as Italy is not a member of the North Atlantic Pact, her participation in the Brussels Pact would perhaps not be acceptable to the signatories. On the other hand, the United States Working Group thought that Italy should perhaps not join the North Atlantic Pact unless she had acceded to the Brussels Pact. In the course of the discussion it was suggested that the Italian Government might be invited to accede to both Pacts simultaneously.

(g) If one of the objectives of the Pact is to tighten cultural and political ties between North Atlantic and Western European countries, Italy, by reason of her civilization and her mercantile and maritime traditions, would appear to be an appropriate member.

(h) Italy could logically be asked to join the Pact on grounds of geographical continuity, whereas the same argument did not apply in the cases of Greece and Turkey, for example.

(ii) *Arguments Against the Inclusion of Italy*

(a) Italy is not a North Atlantic Power.

(b) Because of the arms limitation clauses of the Peace Treaty, Italy will not be in a suitable position in the foreseeable future to undertake new military commitments. Indeed, it might be said that from the strictly military point of view the inclusion of Italy would impose a definite burden on the other parties, particularly if, in the event of conflict, Italy were a belligerent.

(c) Some of the countries now conferring have, understandably, certain hesitation about extending too far afield the very considerable obligations which they would assume under the Pact. The inclusion of Italy might, therefore, be open to question if it were to involve the inclusion of territories further afield.

(d) The security of Italy is a problem of the security of the Mediterranean, which might be covered by another Pact, thus obviating Italy's inclusion in a North Atlantic Pact.

(e) Since the security of the North Atlantic area (in a strict geographical sense) is a long term consideration, a Pact concerned solely with security in this area could be of longer duration than one concerned with the security of territories outside this area.

(iii) *Views of the Representatives*

The views of the different representatives were as follows:

(a) The French representatives said that their Government strongly favoured the inclusion of Italy for the reasons given in (i) above.

(b) The British representatives said that their Government were opposed to the inclusion of Italy for the reasons given in (ii) above, but they felt strongly that, if Italy were not in the Pact, she should be given adequate assurances on the question of her security and that recognition of her ties with the west should be made in some way.

(c) The Canadian representatives opposed the inclusion of Italy for the reasons given in (ii) above. They qualified this opposition, however, by saying that they appreciated the importance of some of the arguments in (i) and they believed that measures of some kind would have to be taken to assure Italy that, as a part of the western world, she was not being overlooked.

(d) The Belgian representatives said that their Government was not opposed in principle to the inclusion of Italy if this were favoured by the other Governments; they were reluctant, however, to see her included for the reasons given in paragraphs (c) and (d) of (ii) above. They agreed that something should be done so that her ties with the west would not be weakened.

(e) The Netherlands representatives, although they recognized the importance of Italy to the western world, wondered whether its inclusion would not impair the strength of western defence. Appropriate arrangements should be devised to extend some measure of protection to Italy and to give support to those Italians who strive to keep Italy on the side of the western nations.

(f) The Luxembourg representative considered that something should be done for Italy.

(g) The United States representatives considered that a satisfactory solution to the problem of Italy, which would strengthen rather than weaken Italy's natural ties with the west, must be found, preferably by simultaneous association in some mutually acceptable form with the Brussels and Atlantic Pacts.

(iv) In the circumstances further instructions from Governments are urgently required.

(v) *Greece and Turkey*

It was agreed that while Greece and Turkey could not participate in the North Atlantic Pact, some further steps would have to be taken to assure the Governments of these countries and perhaps Iran that their security had not been lost sight of and was a matter of concern. It would be all the more necessary to give such assurance to these countries if Italy were to be a signatory of the Pact. If Italy were not to be a signatory she should receive similar assurances to those given to Greece and Turkey.

The United Kingdom representatives suggested that the situation might be met by including in the Pact an additional article somewhat on the following lines:

"Should any State member of the O.E.E.C. other than a party to this treaty, be the object of an armed attack, the parties will immediately consult together with a view to taking such measures as may be desirable or necessary in order to restore the situation."

The other representatives thought that this problem should be dealt with otherwise than by an article in the Pact. Ends.

485.

DEA/283 (S)

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

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

TELEGRAM WA-3241

Washington, December 24, 1948

TOP SECRET. IMMEDIATE.

North Atlantic Treaty. Reference my immediately preceding messages. Following is the text of Annex D to the Working Group's report to the Ambassadors' Committee, Begins:

*Annex D**Procedure for Negotiations and Approaches to Other Governments**1. Procedure for Negotiation*

(a) It was considered that a formal Conference would not be necessary for the next stages in the negotiation of the treaty. The present arrangement of a Working Group and an Ambassadors' Committee reporting to Governments might well continue. The personnel of the Working Group could, of course, include any representatives which any of the seven Governments might see fit to appoint. Other countries than the original seven, after having been invited and accepted participation in the Pact, might also send representatives to the Working Group and Ambassadors' Committee.

(b) No recommendation was made about whether it would be desirable to hold a brief formal Conference for the signing of the Pact at the conclusion of the negotiations. This should be decided at a later date.

2. Approaches to Other Governments

(a) Iceland, Norway, Denmark, Ireland and Portugal should be invited to join the Pact if they are willing.

(b) Invitations should be extended after the wording of the treaty has become reasonably definite but before it has become final in order to avoid confronting the other countries with a definitive text on a "take it or leave it" basis. The appropriate moment to extend these invitations would be when the seven Governments have reached substantial agreement on the text of the treaty and have finally decided what other Governments are to be invited to participate. The countries willing to participate in the Pact should join in the discussions in Washington and take part in the final stages of the drafting of the treaty.

(c) Between now and the time for issuing invitations, it would be desirable to keep the other Governments generally informed of the progress of the Washington talks without however, going into detail.

(d) The United States representatives agreed to the suggestion that the United States should be responsible not only for extending the invitations at the appropriate moment but also for giving the interim explanations referred to in the immediately preceding paragraph, except in the case of Portugal, which in both respects should be approached by the United States and United Kingdom Governments together. This would not exclude the possibility of the other Governments, in the course of their normal diplomatic relations, discussing the question of the Pact in general terms with these countries. All seven Governments should keep each other informed of any conversations that they might have with the prospective signatories.

(e) The following points were made regarding certain individual countries:

(1) It was doubtful whether a direct approach should be made to Sweden at this time. It would nevertheless be appropriate for the Norwegian and Danish Governments to be informed that, if Sweden wished to become a party, she would be welcome — the Norwegians and Danes being at liberty to pass this information on to the Swedes.

(2) The United Kingdom representatives indicated that their Government would have comments to make on the timing and method of any approach, whether formal or informal, to Eire. Ends.

486.

DEA/283 (S)

*Note du conseiller juridique
pour le sous-secrétaire d'État par intérim aux Affaires extérieures*
*Memorandum from Legal Adviser
to Acting Under-Secretary of State for External Affairs*

TOP SECRET

[Ottawa], December 27, 1948

You asked, for Tuesday morning, my comments on the draft treaty which is Annex A of the Working Group's report.

2. While the draft Treaty is considerably shorter, and is less formal and particularized than the Canadian draft, I think it an excellent job.

3. It is brief and succinct and covers, I think, in a general way what the Canadian Government has had in mind.

4. To illustrate:

(1) The pledge (Article 5) is firm and is indeed quite close to the Brussels formula;

(2) Article 8 (relating to the Council) seems satisfactory and authorizes the establishment of the necessary subsidiary bodies;

(3) Cultural, economic and social collaboration are covered in Article 2;

(4) The "coming into force" provisions (Article 10) seem adequate.

5. Noting Mr. Wrong's observation in his message W.A. 3227 of December 23, that "there is resolute resistance to introducing in the treaty matter not absolutely essential to achieve the main purpose," I would *not* wish to suggest additional Articles for the draft Treaty.

6. I have, however, certain suggestions with respect to the following Articles:

(1) *Article 1*—This Article is in my view juridically unsound, but perhaps politically desirable;

(2) *Article 5 (2)*—I am not an expert, but I should have thought alternative A preferable;

(3) *Article 6 (1)*—I suggest rewriting as follows:

"This Treaty shall not be interpreted as affecting in any way the obligations of the parties under the Charter of the United Nations or the authority or responsibility of the Security Council to take at any time such action as it deems necessary to maintain or restore international peace and security."

(4) *Article 7*—I do not like. I should have preferred the following (based on Article 5 of the Canadian draft Treaty):

"Each party to this Treaty agrees not to accept any obligations in conflict with this Treaty or with the Charter of the United Nations."

(5) *Article 9*—I should have thought it wise to add, as Clause (2), the following (based on Article 10 of the Canadian draft Treaty):

"The Council may, on terms to be agreed with the state concerned, extend some or all of the guarantees of this Treaty to any other country in the North Atlantic or Western European regions whose defence is considered vital to the defence of the parties of this Treaty."

(6) In view of the (apparently) agreed form of the draft Treaty, I would dispense with any Preamble. It seems to me, however, that a Joint Declaration might be o.k.

(7) In view of the degree to which the present draft meets the Canadian position, I think congratulations are in order for those in Washington. The Treaty does not, in form, "kindle the imagination", but its substance (representing as it does a revolution in Canadian and United States foreign policy) I would expect to have that effect.

(8) I have sent a copy of this to Mr. Riddell and Mr. Crean.

(9) I return Mr. Wrong's latest teletypes plus the documents you let me have on Friday.

E.R. H[OPKINS]

487.

DEA/283 (S)

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

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

TOP SECRET

[Ottawa], December 28, 1948

NORTH ATLANTIC TREATY

I attach two memoranda of today's date.²⁰³ The first memorandum contains comments on Annexes A and B of the December 24 report from Washington. The second memorandum contains comments on Annexes C and D.

2. There are three copies of each of these memoranda.

3. After you have discussed these with Mr. Wrong and have revised them, you might wish to consider having them circulated through London to the European participants in the Washington discussions. In that case, we would also, of course, give a copy to the State Department.

4. It seems to me that it might be appropriate to do this since, in a sense, we would be putting up in the capitals concerned the arguments which Mr. Wrong has been advancing on our behalf in Washington.

E[SCOTT] R[EID]

²⁰³ Note marginale :/Marginal note:

Note Mr. Pearson's marginal comments [on Enclosure 1] G.G. C[rean]

[PIÈCE JOINTE 1/ENCLOSURE 1]

*Note du sous-secrétaire d'État par intérim
aux Affaires extérieures*

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

TOP SECRET

[Ottawa], December 28, 1948

NORTH ATLANTIC TREATY

The second phase of informal, non-committal and exploratory talks in Washington on security.

Draft of Canadian comments on Annexes A and B of the report dated December 24, 1948, of the Working Group to the Ambassadors' Committee

The following are to be considered as provisional Canadian comments. When the Committee of Ambassadors has prepared a second draft of a treaty in the light of the comments they receive on the first draft, that draft will be put before the Canadian Cabinet and the comments of the Canadian Government will then be circulated to the other participating governments.

2. The Working Group is to be congratulated upon the excellent work done in the preparation of a draft North Atlantic Treaty. In general, this draft appears to be satisfactory. The comments which follow are suggestions for improvement in matters of detail.

Article 1. Peaceful Settlement

3. Juridically this Article is unnecessary for those signatories which are Members of the United Nations but it may be felt to be politically desirable.

4. The Canadian Government has consistently emphasized that it would be wise if the treaty were to have as great a positive and moral content as is possible. It would therefore appear advantageous to include in the treaty an article along the lines of that suggested by the French representative, providing that the parties will refer to the International Court of Justice all disputes which come under the provisions of Article 36 of the Statute of the Court.²⁰⁴ This would be a useful demonstration of the belief of the signatory states in the rule of law among nations.

5. Therefore it is suggested that Article 1 of the draft be followed by an article reading as follows:

²⁰⁴ Celle-ci et les dix-huit notes de renvoi suivantes sont des notes marginales ou des changements faits par L.B. Pearson :

This and the following 18 footnotes are marginal notes or changes by L.B. Pearson:

This has been brought up in working group. Wrong will try again but reference to Int[ernational] Court without reservations will not be acceptable.

"The parties agree as follows in respect of disputes which may arise between any of them:

(a) all disputes falling within Article 36, paragraph 2, of the Statute of the International Court of Justice shall be referred to the Court and the decision of the Court shall be final and binding;

(b) all other disputes shall be submitted to conciliation;

(c) any party to a dispute which involves questions for which conciliation is appropriate, and other questions for which judicial settlement is appropriate, shall have the right to require that the judicial settlement of the legal questions shall precede conciliation.

The provisions of this Article shall not be interpreted as affecting the application of relevant provisions or agreements prescribing some other method of peaceful settlement, whether provided for in the Charter of the United Nations or otherwise."

Article 2. General Welfare

6. It is realized that Article 2 may be the best compromise that can be attained. However, in view of the importance which the Canadian Government has attached to the inclusion in the treaty of provisions for the encouragement of cooperation among the signatories in fields other than security, it is hoped that the other participating governments might agree to a strengthening of Article 2. Collaboration in the cultural, economic and social fields would contribute directly to the general security, since, in order to strengthen the collective capacity of the parties to resist aggression, their combined production of goods and services should be as great as possible, particularly at a time when a large proportion of this combined production must unhappily be devoted to preparations to resist aggression. Moreover, it is important, in order to secure the widest measure of public support for the treaty, that the treaty contain explicit provisions which will make clear that its purpose is not merely negative.²⁰⁵

7. Consequently, it is suggested that the following two sentences be substituted for the first sentence of the draft Article 2:

"The parties agree to make every effort in common to eliminate conflict in their economic policies, to coordinate their production,²⁰⁶ and to encourage the greatest possible development of trade between them. The parties also agree to make every effort in common to promote the attainment of a higher standard of living by their people and greater economic and social justice, to bring about a better understanding of the principles which form the basis of their common civilization,²⁰⁷ and to promote cultural exchanges between themselves."

²⁰⁵ Not much chance of making this stronger — but will see what we can do.

²⁰⁶ «to coordinate their production» a été rayée.

"to coordinate their production" struck out.

²⁰⁷ Le reste de cette phrase a été rayé; une note marginale donne des instructions à :

Remainder of this sentence struck out; a marginal note refers to the part of the sentence beginning "promote": put in preamble.

Article 3. Mutual Aid

8. In order to avoid the use of the term "severally and jointly", which is not generally understood, it is suggested that the words "individually and in common"²⁰⁸ be substituted.

Article 5. Paragraph 1. Mutual Assistance

9. While we should have preferred a text worded similarly to the Brussels Treaty, the present text seems generally satisfactory.

Article 5. Paragraph 2. Definition of Area²⁰⁹

10. Alternative "A" is preferred. One immediate advantage of "A" is that it would cover Italy whether or not Italy is an original signatory.

Article 6. Paragraph 1. United Nations

11. It is suggested that, since the first and second sentences each relate to interpretation, the drafting might be improved if it read as follows:

"This Treaty shall not be interpreted as affecting in any way the obligations of the parties under the Charter of the United Nations or the authority or responsibility of the Security Council to take at any time such action as it deems necessary to maintain or restore international peace and security."²¹⁰

Article 6. Paragraph 3.

12. It is suggested that it would be wise to reproduce precisely the language of the Charter and therefore to insert the words "maintain or" before "restore international peace and security."²¹¹

Article 7. Other International Engagements

13. It is suggested that, since the present draft merely states what may or may not be a fact and imposes no obligation, it is juridically ineffective. Whether or not this Article is retained it is considered that the following sentence should be included:

"Each party to this Treaty agrees not to accept any obligations in conflict with this Treaty or with the Charter of the United Nations."²¹²

Article 8. Organization

14. Since the words "subsidiary bodies" in the third sentence might not be considered as covering the employment of the necessary staff or secretariat, it is suggested that after the words "subsidiary bodies" the following words be added: "and appoint such staff".²¹³

²⁰⁸ «in common» a été remplacé par «collectively».

"in common" struck out and replaced with "collectively".

Note marginale :/Marginal note:

OK L.B. P[earson]

²⁰⁹ British Honduras! Map to be attached. No. ???

²¹⁰ This treaty does not affect in any way the obligations etc. or the authority

²¹¹ OK

²¹² OK

²¹³ Unnecessary

Article 9-A. Special Arrangements

15. In addition to an accession clause, it would appear necessary to include a clause which would enable the parties, by agreement, to make a special arrangement with a country such as Italy which may not be a party to the Treaty. Consequently, it is suggested that an article be added after the accession article which would read somewhat as follows:

"The parties may, by agreement, and on terms to be agreed with the state concerned, extend some or all of the guarantees²¹⁴ of this Treaty to any other country in the North Atlantic or Western European regions whose defence is considered vital to the defence of the parties to this Treaty."²¹⁵

Article 10. Ratification and Duration

16. A clause might possibly be added providing for registration of the Treaty with the Secretary-General of the United Nations even though this is not juridically necessary. The clause might read somewhat as follows:

"This Treaty shall be registered by the ----- Government with the Secretary-General of the United Nations."²¹⁶

17. It is also suggested that the usual provision be added on authentic texts and on the custody of the authentic texts. This provision might read as follows:

"This Treaty, of which the English and French texts are equally authentic, shall be deposited in the archives of the Government of ----- . Duly certified copies thereof will be transmitted by that government to the governments of the other signatory states."²¹⁷

18. It will also, of course, be necessary to add the usual termination to the Treaty. This might read as follows:

"In faith whereof, the representatives of the governments of -----, having exhibited their full powers found to be in good and due form, have signed this Treaty."²¹⁸

Done at the City of -----, the ----- day of -----, one thousand, nine hundred and forty-nine."

Preamble

19. In order to set the tone of the Treaty, it is suggested that it should have a very simple preamble, which might read as follows:

"WE, the people of the North Atlantic Nations, are dedicated to the cause of peace. We believe in the dignity and worth of every man, woman and child. We affirm our faith in the principles of parliamentary democracy, political liberty and personal freedom which are our common heritage.

²¹⁴ «guarantee» a été remplacé par «provisions».

"guarantee" was struck out and replaced by "provisions".

²¹⁵ To try this — but not to press too hard.

²¹⁶ OK

²¹⁷ OK

²¹⁸ OK

WE are confident that, by applying the principles of self-help and mutual aid, we may contribute to the establishment of a peaceful world in which everyone may live in freedom from fear and want and with liberty of thought²¹⁹ and worship.

WE are determined to unite our efforts to maintain peace and to preserve these principles and freedoms.

OUR Governments, therefore, have agreed to this North Atlantic Treaty, and do hereby establish, in the exercise of the inherent right of collective self-defence recognized in Article 51 of the Charter of the United Nations, and in accordance with the Principles and Purposes of the Charter, an organization to be known as the "North Atlantic Community" whose member states shall be known as the "North Atlantic Nations".

Joint Declaration at Time of Signature

20. There are already indications that one of the arguments which the Communists are busily engaged in making to certain well-meaning people is that the proposed North Atlantic Treaty is a violation of the spirit, if not of the letter, of the United Nations Charter. It might be wise, therefore, for the signatories of the Treaty to make clear in a Joint Declaration at the time of signature, that they continue to adhere to the principles of universal collective security set forth in the Charter, that they have been forced to adopt temporarily the alternative, open to them under the Charter, of collective security agreements because Soviet intransigence has made it unsafe for them to depend upon a weak system of collective security on a 'universal' basis, and that once an effective United Nations security system has been established they will readily return to a universal system of security. A tentative draft text of such a Joint Declaration is attached.²²⁰

Language of the Treaty

21. The Canadian Government attaches importance to attaining the greatest simplicity and clarity possible in the language of the Treaty. It is therefore hoped that the other participating governments will agree that, instead of referring to the signatory states in the Treaty as "parties", they may be referred to by some such name as "the North Atlantic Nations".²²¹ Similarly, it is hoped that the other participating governments will agree that the Treaty be given some such simple title as "The North Atlantic Treaty".²²²

²¹⁹ «liberty of thought» a été remplacé par :

"liberty of thought" was struck out and replaced by: "freedom to speak, to meet and to worship" which was changed to read: "freedom to worship, to speak and to [worship]"

²²⁰ OK

²²¹ Not possible unless they *are* all in.

²²² OK

[PIÈCE JOINTE 2/ENCLOSURE 2]

*Note du sous-secrétaire d'État par intérim
aux Affaires extérieures*

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

TOP SECRET

[Ottawa], December 28, 1948

NORTH ATLANTIC TREATY

The second phase of informal, non-committal and exploratory talks in Washington on security.

Draft of Canadian comments on Annexes C and D of the report dated December 24, 1948, of the Working Group to the Ambassadors' Committee.

Italy

The arguments for the simultaneous association of Italy, in some mutually acceptable form, are impressive. This need not mean that Italy would be a party to the Treaty either as an original member or by accession but that, before the Treaty is signed, approaches should be made to Italy to ascertain its views on the nature of the association. We are impressed by the strategic importance of associating Italy with the Treaty not so much for the positive contribution it might make in men and material but as a means of ensuring that bases in Italy will not fall into Soviet hands.

2. The precedent created by the association of Italy with the Treaty would not necessitate the conclusion of similar arrangements with countries such as Greece and Turkey, since Italy like Sweden is contiguous to a North Atlantic Nation.

3. These considerations underline the importance of including in the Treaty not only an accession clause but a clause providing for special arrangements.

4. On the other hand the use of a special arrangements provision might give Italy an opening to demand return of some or all of the former Italian colonies as a quid pro quo whereas this might be avoided if Italy were invited to become an original member.

5. It would seem to us that Italian membership in, or association with, the North Atlantic Treaty need not necessarily carry with it adherence to the Brussels Pact.

Greece and Turkey

6. We think that the draft Article 4(b) on consultation covers the point raised by the United Kingdom representative and that the inclusion of a special article is unnecessary. In order to give the appropriate assurance to the governments of Greece and Turkey and possibly Iran, their attention might be drawn to the implications of Article 4(b) and it might be pointed out to them that under this provision,

the signatories of the Treaty would immediately consult in the event of an armed attack on any one of these countries and would decide on the measures to be taken.

Procedure for Negotiation

7. It must be remembered that the Canadian Cabinet has been informed that the conversations now going on in Washington are informal, non-committal and exploratory. It would seem to us therefore that the final draft prepared at the ambassadorial level in Washington will have to be submitted formally to governments for their consideration and a formal diplomatic conference held to consider amendments proposed by governments and to reach agreement on a final text. We would hope that, in view of the importance of the Treaty, all the Foreign Ministers could attend this conference.

Approaches to Other Governments

8. We agree that Iceland, Norway, Denmark, Ireland and Portugal should be invited to become original parties to the Treaty after a second draft has been agreed on in Washington by the Committee of Ambassadors. The representatives of those countries which are willing to participate should then join in the discussions in Washington.

9. We agree with the suggested procedure in respect of Sweden.

488.

DEA/283 (S)

Note de l'ambassadeur aux États-Unis
Memorandum by Ambassador in United States

TOP SECRET

[Washington], December 28, 1948

NORTH ATLANTIC TREATY:²²³QUESTIONS ON WHICH FURTHER INSTRUCTIONS ARE REQUIRED²²⁴

A. MEMBERSHIP AND PROCEDURE

1. *Italy*

If Italy is not a signatory, what sort of association with the Pact would be best?²²⁵

2. *French North Africa*

Should area all be within North America, Europe, and the intervening sea space?²²⁶

²²³ Note marginale :/Marginal note:

Notes by L.B. Pearson] on Mr. Wrong's draft. G.G. C[rean]

²²⁴ Les notes de renvoi suivantes sont des notes explicatives de Pearson :
Remaining footnotes in this document are marginal notes by Pearson:

Second Draft not yet cleared above Lovett. Disadvantage of this for us. Not to be taken up in Cabinet until second Reading completed. Wrong then to come to Ottawa

²²⁵ Not to press our objections to Italian membership. No guarantees unilaterally from Canada for Italy outside the Pact but acceptance of protocol of consultation.

²²⁶ Yes, if Italy in. No if out on grounds not included in Brussels Pact.

3. Would we be prepared to participate in any general assurance given to Greece, Turkey, and possibly Iran?²²⁷

4. Do we agree that the U.S. should be responsible for keeping other possible participants informed and should extend the invitations to participate?²²⁸

5. Do we want a formal Conference, for signature, or possibly at an earlier stage?²²⁹

6. Is it acceptable that the detailed negotiations should be conducted by the Ambassadors' group in Washington, with possible additions?²³⁰

B. THE DRAFT ARTICLES

Preamble

Have we any particular views on the form of the Preamble and on whether the Treaty should be between heads of States or intergovernmental?

Article II

Does the draft go far enough in authorizing collaboration in fields other than defence?²³¹

Article V

Para. 1. Is the commitment satisfactory from the Canadian point of view?²³²
Note that a reference to constitutional processes will probably be insisted on by the Senate.

Para. 2. Does alternative (a) cover adequately the Far Northern area and islands in the North Atlantic itself?²³³ Would we be prepared to agree to including the Western Mediterranean as far as the Tunisian border?²³⁴

Article VIII

Is this a sufficiently explicit definition of the functions of the Council?²³⁵

Article X

What are our present views on duration of the Treaty?²³⁶ Is it satisfactory that it should come into effect when ratified by a majority of signatories?

²²⁷ Only to consult in threat to peace. USA & UK might go farther — *not us*

²²⁸ Yes except Portugal

²²⁹ Formal, but for more than signature — speeches etc. and possibly executive session for third reading

²³⁰ Yes

²³¹ Should go further if possible but not likely to be possible

²³² Reasonably so but U.S. not likely to keep it in present form

²³³ Yes — if map attached

²³⁴ If we *have* to but not desirable

²³⁵ Yes

²³⁶ Not longer than 20 years

C. QUESTIONS NOT COVERED IN THE DRAFT

1. Do we strongly desire an Article dealing with the peaceful settlement of disputes between the parties and possibly abolishing reservations to the International Court's jurisdiction between themselves?²³⁷

2. Do we favour an Article permitting the suspension or expulsion of signatories of the Pact?²³⁸ Note that the U.S. may request this after consulting congressional leaders.

Do we attach any real importance to an Article requiring registration of the Treaty with the United Nations?²³⁹

[H.H. WRONG]

489.

DEA/283 (S)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures
Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-3263

Washington, December 30, 1948

TOP SECRET

Following for Pearson from Wrong, Begins: North Atlantic Treaty. I have spoken to Hickerson today about the possible timetable and related matters. He agrees with the conclusion we reached yesterday in New York that submission of the draft to your colleagues should take place after the next series of talks here. This will probably start early next week and may not take more than a few days.

2. He said that he had gone over the draft with representatives of the National Military Establishment and that they had on the whole been well pleased with it. They had made a few suggestions, some of which he thought were valuable. Lovett has spoken to some of the Congressional leaders, but Hickerson did not yet know the result of this talk. He was glad to hear that you were favourably impressed. Ends.

²³⁷ Yes if possible

²³⁸ Yes — suspension to be followed by expulsion by decision of the Council without specifying how decision to be taken which can be left to rules of procedure

²³⁹ Useful to include this

CHAPITRE V/CHAPTER V

CRISE DE BERLIN
BERLIN CRISIS

490.

W.L.M.K./J4/Vol. 272

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

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

TOP SECRET

[Ottawa], June 25, 1948

BERLIN SITUATION

You will recall that on March 20th last, the Soviet Commander-in-Chief in Berlin, General [sic] Sokolovsky [Marshal V.D.], ended the activities of the Allied Control Council which was responsible for governing Germany under the Potsdam and other four-Power decisions.

2. The issue upon which General Sokolovsky chose to bring the Allied Control Council's work to an end was the Western Powers' refusal to report to the Control Council on the 'decisions' which were alleged to have been reached in the first part of the London talks on Germany. The first session of the London talks had ended on March 6th and a number of tentative agreements were published in a communiqué. However, the Western Powers denied that any 'decisions' had been reached and in any event the agreements that would be reached would be in the form of recommendations which would be submitted to the governments of the participating states for action.

3. As you know, the Soviet departure from the Allied Control Council was accompanied by a series of annoying restrictions on the Western Powers' communications between the Western Zones and their sectors of Berlin. The resultant tension reached its climax in the Gatow air crash on April 5th when a Soviet fighter aircraft collided with a United Kingdom transport with serious loss of life. Thereafter Soviet restrictive regulations were enforced more reasonably.

4. It was anticipated that when the final report of the London talks was announced, as it was on June 7th, there would almost certainly be an even more energetic reaction on the part of the Soviet authorities. Their initial reaction was, however, comparatively mild until the Western Powers announced on June 18th their intention to reform the discredited German currency without Soviet participation.

5. Although the Western Powers in their original announcement excepted their sectors of Berlin from the currency reform, the Soviet authorities asserted, nevertheless, that Berlin was 'in' the Soviet zone of occupation and that Western currency would not be used in the city. On June 22nd, there was a four-Power meeting

in Berlin to discuss currency reform. The Western Occupying Powers expressed their willingness to accept a single currency for all of Berlin and agreed that Soviet Zone currency could be used provided that 'the adoption of the currency reform should be by quadripartite agreement' and that 'the issue of currency should be subject to quadripartite control.'

6. General Sokolovsky refused these conditions and on the same day he announced the Soviet plan for currency reform.¹ The Soviet Commander at the same time asked that no difficulties be raised to the introduction of Soviet Zone currency into all of Greater Berlin as the Soviet plan stipulated. The Western Military Commanders informed the Soviet authorities that they could not agree to the use of Soviet Zone currency in their sectors of Berlin unless the conditions mentioned above were fulfilled. They then issued separate instructions which introduced a new special currency to the three Western sectors of the city.

7. Hitherto, four-Power Military Government in Berlin had continued to function under the Kommandatura in spite of the virtual demise of the four-Power governing body for all of Germany — the Allied Control Council. However, on June 24th the Soviet representative on the Berlin Kommandatura was reported as saying that that body has ceased to exist 'for all intents and purposes.'

8. It has, of course, long been apparent that the object of the Soviet authorities was to rid themselves of the Western representatives in Berlin whose presence, they claimed, was justified only because Berlin was the seat of four-Power government for all of Germany. As this reason no longer applied, the Soviet view is that the Western Powers no longer have the right to remain in the city. As you know, the Soviet pressure has varied from complete interruption of land communication to the cutting off of power from the Western sectors. It is, of course, impossible to say how far their determination to bring about a withdrawal of Western Powers from Berlin will carry them.

9. The United States Commander-in-Chief has expressed himself in unmistakable terms that the United States authorities will leave Berlin only if physically ejected. General Clay has been quoted as saying that an attempt to do this would mean war.

10. The United Kingdom is, it seems, equally determined to stay and Mr. Robertson has reported that the Foreign Office considered that there was a real danger of a clash in Berlin during the coming months but that even an armed clash would not lead to war.

11. The French have consistently expressed their anxiety over possible Soviet reaction to the London recommendations on Germany and have been lukewarm to the idea of adopting an uncompromising stand on the Berlin issue. They have, nevertheless, followed the United States-United Kingdom lead in all the declarations affecting the Western Powers' position in Berlin.

¹ Dans son télégramme 168 du 23 juin (DEA/7-CA(S)†), Pope observait que par cet avis et par la réponse britannique du même jour,

In telegram 168 of June 23 (DEA/7-CA-14(S)†), Pope commented that, with this announcement and the British response of the same date, the issue at long last has been squarely joined.

12. I am sending a copy of this memorandum to the Secretary of State for External Affairs.

E[SCOTT] R[BID]

491.

W.L.M.K./J1/Vol. 441

*La Mission militaire à Berlin
au secrétaire d'État aux Affaires extérieures*

*Military Mission in Berlin
to Secretary of State for External Affairs*

TELEGRAM 176

Berlin, June 28, 1948

SECRET

Repeat to Dominion London No. L12.

Begins: *Berlin Situation*. Last Saturday evening a senior R.A.F. officer told me that the Control Commission were drawing up plans to do their utmost towards the feeding of Berlin by air. To this end some 80 Dakotas would be required. They were a bit short of aircraft and particularly crews. Could or would Canada help.

2. I immediately replied that in my view this was a matter which should preferably be taken up between Governments rather than through the Administration in Berlin. There were High Commissioners both in Ottawa and London.

3. Later spoke [to] Steel² who said he was meeting Robertson³ later that night to discuss the plan in its several aspects. He seemed inclined to attach considerable value to the idea of collective action on the part of the western allies. Both Belgium and the Netherlands were to be approached. When I mentioned my intention of reporting this conversation, he demurred slightly but I am doing so on the basis that advance notice is usually helpful.

² Christopher E. Steel, conseiller politique auprès du Commandant-en-chef britannique en Allemagne et président, Sous-commission gouvernementale, Commission de contrôle pour l'Allemagne (élément britannique).

Christopher E. Steel, Political Adviser to British Commander-in-Chief in Germany and President, Governmental Sub-Commission, Control Commission for Germany (British Element).

³ Le général Sir Brian Robertson, gouverneur militaire britannique pour l'Allemagne et Commandant-en-chef de la Commission de contrôle pour l'Allemagne (élément britannique).

General Sir Brian Robertson, British Military Governor for Germany and Commander-in-Chief, Control Commission for Germany (British Element).

492.

PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], June 28, 1948

...

EXTERNAL AFFAIRS; INTERNATIONAL SITUATION; BERLIN,
 WARSAW CONFERENCE, ATLANTIC SECURITY

3. *The Secretary of State for External Affairs* reported on developments in the international situation:

The position in Berlin contained elements of danger. The U.K. Military Governor had protested to Soviet authorities upon the interruption of traffic from the British Zone to Western Berlin; as yet no reply had been received.

The Warsaw conference of nations within the Soviet orbit had condemned the Western German settlement approved by the United Kingdom, the United States and France as a violation of the Yalta and Potsdam agreements. Russian policy was clearly motivated by the intention to capitalize upon the natural German desire for unity.

Western European countries were reluctant to provoke the U.S.S.R. so long as the U.S. position remained in any doubt. On the eve of a Presidential campaign it was difficult for the U.S. government to give any firm undertaking which would satisfy Western Europe. It was to be noted, however, that the Republican platform included an international plank based upon the Vandenberg resolution.

4. *The Cabinet*, after discussion, noted the Minister's report.

...

493.

DEA/11840-40

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

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

SECRET

[Ottawa], June 29, 1948

I attach a copy of our telegram No. 114 of June 28th, 1948,† to General Pope in Berlin replying to his telegram No. 170 of June 24th,† a copy is also attached, in which he requests instructions regarding the removal of our mission from Berlin. I also attach a copy of an interim reply I sent on June 26th, our telegram No. 113.†

2. There is no sign of any change in the United States and United Kingdom intentions to remain in Berlin and although the French seem less anxious to make an issue of the Berlin situation, I think it is doubtful if they would withdraw alone.

3. Although I have thought it wise to be prepared for a worsening of the situation, you will see from our telegram No. 114 that we have stressed the importance of

avoiding any action which might suggest that we were giving the lead for a general exodus on the part of missions accredited to the Allied Control Council. You will note that we have suggested that General Pope should move with, but not ahead of, the United Kingdom, United States and French authorities in the matter of evacuation.

4. You will recall that we had decided some time ago to send a consular officer (Mr. A.J. Hicks) from Berlin to Frankfurt. In view of the present developments there would now seem to be some advantage to have him established there as soon as possible and I have, accordingly, asked General Pope to arrange this.

5. The security precautions recommended in paragraph 2 of telegram No. 114 are those which have been in effect in our missions in all Soviet dominated countries since last April.

L.B. [PEARSON]

494.

DEA/11840-40

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

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

TOP SECRET

[Ottawa], June 29, 1948

SITUATION IN BERLIN

You will have received telegram No. 980 of June 28 from Canada House† summarizing Mr. Bevin's statement to the Commonwealth High Commissioners in London about the situation in Berlin. Mr. Bevin attaches the very greatest importance to the Western Powers holding on in Berlin. He admits that the point has been reached where it looks like war, but he himself does not fear war over this. He thinks that if the Western Powers hold on, the Russians will change their course and tactics. In this case, the effect not only in Europe but also in South-East Asia and China would be tremendous because it would be the first time since the war that any country had really stood up to the Russians.

2. I now attach telegram No. 981 of June 28 from London† and telegram No. 176 of June 28 from Berlin.

3. In his telegram No. 981, Mr. Robertson reports that, at the meeting summarized in telegram No. 980, Mr. Bevin, after making it plain that the U.K., U.S. and French Governments were agreed in their determination to resist Russian pressure to force them out of Berlin, went on to say that these Governments were prepared to take up the Soviet challenge and to feed two and a half million people by airborne supplies. This meant a tremendous employment of transport aircraft to which the three Western Powers would each contribute to the limit of their availabilities.

4. He said that the U.K. and U.S. Governments would be very grateful for any assistance that other countries could give in making additional transport aircraft available.⁴

5. The same sort of request of the Canadian authorities has been informally made to General Pope in Berlin, as you will see from his telegram. In Berlin, both aircraft and aircrews were mentioned.

6. In addition, Mr. Bevin asked the representatives of the Commonwealth countries in London to inquire from their governments what stocks of concentrated dehydrated foodstuffs they might have available for shipment to Berlin.

7. Mr. Robertson believes that, in the circumstances, the United Kingdom request for assistance in providing aircraft should be given prompt and serious consideration.

8. I would support Mr. Robertson's recommendation. It seems to me that the trial of strength which is now going on in Berlin is of crucial importance. I cannot believe that the Russians want to push things to the point of war but I believe that they may be prepared to do everything short of war to get the Western allies out of Berlin. Rightly or wrongly, the situation has now got to the point where the withdrawal of the Western powers from Berlin, leaving the two million Germans in the Western zones in Berlin in the lurch, would be a tremendous blow to the prestige of the Western powers, not only in Western Europe but elsewhere.

9. On the other hand, a successful demonstration of the ability of the Western powers to act together on this matter and to force the Russians to change their tactics might well have a very considerable effect in strengthening the determination of the Western Europeans to resist Soviet pressure.

10. It may be argued, however, that Canada should not directly intervene in this test of strength between the U.S.S.R. on the one hand and France, the United States, Great Britain and Benelux on the other. We are, of course, not responsible for the unhappy developments that have occurred in Berlin, though we were informed of the policies of the Western powers which have caused the U.S.S.R. to take the action that it has taken. Nevertheless, there is no escaping the fact that we would be implicated in any conflict which might result from this situation.

11. I am sending a copy of this memorandum to the Prime Minister and to Mr. Claxton. Mr. Claxton will be able to find out whether we could, in fact, make transport aircraft available. We are making inquiries from the E.C.A. Availabilities Committee of Trade and Commerce on the availability of stocks of concentrated dehydrated foodstuffs. First indications are that there are considerable stocks available. In case you wish to discuss this matter in Cabinet, I am sending Mr. Heeney a copy of the memorandum and of the enclosures.

L.B. P[EARSON]

⁴ N.A. Robertson rapporte que, lorsque Bevin a présenté cette demande d'aide, N.A. Robertson reports that, when Bevin made this request for assistance, [he] turned to me

495.

DEA/11840-40

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

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

TELEGRAM 1000

London, June 30, 1948

TOP SECRET. MOST IMMEDIATE.

Following for Pearson, Begins: Reference my telegram No. 981 of June 28th.† Noon edition of *Evening Standard*, under headline 'Empire Asked to Break Berlin Siege,' says: 'Canada, Australia, New Zealand and South Africa have been asked to lend to Britain all the transport aircraft they have available to help break the Russian blockade of Berlin.' Press report is completely unauthorized, and the United Kingdom Government Departments insist that they gave no information whatever to the press. As all Commonwealth countries were represented at the meeting, it will be difficult to trace the leak. On the assumption that our Government would certainly be asked questions about this press despatch in Parliament today, I have seen Machtig who suggests that it would be correct to reply: 'No formal request has been received, although the subject was mentioned for preliminary consideration by the Foreign Secretary.'

2. General assumption in London this morning is that terms of Sokolovsky's latest reply to [General] Robertson indicate that peak of the Berlin crisis is over, and that emergency mobilization of transport aircraft may not in fact be required. Ends.

496.

DEA/11840-40

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

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

TOP SECRET

[Ottawa], June 30, 1948

Supplementing my previous memorandum on Canada's participation in the efforts to supply Berlin with foodstuff by air, the following points are, I think, important:

1. Mr. Bevin has stated to our High Commissioner that the United Kingdom Government did not believe that the Berlin situation would lead to war. He thinks that the Russians will try everything short of war, but that, if the Western Powers hold firm, the Russians will back down and that this will have a tremendous effect on the world because it will be the first time since the war that any country has really stood up successfully to the Russians. Mr. Bevin added that, if we can get through this present difficulty successfully, there is a real possibility of ending the age-old

feud between France and Germany, with all that this would mean for Western European unity.

2. This Berlin situation is one in which the United Kingdom, the United States and France are pursuing a common policy.

3. If we accept the request to participate, we may be making our contribution to a successful stand against the Russians and, therefore, eventually to a solution of present international difficulties.

4. If we refuse to participate, it would mean that, even in a matter of such importance when the three great Western Powers are acting together, we stand aloof.

5. If we participate by sending aircraft, it might of course develop that an incident would take place which would concern a Canadian aircraft and might become the occasion of war. However, it would only be the occasion and not the cause, and I doubt whether we would be justified in refusing to participate by this risk alone.

6. It may be argued that this was a battle of power politics arising out of the policies of the Western Powers towards Western Germany for which we are not responsible and, therefore, they have no right to implicate us in the result. Against this, however, is the fact that we have been kept informed of developments in regard to the formation of the Western German state, the issue of the new German currency, etc., and that, if we had any doubts as to the wisdom of these measures, we could, and should, have expressed them.

7. It is of course true that whether we take action or not in regard to the United Kingdom suggestion we will be involved in any trouble which might result from the present situation in Berlin. It is inconceivable that a war resulting from these difficulties which finds the U.S.S.R. on one side and the three great Western democracies on the other would not involve Canada. This being the case, it might be argued that we should do what we can to stop the Russians, short of war. The best way of doing this is to show them that they cannot starve Berlin and in this way drive the Western allies out of Berlin. If they are convinced of this, then I think Mr. Bevin's optimism will be justified and an arrangement will be made with the Russians, possibly along the lines of acceptance of the new Russian currency in the whole of Berlin in return for abandonment by the Russians of the blockade.

L.B. P[EARSON]

497.

DEA/7-CA-14 (S)

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

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

TOP SECRET

[Ottawa], June 30, 1948

Mr. Stone has just telephoned from Washington to say that he has returned from the State Department, where he was making some enquiries about the situation in Berlin. He was informed that that situation is critical, but that the State Department is confident that, by diplomatic firmness and by utilising every possible method of

air supply, they can defeat the Russian purpose to force them to withdraw from Berlin. They have, however, at the moment not enough air transport and need all that they can get. They have noted the reports from London of the United Kingdom request for help in this connection from Canada and the other Dominions, and they would be grateful for any such help that might be given.

They are, at the moment, working on a press statement which will be issued very shortly, emphasizing that they are going to stay in Berlin and have no intention of allowing themselves to be driven out.

They have heard of the rumour that the Russians may put up barrage balloons. If this happens, they will tell the Russians that, if those balloons are not down by a certain time, they will be shot down.

L.B. P[EARSON]

498.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], June 30, 1948

SITUATION IN BERLIN; AIR SUPPLY OF FOODSTUFFS

5. *The Prime Minister* reported upon the grave situation which had developed in Berlin and read communications from the High Commissioner in London following meetings of Commonwealth representatives with the U.K. Foreign Secretary.

Mr. Bevin had stated that the United Kingdom, the United States and France were determined to remain in Berlin, despite the risk of war. Jointly, representatives of the three powers were considering emergency means of supplying by air the necessary minimum quantities of food to the population of the western sectors. This would require the employment of large numbers of aircraft and the collection of quantities of concentrated foodstuffs. The three powers were agreed that it was all important not to yield to Soviet pressure.

Mr. Bevin had said that the United Kingdom and the United States would be grateful for any assistance any countries could give in making additional transport aircraft available for the proposed operation. He had asked representatives of Commonwealth countries to enquire what stocks of concentrated dehydrated foodstuffs they might have available.

A subsequent message from Mr. Robertson had reported that newspapers in London had announced that Commonwealth countries had been asked to lend Britain transport aircraft to help break the Russian blockade. Such reports were unauthorized and it would be correct to reply to any question on the subject in Parliament that no formal request had been received. The latest news indicated that the peak of the crisis was over and that emergency mobilization of transport aircraft might not in fact be required.

A message had also been received from the Military Mission in Berlin, reporting upon the emergency plan for feeding the western sectors by air. It had been intimated that help from other countries would be welcomed.

(Telegrams Nos. 980 and 981, Canada House to External Affairs, June 28; Telegram No. 1000, Canada House to External Affairs, June 30; Telegram No. 176, Canadian Military Mission, Berlin to External Affairs, June 28).

6. *The Secretary of State for External Affairs* reported that, upon receipt of the enquiry from Canada House, a preliminary list of foodstuffs in Canada which might be made available if the government so decided had been prepared. This indicated that, without any special measures, substantial quantities could be provided. Even larger amounts could be had if the government had recourse to requisition or retail purchase.

(External Affairs memorandum to the Minister, June 30, 1948).

7. *The Minister of National Defence* observed that, as yet, there had been no request for Canada to assist by providing transport aircraft, though the subject had been mentioned by the U.K. Foreign Secretary. The air-lift of 3,000 to 4,000 tons of foodstuffs a day would require a very large number of aircraft and involve as many as 600 flights a day — an operation of great complexity and difficulty. It would be possible for Canada to make available five or six 'Northstars' — a very small fraction of the numbers of aircraft which would be needed.

Since the only Canadian planes which could be provided would be military, the possibility of an R.C.A.F. plane becoming involved in an 'incident' should be borne in mind. Further, policy with respect to Germany had been formulated and administered without opportunity for Canadian participation. The U.K. government should be informed that any request for Canadian assistance of this character would involve these and other important considerations and Mr. Bevin should be advised confidentially of the difficulties involved.

8. *Mr. St. Laurent* emphasized the vital importance of the western powers persisting in their refusal to yield to Soviet pressure.

A report had just come from Washington that the U.S. government were considering the issue of a public statement to the effect that they intended to remain in Berlin and that, if Soviet authorities employed barrage balloons to interfere with the air-lift, they would be dealt with drastically.

While Canada had not been a direct participant in the formulation of policy for Germany, it was to be remembered that the government had been kept fully informed of the course of events and of the decisions taken, also that Canada would necessarily be involved if war were to result from the present crisis.

9. *Mr. King* suggested that it might be necessary to make a statement on the subject in the House that afternoon. At the morning sitting a question had been asked. In reply it had been stated that an answer could not be given until the situation had been considered by the government.

10. *The Cabinet*, after further considerable discussion, agreed:

(a) that the High Commissioner in London be directed to inform the U.K. government of the foodstuffs which could be made available by Canada to assist in feeding the western sectors of Berlin;

(b) that the difficulties involved in any request of Canada to provide transport aircraft be brought confidentially to the attention of U.K. authorities; and,

(c) that a draft statement be prepared on the subject for the Prime Minister's use in Parliament.

...

499.

DEA/11840-40

*Le ministre de la Défense nationale
au secrétaire d'État aux Affaires extérieures*

*Minister of National Defence
to Secretary of State for External Affairs*

TOP SECRET

Ottawa, June 30, 1948

My dear Colleague,

In connection with the discussion at Cabinet today regarding the enquiry made through the High Commissioner at London as to whether we would assist in meeting the emergency in Berlin, I thought I would set down here the reasons for the view I took so as to make sure there is no misunderstanding about them.

It seems to me that the course I suggested can be supported on five main grounds.

In the first place, the fact that Canadian military aircraft were used to assist in carrying out the occupation of Germany would appear to commit us to support the occupation with all its consequences, even war, and this although we had no say whatever in determining the policy which set in this course of events. This might be put more extremely if it should turn out that some action in connection with one of our planes had precipitated hostilities.

The second point is that bringing in Canadian assistance may appear to be provocative. We have no status as one of the occupying powers. Again, the Russians would make a good deal of this should it happen that a Canadian plane was made the actual occasion for an incident which led to war.

The third point is that we have in fact no status in the matter except as the subsidiary or paid help of the United Kingdom or of the United States.

The fourth point relates to the manner in which the enquiry was made by the United Kingdom. It seems to me that no friendly power, certainly not a power having the special relations which Britain has with Canada should put us in the position where we might feel that we had to take a course of action just because of the fact that an enquiry had been made. In such circumstances the right course for the country which is wishing to make the enquiry would be to ask very privately and discreetly if we would have any objection to an enquiry being made. Otherwise we might be put into the position where we would feel it necessary to adopt a course

because publication of our refusal to do so would assist another nation, in this case the Soviet Union, or prove a source of embarrassment to us.

A fifth point is that it would appear that here our assistance would be of a token character, invited primarily for the purpose of giving the impression of Imperial solidarity. We have not got the same interest in this phase of the matter as have France, Belgium or the Netherlands, both because of their geographical situation and because of their membership in the Western Union as well as because of the fact that they are, I understand, powers which in fact have occupying forces.

In favour of our helping in every way possible is the fact that this is a vitally important test of strength which might determine the course of events for months and years ahead. If the Russians succeed it will be a major disaster for us, whereas if they do not succeed it will be a setback of at least some consequence for them. Eventually if there is war, we would take part and go all out to help in bringing victory to our side. It might be argued that we should go all out now, despite the objections I have made, in order to do everything in our power to setback the Russians over this issue.

In view of the announcement credited to the Foreign Office that an enquiry had been made, my own disposition would be to take no action publicly until the matter develops further but to tell Mr. Robertson of our general attitude along the lines discussed this morning.

Yours sincerely,
BROOKE CLAXTON

500.

W.L.M.K./J4/Vol. 236

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

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

TOP SECRET

[Ottawa], June 30, 1948

I asked Sir Alexander Clutterbuck to see me this afternoon regarding the request from the United Kingdom for concentrated foodstuffs from Canada for supplying Berlin and the suggestion, made by Mr. Bevin at the meeting of the High Commissioners yesterday, that the United States and the United Kingdom would appreciate any air transport assistance from other countries that might be available. I told Sir Alexander that, as a result of a leakage in London, it appeared that this latter suggestion had been magnified and misrepresented into a request from the United Kingdom for such air transport assistance from Canada. I read to him the Canadian Press story based on an alleged Foreign Office statement. I said that if the Foreign Office had issued any such statement, it was unfounded and misleading on the basis of the reports of the meetings in question which we had received from our High Commissioner. I had confirmed this fact by a telephone conversation with Mr. Robertson. Sir Alexander said that, if the alleged Foreign Office statement had in fact been made, it was most unfortunate, but he thought that possibly the news

story itself was inaccurate and that there had been no such statement. I told him that our High Commissioner was checking on this. There certainly had been a leak in London, though that was not necessarily the responsibility of the United Kingdom authorities. In fact, Mr. Robertson indicated that the leak might well have come from a High Commissioner's Office.

I told Sir Alexander that this matter had now been misrepresented in the press in London and in reports to Canada in such a way as to cause real embarrassment here, and that it would be helpful if a statement could be issued in London saying that the newspaper story, based on an alleged Foreign Office statement, was unauthorized and unfounded, and that no request for aircraft had been made. I also mentioned this to Mr. Robertson as one way of attempting to rectify the position.

I pointed out to Sir Alexander that, if the three occupying powers in Berlin wished assistance from other countries in supplying the civilian population of Berlin, they no doubt would get together and request such assistance from not one but all the governments who were friendly to them and in a position to help. I expressed my own personal opinion, however, that long before such help could be made available, the Berlin situation would have come to a head, as it obviously could not go on indefinitely as at present.

Sir Alexander appreciated our position and expressed the view (which Mr. Robertson also expressed on the telephone) that the United Kingdom Foreign Minister had no intention whatever of making any suggestion or request in a manner which would prove embarrassing to the Canadian Government. He seemed to think that all Mr. Bevin was doing with reference to aircraft was exploring the position in an informal and non-committal way and that his remarks, as reported in Mr. Robertson's telegram, did not constitute a formal Governmental request.

L.B. PEARSON

501.

DEA/11840-40

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

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

TELEGRAM 1013

Ottawa, June 30, 1948

TOP SECRET. MOST IMMEDIATE.

For Robertson from Pearson. Further my telegram No. 1008.† Air transport for Berlin.

The Canadian Press story based on an alleged Foreign Office statement has caused great irritation here for reasons which you will appreciate. On the basis of your telegram 981,† the Prime Minister was going to state in the House this afternoon in answer to a question addressed to him this morning that, while there had been a request for foodstuffs to assist in supplying Berlin in the present emergency, no request had been made for air transport. Paragraph 2 of your telegram 1000 [sic]

merely stated that Mr. Bevin had remarked that the United Kingdom and United States would be grateful for any assistance other countries could give by making additional air transport available. This is not interpreted here as a request as contrasted with the request for foodstuffs mentioned in paragraph 3 of your telegram. Furthermore, the alleged Foreign Office statement goes further than Machtig's suggested reply to questions would warrant. In the circumstances, therefore, we are at a loss to understand how such a statement could have been issued, if indeed it was issued and is not merely an inaccurate newspaper gloss. It will be quite obvious to you that in any event it has put the Government here in an embarrassing position.

2. One way of helping to remove this embarrassment would be to have the British authorities disavow the Canadian Press story as unauthorized and unfounded, adding that no request for transport aircraft has been made, that the matter was merely touched on informally in the course of discussions.

3. The procedure adopted by Mr. Bevin on this occasion as reported in your telegram 981 has aroused fears and suspicions here. It may indeed be argued that certain people in London are more interested in a centralized Commonwealth policy in this matter than they are in the provision of the assistance requested.

4. In any event, the transport aircraft that could be supplied from Canada would not be sufficiently numerous to make any important contribution to the total strength, while even to make this small number available would be difficult and would mean transferring them from other duties, including flights North, at the time of the year when these duties can most effectively be undertaken.

5. The situation, however, is better in regard to concentrated foodstuffs and I hope to be able to send you shortly information of quantities that could be made available to meet the emergency. This matter is being urgently canvassed by the government in a desire to help.

502.

DEA/11840-40

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

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

TELEGRAM 1007

London, July 1, 1948

TOP SECRET. MOST IMMEDIATE.

Following for Pearson from Robertson, Begins: Your telegram No. 1008.† Following appears to be sequence of events:

1. Original leak to *Evening Standard*, as reported in my telegram No. 1000, probably came from Australia House. I brought matter immediately to attention of Commonwealth Relations Office, and agreed with Machtig on the possible answer to questions in Canada suggested in my telegram under reference. In the meantime, the Canadian Press, writing up the *Evening Standard* story for transmission to Canada, claimed to have got from somebody in the Foreign Office News Department

the 'confirmation' cited in your telegram. I saw Nash, Head of the Foreign Office News Department, this morning, who is investigating the origins of the Canadian Press story. He did not think anybody on his staff could have used the language attributed to them in the Canadian Press despatch, was at complete variance with their instructions.

2. In the meantime, Foreign Office propose to issue the following substantive press statement this morning, and by its implications disavow the attribution to them of the Canadian Press story in question.

3. The Commonwealth Relations Office, who are most genuinely upset and exasperated by the handling of the whole business from beginning to end, will be cabling their regrets to the Government of Canada, and will send the Foreign Office press statement to all their High Commissioners for guidance in handling the matter of the Foreign Secretary's original statement to the High Commissioners in London.

4. There has been nothing on the subject in London press this morning, except the text of the Prime Minister's statement in Parliament with which the Foreign Office press statement will be completely in line.

5. Text of first Foreign Office statement, which has just been cleared with the Foreign Secretary, is as follows, Begins:

In speaking to the Commonwealth High Commissioners on Monday concerning the situation in Germany, Mr. Bevin mentioned the difficulties which would arise in supplying Berlin by air, and referred to the possibility of seeking concentrated foodstuffs and transport aircraft from any of the free countries which might have these readily available. It is understood that certain Governments have already indicated that they have foodstuffs available. No request for the supply of aircraft will be made unless further developments in the situation should require this. Ends. Message ends.

503.

DEA/11840-40

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

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

TELEGRAM 1033

London, July 5, 1948

RESTRICTED

Following for Pearson from Robertson, Begins: Your telegram No. 1040 of the 3rd July.†

I saw Underhill, the Head of the Canadian Press Bureau, this afternoon, and pointed out the differences between the Foreign Office statement of July 1st and the Canadian Press despatch quoted in your telegram No. 1036.† He agreed after some pressing that the two texts might not leave the same impression on the reader, but insisted that the Canadian Press story filed from London was written in good faith

and represented their best understanding of the purport of the Foreign Office communiqué. They had simply been trying to explain what they understood to be the facts in simple terms that would be understood by their Canadian readers. He was very sorry that the story had caused this embarrassment, and hoped that this sort of misunderstanding wouldn't arise again. He had already given Canadian Press Headquarters a full account of the circumstances that led up to the filing of the despatch in question.

2. It was an unprofitable interview. I was quite ready to accept his explanation that he was acting in good faith, but did not press the obvious inference that that assumption left pretty serious incompetence or ignorance as the only remaining explanation of the distortion of the Foreign Office statement. Ends.

504.

DEA/7-CA-14 (S)

*Note du sous-secrétaire d'État adjoint aux Affaires extérieures
au secrétaire d'État aux Affaires extérieures*

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

SECRET

[Ottawa], July 6, 1948

I attach a copy of a memorandum dated July 6th, 1948,† giving the background to the present difficulties in Berlin. Also attached is a copy of a note dated July 6th which the United Kingdom and the United States today delivered to the Soviet Government.†

2. The blockade of Berlin is now complete except for the air corridor by which the Western Powers hope to supply the two and a half million Germans of the western sections of the City. A number of personal and written approaches made to the Soviet Military Government in the hope of having communications and services restored to Western Berlin have produced no results.

3. The Western Powers have maintained a united front in the Berlin crisis, and it is evident that they agreed on the following points:

(a) The Western Powers must remain in Berlin, certainly by all measures short of war;⁵

(b) That they should confine their representations to the Soviet military authorities in Berlin as though the blockade were, in fact, the result of administrative and technical difficulties.

(c) That nothing should be done to force the Soviet military authorities into a position from which it would be difficult for them to withdraw. Thus, the three Western Powers have each declined to entertain the Berlin Magistrat's (City Council Executive) request that the question be brought before the United Nations.

4. It has become apparent, however, that little is to be expected of the Soviet military authorities in Berlin and we have been given the text of a note delivered to

⁵ Note marginale :/Marginal note:

U.S. & U.K. prepared to go even to war. Louis S. St. Laurent.

the Soviet Government today, July 6th, by the United Kingdom and United States. France also presented a note, which varied slightly because of France's different legal position in Germany. (France was not a signatory of the Potsdam and other relevant declarations.)

5. The note, which will not be published immediately, reaffirms the rights of the Western Powers to communication with Berlin, and makes it quite clear that they will not be induced to abandon these rights.

6. In conclusion, it observes that negotiation and not duress is the manner in which members of the United Nations should settle disagreements, if any, and it suggests that, as a first step four-power negotiations should take place in Berlin. However, a condition to any negotiation must be the prior removal of restrictions on communications with Berlin.

7. An earlier draft of the United Kingdom-United States note had suggested that, subject to previous restoration of communications, a four-power meeting should be held in Berlin by the military governors. If they failed to agree the differences should go to the Council of Foreign Ministers and in the event of a failure by that body, the appropriate organ of United Nations should be consulted.

8. A possible reason for modifying the first draft to eliminate reference to the Council of Foreign Ministers and United Nations might have been to leave the Western Powers some points for future bargaining. It is understood that the U.S.S.R. is anxious to revive both the Allied Control Council in Berlin and the Council of Foreign Ministers, and could claim a considerable victory in being offered both these concessions before the bargaining began.

E[SCOTT] R[EID]

505.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], July 7, 1948

SITUATION IN BERLIN

1. *The Secretary of State for External Affairs* described developments since the meeting of June 30th and read the text of a note presented by the U.K. government to the Soviet government on July 6th. An identical communication had been presented by the U.S. government and one similar in terms by the government of France.

After protesting the action of Soviet authorities in imposing restrictions on transport to Berlin from the west, the notes asserted categorically the rights of the three countries in occupation of their sectors in Berlin with free access thereto and went on to declare that they would not be induced by pressure to abandon these rights. As a first step, it was suggested that the four occupying authorities should

participate in negotiations for settlement of questions in dispute; a prerequisite of such negotiations, however, would be restoration of communications.

(External Affairs memorandum to the Minister, July 7, 1948 and attached copy of U.K. government's note).†

2. *The Prime Minister* observed that there had been no further word from the United Kingdom with respect to assistance from Canada, in relation either to food-stuffs or air transport.

The situation remained very grave and might deteriorate further at short notice. National Defence should be in a position to report upon the readiness of the Services in case of any sudden emergency, particularly Air forces.

3. *The Cabinet*, after discussion, noted the report of the Secretary of State for External Affairs and the observations of the Prime Minister.

...

506.

DEA/283 (S)

*Le sous-secrétaire d'État aux Affaires extérieures
au ministre de la Défense nationale*

*Under-Secretary of State for External Affairs
to Minister of National Defence*

TOP SECRET

Ottawa, July 14, 1948

Dear Brooke [Claxton],

The Minister has been good enough to let me see your letter to him of 30th June regarding recent suggestions that Canada might assist in meeting the present emergency in Berlin. I hope you will not consider it inappropriate for me to make one or two personal observations on the points which you emphasize in your letter.

Many of the points seem to me to be entirely sound, based as they are on the inept way in which this matter was brought to the attention of the Canadian Government. I am not, however, so sure in my own mind that the points would be equally sound if the United Kingdom, the United States and France had made a request for assistance of a number of democratic countries, including Canada. A request of this kind would, for example, have made it clear that any assistance which was invited from us was not for the purpose of giving an impression of 'Imperial' solidarity, but as a demonstration to the Soviet of the solidarity in an emergency of the North Atlantic democratic states. Such a demonstration might have had valuable international results and have served the national interests of Canada. I doubt myself whether a demonstration that the North Atlantic states were backing up the three Western occupying powers in their efforts to hold Berlin would be any more provocative to the Russians than any other demonstration of the strength and will to cooperate of the North Atlantic powers.

In your first point, you state that Canada had no say whatever in determining the policy which has resulted in the present course of events in Berlin. It is true, however, that we have been kept well informed by the United Kingdom of the develop-

ments of their policy in this matter and we did know how things were shaping up. We also took advantage of the opportunity offered to us to submit to the six powers meeting in London our views on the whole range of the German problem; even though these views were only preliminary and on the official level. The decision not to insist on any greater participation in the decisions reached in London was, I believe, made by the Government. This, of course, raises the old problem of whether we are entitled to use the argument that we were not a party to the formation of a policy as a reason for remaining aloof from its consequences when we, in fact, did not desire to accept the responsibility that comes from participation.

My own view is that the United Kingdom handled this matter in an irritating and inept way which may well justify the reception that it received in Ottawa. I am not at all sure, however, whether that reception should have been the same if the request had been made in a different way. It is true that one consequence of participation in collective action, or in any collective arrangements designed to prevent war, is that the aggressor may, accidentally or by design, put us in the position where some Canadian incident or some Canadian action becomes the occasion of war. I think, however, that this is not too great a risk to take if there are compensating advantages from participation in collective action, as I think there would be.

Yours sincerely,

L.B. PEARSON

507.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], July 20, 1948

...

SITUATION IN BERLIN

4. *The Secretary of State for External Affairs* reported that the position in Berlin was very serious. The Soviet reply to the notes of the three powers was under consideration. The Allied air lift of supplies was continuing but could not go on indefinitely.

The situation was being discussed by the Brussels Powers and considered urgently in Washington. Meantime, the government crisis in France illustrated the weakness of that country in the face of any possible aggression.

5. *The Minister of National Defence*, in answer to an inquiry by the Prime Minister, stated that Canadian forces available for any immediate emergency were small. Within a year effective formations of some size could be put in the field; by that time all three Services would be in a position to deploy units, trained and equipped for operations. This period would also be necessary to enable industrial production and training establishments to bring larger forces into being.

6. *The Cabinet*, after discussion, noted the reports of the Secretary of State for External Affairs and the Minister of National Defence.

508.

W.L.M.K./J4/Vol. 236

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

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

TOP SECRET

[Ottawa], July 22, 1948

I am sending you herewith two telegrams, one from Washington† and one from London,† which give some interesting additional information on the Berlin situation.

The telegram from Washington indicates that the British and Americans, after some initial differences, are getting together on the question of procedure. They will apparently deal in the first instance with Molotov rather than Stalin. This, I think, is wise. Stalin in this matter should, I suppose, be considered as a court of last resort.

More important is the apparent agreement that, if the approach to Molotov fails, then the matter should be submitted to the United Nations. If this is to be done, I think it is of the greatest possible importance that the implications of this step should be carefully thought out in advance and agreement be reached as to the steps that should be taken at Lake Success and the order in which they should be taken. I must say that I get pretty worried at the tendency attributed to Mr. Bevin to play this piece 'by ear', and I think that the State Department are very sound in insisting that all possible results of an appeal to the United Nations should be thought through before taking it.

Finally, the Washington telegram reaffirms that there is no evidence that the Russians desire to provoke war over Berlin, though there is a real danger of an accidental war.

The telegram from Canada House gives an interesting analysis of Russian policy as seen by the Foreign Office. It is felt that the ultimate and unshakeable Russian aim is to obtain control over the whole of Germany and, if it is necessary for that purpose, to keep Western Germany in a state of chaos and uncertainty. It is because this latter objective was being defeated by Western Allied policy that the crisis over Berlin was provoked.

I get the impression from the Foreign Office analysis that there is great reluctance to agree to Four Power talks on the whole German problem. I am glad that this reluctance has apparently been overcome in the draft United Kingdom reply. It is, of course, obvious that there are certain dangers and disadvantages in such talks, but these, I suggest, are not so great as the dangers and disadvantages of merely standing pat in Berlin and defying the U.S.S.R. This latter policy is, indeed, no policy at all as it is admitted that the present position of the Allies in Berlin will be

untenable after a short time if the Russians desire to make it so. For that reason, I think that Four Power talks are essential. At best, they will result in the Western Allies remaining in Berlin by a new agreement, at worst they may create a situation, which certainly does not exist at present, where it would be possible for Berlin to be abandoned with results which, while unpleasant, will not be fatal.

L.B. PEARSON

509.

W.L.M.K./J4/Vol. 272

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

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

TOP SECRET

[Ottawa], July 22, 1948

The draft United Kingdom reply to the Soviet note attached to Mr. Attlee's letter to you of 21st July† seems to me to be a wise and carefully thought out statement of the case. It is firm but not provocative and leaves the door open for a negotiated settlement of the Berlin difficulties.

It firmly reasserts the absolute, not merely the conditional right of the Western Allies to be in Berlin and refutes vigorously the misrepresentation of British policy towards Germany contained in the Soviet note. It particularly emphasizes, and I think this is wise, that a first object of British policy is to restore a democratic and united Germany. The note then asks the U.S.S.R. to lift the blockade of Berlin and affirms, in return, the willingness of the United Kingdom to discuss not merely the Berlin difficulties but 'outstanding problems affecting Germany as a whole.' This is an important concession to Russian desires. The United Kingdom note, however, and quite rightly, states that there can be no discussion with the Russians of these outstanding problems under the pressure of conditions which the Soviet Government itself has taken the initiative in creating.

The concluding paragraph of the note expresses the desire of the United Kingdom to cooperate with the U.S.S.R. in the establishment of firm conditions of peace in Europe generally which would allow economic rehabilitation and political recovery. The note then concludes with the following important sentence:

'They have been and are therefore ready, as soon as pressure upon the Western Allied Powers in Berlin has been removed, to discuss as between the four Powers, together with other European nations, the best means of restoring peace, confidence and understanding between all the Allies in the recent war.'

It is to be hoped that the United States and the French Governments will agree to a reply to the Russians along the lines of the United Kingdom draft. I understand from Mr. Wrong that the first draft of the United States note is in substance not very different from the British. If this approach is agreed on (and I feel sure it will) then the onus of refusing to negotiate a solution of the existing difficulties is put squarely on the Russians.

The United Kingdom note is also reassuring in that it abandons any suggestion that force should be used at this time to breach the Berlin blockade even at the risk of having to resist Soviet countermeasures. This, of course, is particularly important. A final effort is to be made for conciliation, but only if the Berlin blockade is lifted.

It is, of course, clear that the Western powers cannot undertake to begin talks, not merely about Berlin but about the whole German problem, until Soviet blockade pressure has been removed. There may be a difficulty here. The Russians may say they will lift the blockade once the talks begin, and the Western Allies counter by insisting that talks cannot begin until the blockade is lifted. Surely it should be possible to reach agreement on the basis of opening the talks and lifting the blockade simultaneously.

The important thing is to begin negotiations, though I realize that this cannot be done until Soviet pressure is lifted in view of the repeated statements of Washington and London that they will not yield to force. It is also important, I think, even from the point of view of the Western Allies, that the negotiations should be concerned with the whole of Germany and not merely Berlin. This would transfer the conflict from Berlin, where the Western Powers are at a physical disadvantage, to the whole of Germany, where the Soviet would be on much weaker ground. It seems to me that it is impossible for the Western Allies to maintain their position permanently in Berlin if Germany is to be indefinitely partitioned. Therefore, either this partitioning should be ended, on conditions which are agreeable to the Western Allies, or steps should be taken to bring about a situation which would make withdrawal from Berlin ultimately possible.

There remains the question of the reference of the dispute to the United Nations. This is not mentioned in the United Kingdom note and may have been abandoned for the time being. I think myself that it would be a mistake to bring the United Nations into this picture at the present time, though of course ultimately, if the worst happens, this will have to be done. In any event, before the question is referred to the United Nations, the Western Powers should have determined as precisely as possible the successive steps which they wish to see taken, and have decided upon concessions which they are prepared to accept at the insistence of the United Nations in the interests of securing a peaceful settlement. If the question were referred to the Security Council, for example, a drafting committee consisting of three non-permanent members, including the Ukraine, might be established. This procedure would be useless unless the two "Western" non-permanent members were in a position to start some process of negotiation and were not merely expected to hold the United States-United Kingdom line without any concession whatever. The Western Powers, therefore, would have to foresee the possibility that the Security Council might bring in a resolution instructing the parties to resume negotiations without reference to the conditions which they had previously indicated.

L.B. PEARSON

510.

DEA/11840-40

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

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

[Ottawa], August 3, 1948

I am attaching herewith a report from the Canadian Press† of a comment made by a Cabinet Minister on the possibility of Canada joining Australia in assisting in the Berlin airlift. I wonder whether it is necessary, at this time at least, to make the points which are made in the alleged statement. Might it not be better to point out that no request has been made for Canadian assistance.

It is, of course, true that we have had no part in the German occupation, but to state that merely invites the reply that we refused to take part. There is an answer to that reply, but the argument can become pretty unprofitable. Similarly, it is only half true to say that we have no part in the German developments because the British have been keeping us very carefully informed of them and we could, if we so desired, attempt to modify their policy. I am not suggesting that it would be wise to do so, but again to make this point merely invites a counter-argument.

I think that the final point is even a more dubious one, namely that we have no desire to take part in a situation that might easily explode into war. That really doesn't seem to me to be any argument either against or in favour of assisting. Explosion into war would have nothing to do with our assistance. Furthermore, we would inevitably be involved in the consequences of any such explosion, so I think it is conveying the wrong impression to suggest that, because we remain aloof from the situation, we may be able to remain aloof from the possible explosion arising out of it.

Unfortunately, the attached telegrams from London, Nos. 1266 and 1269,⁶ indicate that we have not heard the last of this airlift business. The Australian offer will undoubtedly provoke interest and possibly controversy in this country, while the *Daily Telegraph* article referred to in 1266 is mischievous and embarrassing.

L.B. PEARSON

⁶ Les deux documents suivants/The immediately following two documents.

511.

DEA/11840-40

*Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures*
*High Commissioner in United Kingdom
to Secretary of State for External Affairs*

TELEGRAM 1266

London, August 3, 1948

TOP SECRET AND PERSONAL. IMMEDIATE.

Following for Pearson from Robertson, Begins: The *Daily Telegraph* this morning, under heading of 'Britain Seeks Air Lift Aid,' and sub-heading of 'Call to Dominions', says: Quote:

The British Government, I understand, has sent to all the Dominions a suggestion that they should assist as far as they feel inclined in the air lift to Berlin.

An offer by Australia to send 10 Dakota transport aircraft is part of the response. Transport Command, I learn, has indicated that it will accept, but it hopes RAAF⁷ crews and maintenance staff will accompany the Dakotas. The RAF may be able to take over later.

Britain has made it clear to the Dominions that any help will be welcome, technical or otherwise.

Individual Dominions are, of course, free to make their own decisions. Their replies are expected shortly. Unquote.

2. I spoke to Machtig about this story this morning, and he is arranging to have the Foreign Office News Department refer enquirers to the communiqué of July 1st, text of which is quoted in my telegram No. 1007. This communiqué remains a correct statement of the position.

3. *The Times* this morning reports from Canberra that Mr. Chifley has announced that the Australian Cabinet have decided that 10 Dakota transport aircraft, with crews, should be made available to assist the Western Allies in the air lift of supplies to Berlin should the United Kingdom require such assistance from Australia. It is undoubtedly this announcement from Canberra which has led the *Daily Telegraph* to revive last month's story about a 'request' to other Commonwealth Governments for transport aircraft. Ends.

⁷ Royal Australian Air Force

512.

DEA/11840-40

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

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

TELEGRAM 1269

London, August 3, 1948

TOP SECRET AND PERSONAL

Following for Pearson from Robertson, Begins: Reference my telegram No. 1266 of today's date.

The United Kingdom authorities are presently assessing the strain of their contribution to the Berlin air lift on their available equipment and trained transport personnel. In this connection you will have noted that some ten days ago the Air Minister postponed previously announced demobilization orders for certain categories of RAF personnel to help meet the strain imposed on RAF resources by its share of the air lift commitment.

2. Nothing has been said to me yet about the possibility of a request being addressed to the Government of Canada for transport assistance. I have, however, thought it wise to advise Machtig informally of the continuing relevance of the considerations put forward in your telegrams No. 1020 and 1021 of July 1st.⁸ What weight the Commonwealth Relations Office have will certainly be thrown against any suggestions of asking for 'token' aid. They can be counted on to do their best to prevent any repetition of the Foreign Secretary's ill-considered approach reported in my telegram No. 981 of June 28th.† Ends.

⁸ Ces télégrammes† préconisaient vivement qu'à l'avenir toute demande d'aide soit faite collectivement par les trois puissances occidentales à tous les pays en mesure de fournir de l'aide et qu'un avertissement préalable précède une demande formelle.

These telegrams† urged that any future requests for assistance come collectively from the three western powers to all countries capable of assistance and that advance warning should precede a formal request.

513.

DEA/11840-40

*Le haut-commissaire du Royaume-Uni
au sous-secrétaire d'État aux Affaires extérieures*
*High Commissioner for United Kingdom
to Under-Secretary of State for External Affairs*

SECRET

Ottawa, August 14, 1948

Dear Mr. Pearson,

GERMANY

You will no doubt have seen reports in the Press that the Australian Government have offered to make ten Dakota aircraft available to assist in the air lift to Berlin, if required. This offer has been considered in London, and a reply has been sent to the Australian Government explaining that the great need at present is not for aircraft but aircrews. The number of aircraft which can be used is limited by the airfield capacity available in Germany, and the United Kingdom authorities expect soon to have to reduce the number of our Dakotas in order to make room for United States reinforcements of C 54's. My Government have therefore asked the Australian Government whether instead of providing aircraft they could make trained aircrews available to help the Royal Air Force aircrews, who are working intensely under great pressure.

Following on a sympathetic statement recently made by Dr. Malan in the South African Parliament, the United Kingdom High Commissioner in the Union of South Africa is also being asked to inform the South African authorities of the great need for aircrews, and to say that if they were able to make any aircrews available they would of course be extremely valuable.

The position is also being explained to the New Zealand Government in case, in view particularly of the Australian offer, they should wish to take any similar action.

I feel that the Canadian Government will wish to have this information before them in view of the uncertainty regarding the duration and outcome of the negotiations now proceeding in Moscow.⁹

Yours sincerely,

ALEC CLUTTERBUCK

⁹ On trouve le commentaire suivant dans une note explicative de Pearson à Saint-Laurent en date du 18 août :

The following comment appears in a covering memorandum from Pearson to St. Laurent dated August 18†:

The letter does not request any help from Canada, but the last paragraph suggests somewhat delicately that such help would be welcome.

514.

W.L.M.K./J4/Vol. 236

Note
Memorandum

TOP SECRET

[Ottawa], August 23, 1948

MOSCOW DISCUSSIONS ON GERMANY¹⁰

Introduction

The present Moscow talks got under way on August 2nd, 1948, when Stalin received the representatives of the United Kingdom, the United States, and France. Stalin stated that the Soviet Government would agree to a joint statement making the following points:

(a) Removal of all transport restrictions between Berlin and Western Zones, and simultaneously

(b) Withdrawal of Western, in favour of Soviet Zone, currency in Berlin, and also simultaneously

(c) Announcement of resumption of negotiations regarding Berlin, and of a Four-Power meeting to consider other outstanding problems affecting Germany.

2. Stalin asked to have recorded his Government's desire that the implementation of the London decision on Western Germany be suspended until the Four-Power meeting had tried to reach an agreement on Germany. The Western representatives 'privately made statements which went as far as possible to meet Marshal Stalin,' but explained that they must consult their Governments.

3. Four subsequent meetings with Molotov have been held: on August 6th the Western representatives submitted a draft of a joint statement, on August 9th Molotov presented a counter-draft, on August 12th the Western representatives gave their Governments' comments on the Soviet counter-draft, and on August 16th they presented to Molotov a re-draft of the joint statement.

Area of Agreement

4. The Western draft of August 6th showed the Western Powers prepared to agree on several points made during the Stalin interview, namely, removal of transport restrictions by both sides, acceptance of Soviet Zone currency in Berlin, and opening of new negotiations regarding Berlin and Germany as a whole. Neither that meeting, however, nor the three subsequent meetings, have achieved agreement on two disputed points: the *control* of Soviet Zone currency in Berlin, and the implementation or not of the London decision on Western Germany.

Disputed Point: Control of Berlin Currency

5. The Western draft of August 6th, called for quadripartite control of Soviet Zone currency in Berlin, the Soviet counterdraft of August 9th for sole Soviet control. Molotov explained that in the Soviet view quadripartite control had lapsed

¹⁰ Pearson a envoyé une copie de cette note à King le 23 août.

Pearson forwarded a copy of this memorandum to King on August 23.

throughout Germany as a whole as a result of the London decision, and the Western Powers could not claim any quadripartite authority in Berlin until it had been restored in Germany as a whole. To this, the Western representatives replied on August 12th that for the Western Powers the entire negotiations hinged on the recognition of their unconditional right to be in Berlin by the acceptance of quadripartite control of currency there. They could not recognize Berlin as a part of the Soviet Zone. Molotov's reaction to this was milder than expected. He seemed concerned to set a date on which the transport restrictions should be lifted and the currency changes made. Accordingly the Western re-draft presented on August 16th named August 25th as the date on which the restrictions should be lifted, and the Soviet Zone currency accepted for all Berlin provided that before that date the four Military Governors should have worked out arrangements for its issue and use under quadripartite authority. Molotov objected that this involved the unconditional lifting of the restrictions, but the conditional acceptance of Soviet Zone currency in Berlin, and that therefore there was no simultaneity of the concessions, as Stalin had proposed. He suggested that the Military Governors be told to make arrangements for lifting restrictions and changing-over currency simultaneously, but would not agree that the instructions to Military Governors should provide for quadripartite control. The Western representatives replied that to send Military Governors any directive unless basic principles had been agreed in Moscow would merely be transferring to Berlin problems which had proved insoluble in Moscow.

Disputed Point: Implementation of London Decisions

6. The Western draft of August 6th made no hint of the cautious reassurance on this subject apparently given by the Western representatives at their meeting with Stalin, but the Soviet counter-draft devoted a couple of sentences to this point. The Western representatives pointed out that Stalin had agreed not to make this a condition of the present discussions, and have refused to accept any reference to the London decisions in the joint statement as they do not wish the impression created that they have been negotiating on this point under duress. The most the United Kingdom will concede is a reference in a separate non-confidential document to the effect that the Western Powers, while re-affirming their desire for Four-Power agreement for the whole of Germany, which the London decisions do not preclude, are nevertheless unable to agree to postponing the implementation of those decisions. At the last meeting on August 16th, however, Molotov made no mention of the London decisions, which may indicate that the Soviet Government now realize the Western Powers will not give way on this point.

Present Position

7. The United Kingdom representative in Moscow has now been told to seek, together with his colleagues, a second interview with Stalin. At this meeting he is to maintain the line described above. He is to point out that if this line is accepted, the Powers would be reverting to the situation which existed before the Soviet blockade of Berlin began, and before currency reform took place in Western Germany.

8. The intention in seeking this second interview with Stalin, therefore, is to have Stalin reverse Molotov's stand on currency control, without conceding anything on

the London decisions. Mr. Robertson reports from London that Mr. Bevin was cautiously optimistic that this could be done. His optimism is apparently based on the increasing effectiveness of the Berlin air lift, and the increasing economic difficulties of the Soviet Zone of Germany.

515.

DEA/11840-40

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

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

TOP SECRET

[Ottawa], September 3, 1948

AIRLIFT FOR BERLIN

You will have seen press reports, which appear to be accurate, that the South African Government has offered aircrews to assist the British in their airlift programme. This has, of course, received a good deal of attention and we have had enquiries from the press about it. The fact that a South African Government which is considered to be so unfriendly to the British connection has made this gesture naturally points up the problem so far as Canada is concerned.

The news services are carrying this morning the following despatch from London:

'An Air Ministry spokesman says that Britain has not asked Canada for aid in flying food to blockaded Berlin. He says whether such aid will be offered is up to the Canadian Government.

'The spokesman adds: 'It is well known that we would like all the help we can get — South Africa and Australia offered help and these offers have been accepted.'"

I understand that Mr. Claxton is giving consideration to this question. I wonder whether you would think it desirable to have a word with him about it in the light of the South African development.

L.B. P[EARSON]

516.

PCO

*Extrait des conclusions du Cabinet**Extract from Cabinet Conclusions*

TOP SECRET

[Ottawa], September 8, 1948

...

EUROPEAN SITUATION; GERMANY

22. *The Secretary of State for External Affairs* reported that despite the progress made at Moscow the military authorities in Berlin had so far failed to reach agreement and matters were at a standstill.

It was difficult to judge the Soviet intentions; the only comfort that could be drawn from recent events was that the Russians had so far not taken the opportunities afforded by the present difficult situation to precipitate an incident.

23. *The Minister of National Defence*, in answer to a question by the Prime Minister, stated that the U.S. Secretary of Defence at the meeting of the Cabinet Defence Committee held on August 16th had acquiesced in the Canadian appreciation of Soviet intentions — there was no limit to the aggressive purposes of the Soviet Union; nevertheless war was not inevitable, though plans should be made on the basis that it was.

24. *The Cabinet*, after discussion, noted the Ministers' reports.

BERLIN AIR LIFT; PARTICIPATION BY COMMONWEALTH COUNTRIES

25. *The Secretary of State for External Affairs* observed that it had been announced that both Australia and South Africa would participate in the air operation for supply of food to the Berlin population.¹¹

While no formal request had been made for assistance from Canada, the fact that there was no Canadian participation had caused criticism and would cause further unfavourable comment. In this connection it had been noted that Canada had no status whatever in the occupation of Berlin or of Germany as a whole. Further, it had been in mind that the particular relations between the Soviet and Canadian governments were such that distinctively Canadian participation might be made the occasion of an incident if the Russian authorities decided to force the issue at any time.

26. *The Cabinet*, after discussion, noted the Minister's observations.

...

¹¹ Le premier ministre de la Nouvelle-Zélande a fait une annonce ressemblante le 4 septembre. The Prime Minister of New Zealand made a similar announcement on September 4.

517.

PCO

*Extrait des conclusions du Cabinet**Extract from Cabinet Conclusions*

TOP SECRET

[Ottawa], September 25, 1948

EUROPEAN SITUATION; BERLIN; AIR LIFT

13. *The Secretary of State for External Affairs* reported that the attitude of the Soviet representatives in discussions in Moscow and Berlin had led the United Kingdom, United States and France to conclude that the U.S.S.R. were deliberately dragging out negotiations with no intention of reaching agreement. For this reason, a note had been sent to the Soviet government asking whether Soviet authorities would lift the blockade of Berlin in consideration of agreement to have the Soviet Mark apply to all sectors of the city; a reply had been requested by September 29th.

The governments of the United Kingdom, United States and France had agreed that if, as seemed probable, the Russians turned down this proposal or failed to reply, the whole problem would be referred to the United Nations. Whether such a reference would be made to the Security Council or the Assembly was presently under discussion by the three Foreign Ministers. It seemed likely that the former would be the better course in the first instance.

14. *Mr. Pearson* added that U.K. and U.S. authorities had advised their governments that it would be possible to continue the air lift throughout the winter in sufficient volume to provide for the minimum requirements of the population of the Western sectors. In this connection it was not improbable that, if the Berlin problem were referred to the United Nations, the situation might arise in which the representatives of other nations would have to declare themselves for or against the attitude adopted by the United Kingdom, United States and French governments. This in turn might quite well lead to an appeal to other nations including Canada for cooperation with the United Kingdom and the United States in the maintenance of the air lift. If an appeal were made on such a wider basis, the government would no doubt wish to reconsider the Canadian position in relation to contribution to the air lift.

15. *The Minister of National Defence* said that his reports confirmed what *Mr. Pearson* had said concerning the feasibility of continuing the air supply to Berlin throughout the winter.

If Canada were to decide to cooperate in such circumstances as were visualized, it would be possible for the R.C.A.F. to send a self-contained squadron of Dakotas (ten aircraft) capable of moving some 75 tons a day.

16. *The Cabinet*, after discussion, noted the Ministers' reports.

518.

DEA/11840-40

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

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

TOP SECRET

Ottawa, September 28, 1948

AIRLIFT TO BERLIN

Now that the discussions in Moscow and Berlin have broken down and the three western powers have referred the Berlin situation to the United Nations, a new situation has arisen which would appear to warrant reconsideration by the Canadian Government of its attitude on the Berlin airlift. The action of the three western powers in placing the problem before the Security Council has resulted in the problem now coming before a body of which Canada is a member.

2. Regardless of whether or not the Berlin airlift should be continued indefinitely, it would seem clear that the airlift must be continued throughout this winter. The continuance of the airlift throughout the winter will be a difficult operation and will require an increase in the aircraft, aircrew, and ground crew available for the operation.

3. The average daily tonnage delivered by the U.K. and the U.S. combined is about 3,800 tons of which the U.K. provides 30% and the U.S. 70%. The U.K. is using about 96 aircraft. The requirements for October and November are estimated at 4,500 tons daily, increasing to 6,000 tons daily in January, then falling off to an average of 4,000 tons daily.

4. I am informed by the Department of National Defence that a period of approximately six weeks would elapse between a decision by the Canadian Government to participate in the airlift and the arrival of Canadian aircraft, aircrew, and ground crew in western Germany.

5. I would therefore suggest that the Cabinet approve publication of a statement along the following lines:

The United Kingdom, the United States and France have for some months been attempting to reach agreement with the Soviet Union on the lifting of the Soviet blockade of Berlin. Their efforts have met with failure and they have now referred the matter to the Security Council, of which Canada is a member. It is to be assumed that the Soviet Union will not fail to exercise its veto in the Security Council, and it will not be possible, therefore, for the Security Council formally to adopt a resolution on the subject. However, if seven members of the Security Council, after considering the matter, express agreement with the position which the western powers have taken in their dispute with the Soviet Union over Berlin, the Canadian Government will be glad to assume a share of the responsibility for the airlift, if the powers principally concerned desire such Canadian assistance. Canadian assistance would take the form of a squadron of ten Dakota aircraft, complete

with its own aircrew, administrative and servicing personnel. This would involve a total of 90 aircrew and 219 ground crew.

E[SCOTT] R[EID]

519.

CEW/Vol. 2146

Note de l'ambassadeur aux États-Unis
Memorandum by Ambassador in United States

TOP SECRET

[Washington], October 1, 1948

Mr. Pearson spoke to me on the telephone today, mainly to get some inkling as to how the discussions with E.C.A. had gone. He then raised a question which is much in his mind: the possible Canadian participation in the air lift to Berlin. He said that he had got fairly general, but not yet unanimous, agreement among his colleagues to the view that Canada ought to do something now that the issue had been placed before the United Nations. What he was bothered about was what form the contribution should take. He thought that it might create difficulties over organization and command if four or five countries added each a small quota to the Allied forces, and thought better results might be secured if the Canadian share took some other form. This might be possibly a greater part in trans-Atlantic ferrying or the taking over of responsibility for the increased operations at Goose Bay, or something of that order.

He added that Mr. Robertson was discussing in Paris the possibility of some sort of a joint appeal for assistance in the air lift, so that it would not in our case be labelled solely as aid to Britain. I told him that I had suggested, on my own responsibility, to Hickerson a couple of weeks ago that he should turn over in his mind what sort of approach might be made to Canada in this connection, but that I had heard nothing from him since then.

It was agreed that I should see Hickerson and have a further talk with him on the matter.

H[UME] W[RONG]

520.

CEW/Vol. 2146

Note de l'ambassadeur aux États-Unis
Memorandum by Ambassador in United States

TOP SECRET

[Washington], October 1, 1948

I spoke to Mr. Hickerson in the sense of Mr. Pearson's inquiry this afternoon. He said that in his own judgment the most effective contribution which Canada could make would be to provide planes and the air crew to fly them into Berlin. He wanted to know how much we could do. I told him I had no exact information, but I had heard it suggested that we might find ten North Stars fairly soon. He fully appreciated that it was easier for us to do this now that the problem was before the U.N. In reply to his question I said that I thought that it would not matter whether

any Canadian aircraft worked from a British or a U.S. base, and that as the North Stars had British engines it would probably be more efficient for them to work with the R.A.F.

He told me that they now had 160 aircraft employed in the airlift with enough reserves to keep the airlift at this number. General Clay has recently appealed for more aircraft for winter use, and the decision is before the Joint Chiefs of Staff. Hickerson was sure that Clay would get what he asked for.

He could not see any role as useful for Canada to play in Atlantic ferrying or at Goose Bay. The ferrying consists almost entirely of planes that have come back for re-fitting after 1,000 hours flying time. They get their check at the end of 500 hours in the U.K., but they are returned to the U.S. at 1,000 hours.

He thinks Canadian participation will be useful both as practical assistance and as a demonstration of intent. He is going to speak quite privately to some people in the U.S.A.F., and promised to let me know very shortly the result of his inquiries.

H[UME] W[RONG]

521.

CEW/Vol. 2146

Note de l'ambassadeur aux États-Unis

Memorandum by Ambassador in United States

TOP SECRET

[Washington], October 5, 1948

Hickerson told me this morning the results of his inquiries about possible Canadian participation in the air lift to Berlin. The U.S.A.F., he said, are most enthusiastic about Canada giving some assistance. As to the form of the assistance, their preference would be that we should send transport planes to operate from the British bases, as technically this would be the most efficient method. Their second choice would be for the planes to operate in Germany with the U.S.A.F. Alternatively, but a poor third choice, we could do something useful in the trans-Atlantic service by working in with the services now conducted by the Military Air Transport Service.

Both in the State Department and the Defence Establishment they would be very glad to see us flying planes into Berlin. The State Department is ready to fall in with our own suggestions as to what action they could take to make this decision easier for us. As Hickerson put it, they are prepared to twist our arm, squeeze it gently or do nothing at all.

I said that I understood that some discussions were going on in Paris on the subject and that the way might best be cleared there rather than through any action in Washington.

H[UME] W[RONG]

[Postscript:] Information passed to Pearson by telephone. He said there were difficulties with some of his colleagues. The crux is to find some way of making the supply of Berlin a responsibility of others as well as the occupying powers.

W[RONG]

522.

CEW/Vol. 2146

*Le directeur du Bureau des Affaires européennes
du Département d'État des États-Unis
à l'ambassadeur aux États-Unis*

*Director, European Affairs, Department of State of United States
to Ambassador in United States*

TOP SECRET

Washington, October 6, 1948

Dear Hume [Wrong]:

Apropos of our conversations Friday and yesterday about possible Canadian participation in the airlift with North Stars, I think I ought to tell you that I saw today a personal telegram from General Clay which has such an important bearing on this question that I am quoting for your and Mike Pearson's secret information a paraphrase of this message:

'I am seriously disturbed over delay in Washington in decisions to send additional C-54's. After decision is made there will be corresponding delay in their arrival in Germany. The bad weather is almost upon us and the present lift is exceeding our minimum needs by only a slight margin. Present lift will not meet bad weather conditions. In addition to more planes, additional flight personnel is also needed.

'I am fully confident that given the planes we can do this job. Additional planes are needed from the psychological point now to prove we can do the job in bad weather and to build up a little coal for space heating. Moreover, I believe the Soviets may yield if we demonstrate now that we can meet weather demands. In my opinion we are winning the fight now and now is the time to maximize our airlift.'

I earnestly hope that the Canadian Government will decide to participate in the airlift at the earliest possible moment.

Yours sincerely,

JOHN D. HICKERSON

523.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], October 6, 1948

UN SECURITY COUNCIL; BERLIN

5. The Secretary of State for External Affairs, referring to discussion at the meeting of September 25th, reported that the breakdown of direct negotiations between the Western Powers and the Soviet government had resulted in the Berlin question

being brought before the Security Council under Chapter VII of the Charter as a matter threatening peace.

By a vote of nine to two, the Council had decided, the previous day, to include this question on the agenda. The Soviet representative had at once indicated that he would not participate in its discussion. Canada had voted with the majority.

It was not yet clear what precisely the Western Powers hoped as a result of further discussion in the Security Council. There would be advantage from a propaganda point of view and it might be that an atmosphere favourable to some kind of settlement could be created. For the present, the Canadian delegation had been instructed not to be drawn into the discussion until there had been an opportunity of studying specific proposals for the next step.

(Telegram No. 74, External Affairs to Canadian Delegation, Paris, Oct. 2, 1948).†

6. *Mr. Pearson* then read a draft telegram to the delegation in Paris, setting out preliminary views on the attitude which they should adopt. They should seek guidance on any specific proposals before supporting them in the Council. Initially, however, they should obtain clarification of the intentions of the Western Powers.

Soviet boycott of any Council resolution of censure was inevitable, but continued examination of the question was necessary to maintain the Council's prestige. It was hoped that during the Council's discussions, the Western Powers might reach agreement on the best solution.

Our preliminary view was that the issue might well be widened to include the German settlement as a whole and a reference thereof might be made to a conference of all belligerents. In this connection, consideration should be given to suggestions put forward by the Head of our Berlin Military Mission for possible demilitarization of the Berlin area.

(Draft telegram, External Affairs to Canadian Delegation, Paris, Oct. 6, 1948).¹²

7. *The Acting Prime Minister* suggested an alteration in the wording of paragraph 1 of the draft telegram submitted with reference to the delegation's attitude upon proposals before the Council.

8. *The Cabinet*, after discussion, noted the Minister's report and approved the draft telegram submitted for despatch to the Canadian delegation, subject to revision along the lines indicated by Mr. St. Laurent.

...

¹² Le message révisé fut envoyé comme N° 105 à la délégation à Paris le 10 octobre.†
The revised message was sent as No. 105 to the delegation in Paris on October 10.†

524.

DEA/11840-40

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

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

TELEGRAM 1788

London, October 12, 1948

TOP SECRET AND PERSONAL. IMMEDIATE.

Following for Acting Prime Minister from N.A. Robertson, Begins: On my first return to London on September 18th, I had an exploratory word with Mr. Hector McNeil, the Minister of State, about conditions under which some direct Canadian participation in the airlift to Berlin might become feasible and desirable. Since our return to London from Paris, I have talked with the Secretary of State for Air and Air Vice-Marshal Hardman, who is in charge of RAF participation in the airlift. These conversations were inconclusive and left a number of hypothetical political questions unanswered. They have, however, left me with the feeling that the difficulties of a diplomatic and technical order in the way of any appropriate Canadian contribution to the airlift are sufficiently serious to make it unwise for us to pursue such a project further at this stage.

2. The major diplomatic difficulty is a fear which I find held by responsible people that the Soviet Union might challenge, perhaps by direct interception, participation in the airlift by planes¹³ flying the flag of a country which is not one of the occupying Powers with a legal claim under the terms of the Articles of Surrender, and subsequent Inter-Allied Agreements, to participate in the occupation of Germany and the Government of Berlin. I believe this was a consideration in the minds of the United Kingdom and the United States in discouraging an earlier Dutch suggestion that they might be able to provide some of their Army transport planes for the lift, and was also a factor in the United Kingdom suggestion to Australia that provision of aircrew would be more helpful than the provision of additional transport planes.

3. After my conversation with Pearson on this subject from Paris, I made some enquiries about the practicability of a Canadian Transport Squadron taking over some definite "relay" responsibility from the R.A.F., which would permit the latter to increase proportionately its diversion of its own transport planes to the Berlin

¹³ Dans une note de couverture adressée à Saint-Laurent (DEA/11840-40, le 13 octobre)†, Reid fait remarquer que cet argument ne s'appliquerait pas aux équipages et au personnel de soutien canadien.

In a covering memorandum (DEA/11840-40, October 13)† to St. Laurent, Reid pointed out that this argument would not apply to Canadian air and ground crew.

service.¹⁴ This approach does not seem likely to lead to anything, because the R.A.F. is not in fact carrying out any unified 'relay' transport operations which are directly ancillary to the Berlin lift. They have put all available transport planes into this operation, stripping their various transport services all around the world, and more particularly cutting down to a dangerously low level their strategic R.A.F. transport service to the Middle East. From a purely service point of view the R.A.F. would welcome the provision of transport planes if it would enable these services to be restored, but I did not think they should be given any encouragement whatever to expect assistance of this order in a field so remotely and indirectly related to the problem of the Berlin airlift.

4. I formed the impression that so far as the combined lift operation is concerned, the limiting factor over the next few months is likely to be aerodrome facilities rather than the number of planes or numbers of airmen. This means that both the United States and the United Kingdom are attempting to assemble as many planes with large cargo-carrying capacities as possible, and are substituting them for the Dakotas which were used in the first phases of the lift. In terms of logistics, therefore, though an offer of North Star Squadron would make sense and be very welcome if the diplomatic difficulties already mentioned did not operate, an offer of Dakotas might be more of an embarrassment than a help.¹⁵

5. The United Kingdom began in July by carrying about half the total airlift into Berlin. This proportion has been steadily diminishing as more and larger American aircraft become available, and the plan over the winter months contemplates about four-fifths of the tonnage being carried by the United States Air Force and one-fifth by the R.A.F. This one-fifth share will be increasingly carried by Yorks rather than Dakotas. In order to keep up its schedule of York flights, the R.A.F. have had to improvise special training courses for York operators, and have had to withdraw a certain number of Yorks from the lift for use in training. The R.A.F. is short of York-trained crews, and the aircrews sent from Australia, New Zealand and South Africa are all being re-trained in this country to help make up the shortage.

6. My general conclusion, based on the foregoing factors, is that it is not presently practicable to arrange the sort of direct and distinct Canadian contribution to the airlift which on general grounds of policy might have seemed appropriate.

7. This is a very hasty appreciation done between two sessions of the Prime Ministers' meetings, but I thought you might wish to have something from me on the subject to discuss with Pearson and Claxton before you left for London. Ends.

¹⁴ Apparemment Saint-Laurent a rejeté la proposition de Reid de fournir de l'aide en personnel à la RAF, parce que cette aide pouvait être présentée comme une forme de recrutement canadien pour la RAF (entachée de colonialisme). Voir *ibid.* Reid fait observer que cet argument ne s'appliquait pas à l'aide accordée aux efforts américains.

Apparently St. Laurent reacted negatively to Reid's proposal of assistance by providing personnel to the RAF as it could be depicted as Canadian recruitment for the RAF (tainted by colonialism). See *ibid.* Reid noted that this argument did not apply to relief for American efforts.

¹⁵ Reid observa que l'on envisageait d'offrir des North Stars, non des Dakotas. Reid noted that it was contemplated that Canada would offer North Stars, not Dakotas.

525.

PCO/Vol. 113

*Extrait d'une note du sous-secrétaire d'État par intérim aux Affaires extérieures
pour le secrétaire d'État par intérim aux Affaires extérieures*

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

TOP SECRET

[Ottawa], October 12, 1948

IMPORTANT MATTERS BEFORE THE UNITED NATIONS — SECURITY COUNCIL
AND GENERAL ASSEMBLY

I submit for your consideration a summary of the following of the more important matters at present before the United Nations, indicating also the position taken by the Canadian delegation, which you may wish to refer to your colleagues at the meeting of the Cabinet today, Tuesday, 12 October.¹⁶

A. *Security Council*

1. *Berlin Question*

On Wednesday, 6 October Cabinet approved, with one amendment, a draft telegram instructing the Canadian delegation in Paris on the line which should be followed in discussions on the German problem in the Security Council.

On Thursday, 7 October we were informed that Mr. Bramuglia of Argentina was sponsoring an attempt by the six Security Council members not directly involved in the Berlin dispute to find some basis for resuming direct negotiation. Having in mind the Cabinet's discussion of the Berlin question, the delegation in Paris was told that it was of the first importance that the Western Powers' reactions should be secured in advance to any proposal that may result from these private talks, since it was not desirable that the Canadian delegation should associate itself with any move which might embarrass the Western Powers.

Information from Paris on Saturday revealed that the six power efforts were to continue over the weekend and it was considered advisable to bring to the delegation's attention some points which were implicit in the instructions which it had already received. The three points were:

(a) Any proposals the delegation may support or any suggestions for a statement in the Council it might consider making should be cleared before reference to Ottawa with the United Kingdom, United States and French delegations.

(b) The Soviet Union must have, in fact, lifted the blockade of Berlin before the opening of a Council of Foreign Ministers' meeting.

(c) If this were done, the Council of Foreign Ministers could discuss the whole German problem as had been suggested by the United States delegation.

Over the weekend Mr. Bramuglia elicited from the Western Powers a memorandum stating their position which might serve later as a resolution in the Security

¹⁶ Apparemment le Cabinet n'a pas discuté de la question de Berlin.
Apparently Cabinet did not discuss the Berlin question.

Council. Mr. Bramuglia then asked Mr. Vishinsky two questions embodying the main points of the Western Memorandum:

What would be the U.S.S.R.'s attitude

(a) to a resolution calling for a simultaneous removal of Soviet and Western imposed restrictions on communications in Germany;

(b) to a meeting of the Council of Foreign Ministers to take place immediately after the first condition is met, to solve outstanding questions concerning Berlin and Germany as a whole.

Mr. Vishinsky's reaction was to subdivide the first condition into:

(a) the lifting of restrictions imposed by both powers, and

(b) the use of the Soviet zone German mark in all of Berlin and the withdrawal of the Western mark from the city.

Mr. Vishinsky was to confer with his Government and report back to Mr. Bramuglia. The Soviet Government's reply is now awaited.

Mr. Vishinsky's counter-proposals represent no advance from the previous Soviet position, and indeed the Western Powers had already agreed in principle to both these conditions in Moscow. The agreement was however, nullified by the Soviet attitude in Berlin when details for implementing these decisions were being discussed. It would seem, therefore, that some action on the part of the Soviet Union in token of its good faith would be necessary before the Western Powers would consider it profitable to negotiate, once more on the basis indicated by Mr. Vishinsky. I attach a copy of the telegram† giving the most recent information on the Bramuglia talks.

...

E[SCOTT] R[REID]

526.

DEA/50136-40

Note de la Direction européenne
Memorandum by European Division

CONFIDENTIAL

[Ottawa], October 20, 1948

MEMORANDUM ON BERLIN MILITARY MISSIONS¹⁷

On October 13th the *Canadian Press* carried a story from Berlin that Marshal Sokolovsky had queried the right of the 'neutral' military missions in Berlin to remain there.

2. The story was published by the Soviet controlled newspaper *Tagliche Rundschau* and was based on an incident which occurred in the Berlin negotiations of August 31st to September 7th when the four Military Governors were attempting to write the conditions for the raising of the Berlin blockade.

¹⁷ Claxton avait demandé à Reid de l'informer à propos de cet épisode.
Claxton had asked Reid for information about this episode.

3. While the status of allied military personnel on military trains to the West was being defined, General Robertson raised the question of the status of members of 'neutral' military missions. To this Sokolovsky replied that as they were accredited to the Allied Control Council and as the Allied Control Council no longer existed (the Soviet having walked out on March 20th) these missions had no standing in Berlin. The *Tagliche Rundschau*, however, omitted reference to Sokolovsky's additional remark that should the Allied Control Council be 'reconstituted' that would be another matter.

4. Taken out of their context these comments assumed a significance out of proportion to the importance given them at the time. One opinion is that the story was released to get a reaction out of the Western countries.

5. It has been our attitude, and this conforms with the Western attitude, that the Canadian Military Mission was established on a four-power invitation and need only be withdrawn at the request of the same four powers.

527.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], October 20, 1948

UN SECURITY COUNCIL; BERLIN SITUATION

3. *The Minister of National Defence and Acting Secretary of State for External Affairs* reported developments since the meeting of October 6th.

The representatives of Argentina, Belgium, Canada, China, Colombia and Syria had, through the President of the Council, sought a clarification of the respective positions of the two sides in order to see whether it would be possible to find a basis for further negotiations. The Western Powers were prepared to resume talks in the Council of Foreign Ministers only when the blockade of Berlin had been lifted. The position of the Soviet government was essentially unchanged.

Preliminary consideration had been given in private meetings of the six 'neutral' delegations to the possibility of a jointly sponsored resolution. It was hoped that the effect would be to consolidate public opinion behind the efforts of the Western Powers to obtain a lifting of the blockade and the resumption of negotiations. The Canadian delegation were keeping in close touch with the representatives of the United Kingdom and the United States. Before agreeing to joint sponsoring of any proposal in the Council, Canadian representatives would seek instructions from the government.

(External Affairs memorandum to the Acting Minister, Oct. 19, 1948).†

4. *Mr. Claxton* read the text of a telegram which had just come in from the Permanent Delegate which included a draft resolution proposed by the representative of China for preliminary consideration by the other 'neutral' states.

This draft called upon the occupying powers to refrain from action which might aggravate the present situation, to continue to discharge their responsibilities for the maintenance of peace and order in Berlin, and to lift the blockade and settle the monetary issue.

A draft reply had been prepared authorizing the Canadian delegation to join in sponsoring a resolution on these lines provided that the United Kingdom, United States and French delegations concurred; any alterations in substance would have to be referred back to the government.

(Telegram, Canadian Delegation, Paris, to External Affairs, No. 227, Oct. 19,† and draft telegram, External Affairs to Canadian Delegation, Paris, Oct. 20, 1948†).

5. *The Cabinet*, after discussion, noted the Minister's report and approved instructions to the Canadian delegation on the lines indicated in the draft message submitted by the Minister.

528.

DEA/11840-40

*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-2781

Washington, October 26, 1948

TOP SECRET

Following for Reid from Wrong, Begins: With reference to your letter of October 18th† about the air lift to Berlin.

The risk of Soviet interference with any planes engaged in the air lift which do not belong to an occupying country has not been mentioned in my conversations at the State Department. Mr. Pearson may not have told you of my telephone conversations with him on this subject early this month. At his suggestion, I approached Hickerson very informally and he, after consulting the United States Air Force, told me that both the State Department and the Air Force would be very glad to see Canada doing something to share the load. The Air Force thought something might be done by us in connection with the trans-Atlantic service, but would much prefer that Canadian transport planes should fly into Berlin, operating either from British or American bases. He said that the State Department was ready to approach us to this end if it would facilitate our participation and would fall in with our suggestions as to how such an approach should be phrased.

2. Hickerson has since then asked me more than once about how the matter stood in Ottawa. I think that I should talk to him again this week and in particular pass to him the substance of the second paragraph of Robertson's telegram No. 1788 of October 12th. I am not certain myself what importance to attach to the possibility of Soviet interference with planes not belonging to one of the occupying countries which might participate in the air lift.

3. Will you discuss with Mr. Pearson before his departure what should be said to the State Department, as I believe that if we decide against direct participation, we should prepare the ground by a further discussion in the near future? Ends.

529.

DEA/11840-40

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

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

TELEGRAM 1887

London, October 26, 1948

TOP SECRET AND PERSONAL. IMMEDIATE.

Following for Reid from N.A. Robertson, Begins: Reference my telegram No. 1788 of October 12th, Berlin airlift.

During the Prime Ministers' meetings, Evatt and Louw both made incidental reference to the steps their Governments, with New Zealand, were taking to provide aircrew to help the RAF in the Berlin airlift. The former implied that there had not been adequate public or press recognition in the United Kingdom of these offers of assistance. This impression was combatted by United Kingdom Ministers, who spoke of their Government's gratitude and appreciation, and said they felt the press had reported the presence in this country of the Australian, New Zealand and South African aircrew who were being specially trained for participation in the lift. Gordon-Walker, who was in charge of United Kingdom press relations during the Prime Ministers' meetings, was at first inclined to give the press some supplementary information about Commonwealth participation in the airlift, but refrained from doing so.

2. The foregoing is, I think, relevant background for the following reference to the Berlin airlift which was made in the King's speech at the opening of Parliament today:

Begins: Meanwhile, Berlin is being supplied by air, and aircraft from the United Kingdom, some of them flown by crews from other Commonwealth countries, are combining with those of the United States to keep Berlin linked with Western Europe. Ends.

3. In brief anteroom conversation during the Prime Ministers' meetings, Arthur Henderson, the Secretary of State for Air, referring to our earlier conversation reported in my telegram under reference, said simply that it would be a great help if it were feasible for Canada to provide, say, 10 or 12 four-engine bomber crews.

4. When I reported this conversation to Mr. St. Laurent he raised the question of whether a request for assistance of this kind could not perhaps come more appropriately from the United Kingdom and United States jointly, rather than from the United Kingdom alone. If this line is to be pursued, I think our position might usefully be explained to the Americans in Washington before it is taken further forward in any conversations here. Ends.

530.

PCO/Vol. 113

*Extrait d'une note du sous-secrétaire d'État par intérim aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

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

SECRET

[Ottawa], October 26, 1948

PRINCIPAL ISSUES BEFORE THE UNITED NATIONS — SECURITY COUNCIL
AND GENERAL ASSEMBLY

I submit for your consideration a summary of developments on the principal issues before the United Nations at the present time, which are the Berlin and Palestine questions, on which you may wish to report to your colleagues at the meeting of the Cabinet on Wednesday, October 27.

1. *The Berlin Question*

At the meeting of the Cabinet on October 20, Mr. Claxton reported on the efforts of the 'neutral' six delegations to seek clarification of the position of the two sides, in order to see if it would be possible to find a basis for future negotiation. These efforts led to the preparation of a draft resolution by the Chinese delegation. Mr. Claxton read the text of this draft and it was agreed that the Canadian delegation might join in sponsoring a resolution along these lines, provided the United Kingdom, United States and French delegations concurred. Alterations of substance should be referred to the Government. The Canadian delegation was instructed accordingly.

On October 22 a definitive text was received, but as it did not depart in substance from the text considered in Cabinet on October 20 the Canadian delegation was instructed, upon the authority of Mr. Claxton, to support the draft resolution. It may be noted that the main alteration in the draft resolution consisted of the fixing of dates upon which the successive steps of the resolution were to be implemented. (Text attached.)†

The resolution was addressed to the four Governments with responsibility in Germany as occupying Powers, and its terms included provision for the simultaneous lifting of the blockade and the removal of restrictions imposed by the Western Powers on communications with Eastern Germany. At the same time, the four Military governors in Berlin were to begin negotiations to arrange for the unification of currency in Berlin on the basis of the Soviet mark. These negotiations were to be conducted in accordance with the directive agreed to by the four Governments in Moscow on 30 August which included Four-Power control over currency. These arrangements were to be completed by November 20, and within ten days following the lifting of the blockade and agreement on the unification of currency in Berlin, the Council of Foreign Ministers was to meet to discuss all outstanding problems concerning Germany as a whole.

Mr. Vishinsky objected to this proposal and suggested that negotiations for the unification of currency in Berlin should commence immediately and be completed

so that a unified currency could be established in Berlin, simultaneously with the lifting of the blockade. The Western Powers, however, refused to accept such a proposal on the grounds that the negotiations leading to a unified currency would be carried on under the duress of the blockade.

It was under these circumstances that on Monday, October 25 the draft resolution sponsored by the six 'neutral' delegations and introduced by Dr. Bramuglia failed of adoption by a vote of 9 to 2. One of the negative votes was that of the Soviet Union, which imposed its veto.

There is as yet no indication of the Western Powers' intentions regarding a possible next stage in dealing with the Berlin dispute. It would appear that, at this stage, they have achieved at least two objectives, namely, those of gaining time and of obtaining support for their position while isolating the Soviet Union and the Ukraine.

...
E[SCOTT] R[EID]

531.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], October 27, 1948

...
BERLIN SITUATION; AIR LIFT; CANADIAN PARTICIPATION

9. *The Secretary of State for External Affairs* reported on developments since the meeting of October 20th.

10. *The Minister of National Defence* felt that the Canadian position with regard to participation in the air lift should be made clear at an early date.

It was known that U.K. authorities agreed with the view that Canadian participation would offer diplomatic difficulties in view of the fact that Canada had no status as an occupying power under the Potsdam Agreement.

11. *The Cabinet*, after discussion, noted the Ministers' reports.

...

532.

DEA/11840-40

*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-2510

Ottawa, October 28, 1948

TOP SECRET AND PERSONAL

Following for Wrong from Reid, Begins: Berlin airlift. Your WA-2781 of October 26.

2. My immediately following telegram† repeats to you telegram No. 1887 of October 26 from Robertson to me.

3. I discussed with Mr. Pearson this morning the issues raised in your WA-2781 and Robertson's No. 1887. Mr. Pearson said that participation by Canadian aircraft in the Berlin run was now out of the question. There were, however, two possible courses of action for Canada: the first, to provide a Canadian transport squadron of North Stars to take over 'relay' responsibilities in the North Atlantic from the United States Air Force; the second, to provide air and ground crew to assist in the direct airlift to Berlin. It would, of course, be possible for us to volunteer such an offer. However, Pearson thought that it might be preferable if the United States and the United Kingdom were to ask Canada and some five or six other countries for whatever help they could supply.

4. Would you therefore be good enough to speak to Hickerson, informally, on this subject and pass on to him the substance of the second paragraph of Robertson's telegram No. 1788 of October 12.

5. Mr. Pearson is impressed by the argument in this paragraph. He does not necessarily accept the argument as valid, but he feels that it would be unwise to give the Soviet Union an opportunity to use an argument which would appear to have at least some validity.

6. I am repeating this telegram to Robertson. Ends.

533.

DEA/11840-40

*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*

TOP SECRET AND PERSONAL

Washington, November 1, 1948

Dear Mr. Reid:

With reference to your EX-2510 of October 28th and previous communications about the Berlin airlift, I have talked the matter over with Hickerson this morning.

He is not inclined to attach much weight to the argument that the Soviet Government might make an issue, even an incident, out of the participation of Canadian planes in the airlift, but he agreed that it was quite impossible to predict what their action would be. He suggested that we might put in planes of our own with the insignia of one of the occupying powers, but I told him that there seemed to me to be compelling arguments against this course and that any assistance which might be given by Canada would have to be fully publicized. He seemed to be impressed by these considerations, and I made it clear to him that direct participation of R.C.A.F. planes in the Berlin run was now out of the question.

I put to him the suggestion that the United States and United Kingdom might ask Canada and some other countries to give whatever help they could manage. He said that he would think this over and consult some others, but his own impression was that an appeal of this sort would present some difficulties and that it could, in any event, not be made except in the light of whatever happens on the Berlin issue at the United Nations.

I should think myself that if once we rule out direct participation by Canadian planes, the most satisfactory second course would be the provision of air and ground crew for use on the Berlin run. The assumption of relay responsibilities on the North Atlantic seems to me to be open to the strong political objection in Canada that the Government is dodging the issue and adopting an ineffective, indirect, and safe modicum of aid. In view of the fact that Australia, New Zealand, and South Africa have already all provided air crew, it would, on the other hand, be hard for the Government to come along at this stage with an offer of air crew which would be represented as belated unless it came in response to an appeal for further aid from the United Kingdom, in which the United States should join, if possible. I made these points in talking to Mr. Hickerson. It may be some little time before I hear from him again on the subject.

Yours sincerely,
H.H. WRONG

534.

DEA/11840-40

*Le secrétaire d'État aux Affaires extérieures
à la délégation à l'Assemblée générale des Nations Unies à Paris*

*Secretary of State for External Affairs
to Delegation to United Nations General Assembly in Paris*

TELEGRAM 307

Ottawa, November 29, 1948

TOP SECRET

Following for Pearson from Claxton: Canadian press here reports possibility of change in government attitude towards airlift, based on some story from Paris which I have not repeat not yet seen.

2. I believe you will agree that the greatest care should be taken not repeat not to say anything which would give rise to speculation of change in government's attitude towards airlift.

3. As I see it, there would be no repeat no change in policy until matter is disposed of one way or the other by Security Council and Cabinet approves action.

535.

DEA/11840-40

*La délégation à l'Assemblée générale des Nations Unies à Paris
au secrétaire d'État aux Affaires extérieures*

*Delegation to United Nations General Assembly in Paris
to Secretary of State for External Affairs*

TELEGRAM 509

Paris, November 29, 1948

TOP SECRET

Repeat to Washington.

McNaughton, Lapointe,¹⁸ Riddell and I [Pearson] had a very interesting visit to Berlin over the weekend, where we saw General Clay and General Robertson and were given full information about the air lift. We returned via Wiesbaden, where we were shown by Generals Tonner and Douglas the United States operations at that end. The lift is, of course, a magnificently impressive operation and we are satisfied here that it is a matter of great international importance that it be carried through to a successful conclusion. If the Security Council negotiations which are now going on can find a satisfactory formula to solve the Berlin difficulty, then no Canadian question regarding the continuance of the air lift will arise. Such a solution, however, seems to me to be unlikely, though the situation will be clearer in a day or two. If the efforts of the "Six" fail, then I think that it will have been made clear where the responsibility lies on the U.S.S.R. and some Security Council resolution may be passed which will put the matter on a broader international basis than it is at present. The question of participation by other countries will then become more important, as the lift will presumably be continued.

2. I will, of course, want to discuss this matter with you on my return, but I think that we should begin now to reconsider our position in the light of the possible developments outlined above. All concerned at Berlin and Wiesbaden felt that irrespective of the diplomatic difficulties in regard to the participation of R.C.A.F. planes (which the Americans, though not the British, were inclined to minimize), there would be no real advantage in an offer of Canadian transport aircraft, partly because two-engined planes are not now required as they are too small and partly because our North Stars are not entirely suitable because of the difficulty in maintenance and repair of the Merlin engine. However, great stress was laid by the United States and United Kingdom officers on the immense practical help which could be given by participation of Canadian air crews. The resources of personnel, both British and American, are now being strained to the limit and Canadian help of this

¹⁸ Hugues Lapointe, adjoint parlementaire du ministre de la Défense nationale; représentant suppléant de la délégation à la troisième Session de l'Assemblée générale des Nations Unies.
Hugues Lapointe, Parliamentary Assistant to Minister of National Defence; Alternate Representative, Delegation to Third Session, General Assembly of United Nations.

kind would be very greatly welcomed. I think myself that we should give serious consideration to an offer of such help.

3. I naturally will be making a complete report on all this on my return, but I thought it would be useful to get this telegram off to you at once.

536.

DEA/11840-40

*La délégation à l'Assemblée générale des Nations Unies à Paris
au secrétaire d'État aux Affaires extérieures*

*Delegation to United Nations General Assembly in Paris
to Secretary of State for External Affairs*

TELEGRAM 514

Paris, November 30, 1948

TOP SECRET

Following for Claxton from Pearson, Begins: Your telegram No. 307 of November 29th. Have said nothing whatever about air lift in Paris to anybody, but Canadian press correspondent, who is not intelligent or experienced, may have sent something based on our trip to Berlin. However, there is no foundation of any kind for any report from here that the Government attitude might possibly change. I agree entirely with paragraphs 2 and 3 of your telegram.

2. You will have received by now my own views on this matter — see my telegram No. 509 of November 29th. Ends.

537.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], December 21, 1948

UN SECURITY COUNCIL; BERLIN SITUATION; AIR LIFT

17. *The Secretary of State for External Affairs* reviewed the efforts which had been made by the 'neutrals', including Canada, to effect a settlement of the Berlin situation.

At present, the committee of experts, under Mr. Robertson's chairmanship, were attempting to work out a solution of the delicate and complicated currency situation. It was expected that the committee would report the following week.

If an agreed solution were not found, it was difficult to foretell how the Berlin position would develop. Technically, U.K. and U.S. authorities were now satisfied that the air lift could be continued indefinitely. If the currency proposals submitted by the expert committee were refused by the Russians, it was possible that the operation might become a responsibility of the United Nations rather than of the occupying powers.

18. *Mr. Pearson* described the air lift operations and reported the views of the U.K. and U.S. commanders in Berlin. Both U.K. and U.S. forces were short on aircrew and mechanics and assistance in these departments would be welcomed. There were technical difficulties in the way of participation by Canadian aircraft. However, if and when the air lift became a matter for the Security Council, it might be that Canadian participation would have to be reconsidered.

19. *The Cabinet*, after discussion, noted the Minister's report.

CHAPITRE VI/CHAPTER VI
ÉNERGIE ATOMIQUE
ATOMIC ENERGY

PREMIÈRE PARTIE/PART 1

LA COMMISSION DE L'ÉNERGIE ATOMIQUE
ATOMIC ENERGY COMMISSION

538.

DEA/201-B (S)

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

DESPATCH 13

New York, March 13, 1948

TOP SECRET

Sir:

I should like to refer to my despatch No. 8 of 4 March concerning the work of the Atomic Energy Commission,† the last paragraph of which indicated that I would wish to discuss the question of the future work of the Commission in greater detail in a further despatch.

2. As you will have noted from our recent communications on the subject, certain delegations, notably the U.S., U.K. and French, have indicated their preoccupation with the timetable to be followed in respect to the work of the Atomic Energy Commission. We have known for some time that these delegations were contemplating a break in proceedings and it is now evident that they definitely consider that it would be desirable to suspend the Atomic Energy Commission's work *sine die*. It is clear also that these delegations now favour including such a recommendation in the Commission's Third Report.

3. The Atomic Energy Commission, as you are aware, is presently engaged in two distinct projects, the first a detailed examination of the Soviet Government's proposals for the international control of atomic energy which is being dealt with in the Working Committee; the second a consideration of the organization which an International Agency would need to have to carry out the functions suggested in the majority conclusions given in the Commission's Second Report.¹ Discussion of both these matters will probably be exhausted during next month or, at the latest, in May. It has long been foreseen by most of the delegations on the Commission, and particularly the U.S., U.K. and French delegations, that the other items on the Com-

¹ Voir le volume 13, document 267./See Volume 13, Document 267.

mission's Programme of Work cannot usefully be considered under existing conditions.

4. The question therefore immediately arises of the desirability of suspending the Commission's activities, the form which the Third Report of the Commission should take, and the course which this delegation should pursue in the negotiations leading up to the writing of such a Report. These are matters on which an early decision will be necessary and I suggest that in view of their fundamental importance they might usefully be discussed by the Advisory Panel on Atomic Energy.

5. It has been obvious for some time that further progress in the Commission towards agreement on the principles which are to govern the international control of atomic energy is impossible in view of the difference of principle which exist between the Soviet Union and the nations of the western world, in general, and the United States, in particular, on these and other important questions. The recent discussions on the Soviet proposals show that they are unprepared to accept certain points which the majority hold essential to any satisfactory plan. It would seem that the Soviet objections arise from the fact that in the present international political situation they do not feel that they can give up to an international body in which nations they consider unfriendly to them are bound to be in the majority, the degree of authority of which the other nations are convinced is essential for security.

6. The United States draft proposals for inclusion in the Third Report of the Atomic Energy Commission, forwarded under cover of my despatch under reference, together with the draft prepared by the French delegation, as amended by Dr. Babbitt of our delegation, reflect these fundamental differences and the impasse which these differences have brought in the Commission's efforts to reach an agreement at this stage. The terms in which the Atomic Energy Commission reports to the Security Council and to the General Assembly, the reasons for its inability to carry out its terms of reference, at least for the present, will require urgent and careful consideration.

7. It will be noted that in the United States draft proposals the penultimate paragraph reads as follows: "The Commission recommends that the negotiations should not be carried further in the Atomic Energy Commission until such time as the sponsors of the General Assembly find, through prior consultation, that a basis for agreement on the international control of atomic energy exists."

8. It is my opinion that this language should be altered for two reasons. First, I think that the Third Report should not convey any message indicating that a stage of finality has been reached in the Commission's effort to reach agreement. I think it is important in any such document to stress the fact that, while the majority of the Atomic Energy Commission have been unable to reach agreement with the Soviet Union, nine countries out of the eleven members of the Commission, plus Australia, Brazil, Egypt and the Netherlands, only excluding Poland, who have served on the Commission, have reached a remarkable degree of agreement on all the important points which they hold essential to the success of any plan for the international

control of atomic energy. Secondly, as I pointed out to General Osborn,² the present language is open to the interpretation that it would be for the sponsors of the General Assembly Resolution of 24 January 1946 to decide whether or not a basis for agreement on the international control of atomic energy exists and, therefore, whether the work of the Atomic Energy Commission is to be resumed or not. This would be tantamount to giving each of the sponsors a virtual veto over this question. On the other hand, it must be recognized that unless there is agreement amongst the sponsors, there would be little point in calling the Commission together, as the result would almost inevitably lead back to the position in which the Commission now finds itself.

9. In my opinion, the proposed Third Report might follow one of three alternative lines: (1) It might merely report to the Security Council and ultimately to the General Assembly, the situation which exists where further progress of the work of the Commission in respect of atomic energy is at present not possible, and leave it to the Council and the Assembly to decide what action it should take in the circumstances; (2) the Third Report might include a specific recommendation along the lines indicated in the U.S. draft proposals or altered in a way in which the sponsors of the General Assembly Resolution of 24 January 1946 might consult one another and report back to the General Assembly and (3) the Third Report might include a recommendation of such a character that debate would be joined on the substance of the question in such a way that the Security Council and the General Assembly would be asked to make a recommendation on the merits of the alternative plans referred to in the Reports of the Atomic Energy Commission.

10. The last course would necessarily involve a 'showdown' with the Soviet Union to which reference has, from time to time, been made by representatives of the United States and raises the general question as to whether the time is propitious for making an issue with the Soviet Union on the question of the international control of atomic energy.

11. Related to this question is the future of the Commission on Conventional Armaments to which I have referred in my teletypes Nos. 160 and 225 of 13 and 21 February, † respectively. The work of the Commission on Conventional Armaments is likewise hampered by the fundamental disagreements between the Soviet Union and the other members of the Commission. Here again a decision will be required as a matter of urgency regarding the line which the Canadian delegation should follow in further discussions in private and in the Commission, having in mind that a decision may be reached within the next few weeks regarding the suspension of the further work of this Commission. Here again it will be necessary to take into account the general objectives which should be pursued in relation to the Soviet Union in deciding on what procedure should be adopted in regard to the report of the Commission on Conventional Armaments.

12. Open disagreement with the Soviet Union on these issues in the Security Council and in the General Assembly might, of course, serve to make clearer to the

² F.H. Osborn, représentant suppléant des États-Unis à la Commission de l'énergie atomique des Nations Unies.

F.H. Osborn, Deputy Representative of United States, United Nations Atomic Energy Commission.

public the dangers inherent in the absence of agreement with the Soviet Union on the international control of atomic energy and on the regulation and reduction of armaments and armed forces. On the other hand, decisions of such a grave character obviously cannot be considered in isolation but must be regarded in terms encompassing not only the relations between countries of the western world and the Soviet Union and its satellites, but also in relation to the prospects of continued cooperation with the Soviet Union within the United Nations.

13. If, as seems possible, it is the intention of the United States delegation to make the work of these two Commissions an issue without regard to the larger questions involved, I would question the wisdom of such a course. For this reason I believe that in suspending the work of the Atomic Energy Commission and of the Commission on Conventional Armaments, we must make it clear that there is a distinction which should be drawn between the two different purposes for our action. On the one hand, there is the purpose which is now both necessary and desirable of informing the Governments and the public of the world as to the position which has been reached on these important questions. On the other hand, there is the alternative purpose which might be followed of making use of the suspension of the work of the two Commissions as an additional complaint against the Soviet Union for their failure to cooperate with the western world in a vitally important field.

14. In view of the urgency and the importance of the matters raised in this despatch, it would, I suggest, be useful to have any additional information which you may be able to obtain from other sources as to the intention of other governments, and in particular, of the U.K., U.S. and French governments on these questions.

15. I would, in addition, like to suggest that it might be useful to convene at an early date a meeting of the Advisory Panel on Atomic Energy to consider specifically the questions which a suspension of the Atomic Energy Commission's work will raise, and the position which should be taken by the Canadian delegation in regard to the Commission's Third Report.

I have, etc.

A.G.L. MCNAUGHTON

539.

DEA/201-B (S)

*Le secrétaire d'État aux Affaires extérieures
au délégué permanent aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegate to United Nations*

TELEGRAM 329

Ottawa, April 5, 1948

TOP SECRET

Your despatch No. 13 of March 13th and subsequent correspondence concerning the work of the Atomic Energy Commission.

I agree that under the circumstances the activities of the Atomic Energy Commission should be suspended.

2. As to the form of the Third Report, I think that it should be short, clear, and emphasize in simple words that the general public can understand that in spite of substantial progress which has been achieved in formulating the conditions for a satisfactory international control of atomic energy, further discussions and eventual agreement would be impossible in view of the uncompromising attitude of the U.S.S.R. It would therefore appear inadvisable to quote in the Third Report, (which should be prepared with due consideration to its propaganda aspects), long excerpts from the first two Reports which are of a highly technical nature. The objective should be to convince the general public not the experts who can always refer to the first two Reports.

3. As to the recommendations to be made in the Third Report, it is our view that the lines indicated in paragraph 9(a) of your despatch under reference should be followed if at all feasible. The Commission should merely report that further progress of the work of the Commission is at present not possible. It would be up to the Security Council and to the Assembly to advise as to what is to be done in regard to the fundamental disagreement between the U.S.S.R. and the western world. The difficulties of the Commission are merely one of the aspects of this disagreement which cannot be overcome in the Commission.

4. It would appear to be undesirable to recommend in the Report that the Commission would not resume its work unless the original sponsors of the Resolution concerning the Atomic Energy Commission agreed that conditions had changed sufficiently to warrant a renewed effort. This is likely to be criticized as an attempt to give these nations a right of veto which is not required in fact. Should a premature proposal be made by any Member of the United Nations that the Commission should be reconstituted, it would always be possible to oppose this move on the ground that the U.S.S.R. have not altered their general approach sufficiently to justify the hope that they would agree to the essential conditions laid down in the first two Reports.

4. The line to be taken at the next Session of the General Assembly concerning the attitude of the U.S.S.R., can be determined later in the light of the situation obtaining when the Report comes up for discussion. If the U.S.A. intend to make an issue of the attitude of the U.S.S.R. they should anticipate in the Report the Soviet argument that atomic bombs should be destroyed now. This is an old controversy as to which should come first, security or disarmament. The U.S.S.R. may be able to build up a plausible case and this should be borne in mind in drafting the Report. Ends.

540.

DEA/201-B (S)

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 393

New York, April 8, 1948

TOP SECRET

Reference your teletype No. 329 of 5th April concerning the Atomic Energy Commission.

At an informal meeting held in the United States Mission yesterday between representatives of the United States, United Kingdom, Canada, China, France and Belgium, it was tentatively agreed to reword that part of the Third Report contained in the penultimate paragraph of the first United States draft, referred to you under cover of our despatch No. 8 of 4th March,† in such a way as to give the General Assembly the opportunity to reconvene the Atomic Energy Commission if it finds the general political atmosphere sufficiently improved to warrant such a step. In addition, the sponsors of the General Assembly Resolution of 24th January, 1946, 'who are the permanent members of the Atomic Energy Commission,' can also reconvene the Commission if, through prior consultation, they find that there exists a basis for agreement on the international control of atomic energy.

2. As this rewording represents a change in substance, Osborn of the United States delegation indicated that it would require reconsideration by the State Department. The French and Belgium representatives indicated that the redrafted paragraphs would have to be referred to their Governments before final acceptance.

3. The United States delegation consider that the Commission should recommend to the Security Council that the Third Report be transmitted to the General Assembly 'as a matter of special concern.' In accordance with the instructions contained in your teletype under reference, we have indicated that, in our opinion, the report should only be referred to the Security Council. Miles of the United Kingdom delegation indicated at the meeting yesterday that the United Kingdom Government also have reservations in this regard and may be opposed to a recommendation requiring transmittal of the report to the General Assembly.

4. I will, of course, refer the precise text of the relevant paragraphs to you when agreement on these points is less tentative.

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*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 412

New York, April 13, 1948

TOP SECRET

Atomic Energy Commission. Reference my teletype No. 393 of April 8th and paragraph 3 of your teletype No. 329 of April 5th concerning the wording of the last paragraph of the Commission's third report.

2. At an informal meeting held in the United States Mission today between the Canadian, Belgian, French, United Kingdom and United States delegations, Miles of the United Kingdom delegation indicated official reaction in London was favourable to the United States' proposal to have the Commission recommend that the Security Council refer the three reports to the General Assembly 'as a matter of special concern'.

3. Miles was careful to point out that this represented only the official view. He explained he had been instructed to state that he would be unable to give his Government's final views on this point and on the report as a whole until after April 16th, and consequently it would not be possible for the United Kingdom delegation to support the general form of the report if it were presented on Thursday, April 15th, as originally planned. In the circumstances, it was agreed to postpone presentation of the report until the views of the United Kingdom Government were known.

4. From what Miles said, it would appear that the United Kingdom Cabinet are considering the implications of the report in relation to the work of the Military Staff Committee, the Commission on Conventional Armaments and the general effect which it will have on United Kingdom policy in the United Nations.

5. The official United Kingdom view appears to be based on the argument that since the question of atomic energy must, in any event, go to the General Assembly this year, it would be better strategy to recommend such a course now in order to forestall similar action by the Soviet Union.

6. The United States delegation advanced the following arguments in support of their view:

(a) If the majority do not recommend that the Commission's three reports be referred to the General Assembly, they may be accused by the Soviet Union of being unwilling to debate the question in public.

(b) As the responsible body, the Atomic Energy Commission should take the initiative in making any recommendations on atomic energy.

7. Later in the meeting, Arneson advanced what might be considered as an additional reason. The United States delegation is anxious to have the position clearly defined in advance to allow them to proceed with their preparations for the next

regular session of the General Assembly. He had in mind, for instance, that it will require time to have United States Missions 'educate' all those countries not represented on the Commission 'so that they can take a useful part in any debate in the General Assembly.'

8. De Rose of the French delegation indicated that he had now received his Government's first reaction. They appear to share our reservations, although he was careful to point out that they had not reached any definite conclusions in this respect. The Belgian representative appears to incline to the United States views, maintaining that reference to the Security Council alone at this stage would merely invite 'double debate'. Ends.

542.

DEA/201-B (S)

*Le secrétaire d'État aux Affaires extérieures
au délégué permanent aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegate to United Nations*

TELEGRAM 373

Ottawa, April 16, 1948

TOP SECRET

Repeat to Washington No. EX-1035.

Your No. 412 of April 13. Atomic Energy Commission.

We have examined the draft of the third report forwarded under cover of your despatch No. 26 of April 10, 1948† and in particular the final section (General Conclusions and Recommendations). We believe that these are such that they should be supported by the Canadian delegation.

2. The conclusions and recommendations are, in our view, well stated, so as to set out in clear terms the principal reasons which have led to the present impasse.

3. As to the disposition of the report, it should be satisfactory to have it submitted to the Security Council only and to provide, as in the present text, that the work of the Commission be suspended until such time as the General Assembly or the permanent members of the Commission find that there is a basis for agreement.

4. If the U.S. delegation insist on their proposal to have the Commission recommend that the Security Council refer the three reports to the General Assembly as a matter of special concern, you should indicate your readiness to support this proposal if good reasons can be given in its favour. In our opinion, the arguments outlined in para. 6 of your teletype No. 412 do not appear to be adequate. If the U.S. delegation still maintain their attitude and it appears that they will be supported by the U.K. and French delegations, you are authorized to concur in the proposal for the sake of agreement. You should point out however, that it may be unwise for the majority to commit themselves at this stage before the matter has been discussed in the Security Council.

5. There is no objection to having the report sponsored solely by the U.K., the U.S. and France.

543.

DEA/201-B (S)

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 429

New York, April 15, 1948

TOP SECRET. IMPORTANT.

Please repeat the following to the Canadian Ambassador to Washington: Atomic Energy Commission.

Reference my teletype No. 412 dated April 13th, concerning the wording of the final paragraph of the statement to be submitted in connection with the third report.

2. Osborn handed me today an aide-memoire representing the United States delegation's reasoned arguments in favour of explicitly recommending the transmittal by the Security Council of the Commission's three reports to the General Assembly. The text is contained in my immediately following teletype.†

3. As Osborn indicated that the United States delegation's instructions in this regard have originated with the State Department, you may consider it useful to have the Canadian Ambassador in Washington discuss the question with Lovett. In my view, if the United States Government indicate that they attach special importance to recommending the transmittal of the Atomic Energy Commission's reports to the General Assembly, I believe we should not carry our opposition to the point of differing with them in public.³

4. As stated in previous communications, the views of the United Kingdom Government in this regard will not be known until after April 16th. The French delegation have indicated that their Government has not yet come to any firm decision. The Belgian and Chinese delegations would appear to favour the United States' views.

5. In accordance with today's telephone conversations Cadieux-Starnes,⁴ Stone-Starnes, I have repeated the texts of this and the immediately following message to the Canadian Ambassador, Washington.

³ Note marginale :/Marginal note:

I agree. L.B. P[earson]

⁴ Marcel Cadieux de la Direction du personnel avait été désigné pour aider Pearson concernant les questions relatives à l'énergie atomique; J.K. Starnes, l'ancien secrétaire du Comité consultatif de l'énergie atomique était conseiller à la délégation permanent aux Nations Unies.

Marcel Cadieux, Personnel Division, had been designated to assist Pearson in matters relating to atomic energy; J.K. Starnes, former Secretary, Advisory Panel on Atomic Energy, was Adviser, Permanent Delegation to United Nations.

544.

DEA/201-B (S)

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

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

TELEGRAM EX-1034

Ottawa, April 16, 1948

TOP SECRET. IMPORTANT.

Repeat to Permanent Delegate to United Nations in New York No. 374

Following for Wrong from Heeney, Begins: Teletypes No. 429 and 430† from Canadian delegation to the United Nations which have been repeated to you in my teletypes Nos. EX-1031† and EX-1032†, Atomic Energy Commission.

Pearson and I agree with Gen. McNaughton that the Canadian delegation should not carry objection to the U.S. proposal concerning the transmittal by the Security Council of the Commission's three reports to the General Assembly to the point of disagreeing with them in public.

2. Mr. Pearson submitted to the Minister a telegram authorizing Gen. McNaughton to concur if the U.K. and France are prepared to fall in with the U.S.

3. It would be helpful, however, if you could find out from Lovett who, I understand, has a personal interest in the matter why the State Department attach so much importance to this proposal.

4. It is our feeling here that it may be unwise at this stage to commit ourselves to a public debate with the U.S.S.R. on atomic energy at the next meeting of the General Assembly. Furthermore it would be up to the Security Council to transmit to the General Assembly with such recommendations as may seem warranted, the three reports of the Commission. For the sake of agreement, however, we are prepared to concur in the U.S. proposal but we are concerned that this may be another case where the State Department expect Canada and other countries to commit themselves for the sake of agreement to a certain course which the U.S. may later on abandon due to unexpected developments. We cannot see that anything would be lost through not inserting in the third report the recommendations proposed by the U.S. but that some embarrassment may be caused to all concerned later on if changed circumstances make it inadvisable to have a debate with the U.S.S.R. at the next meeting of the General Assembly on the points under reference. Ends.

545.

DEA/201-B (S)

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

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

TELEGRAM WA-1204

Washington, April 21, 1948

TOP SECRET. IMPORTANT.

Following for Heeney from Wrong, Begins: Your EX-1034 of April 16th, Atomic Energy Commission.

I was not able to see Lovett until today. I explained our doubts about the wisdom of inserting in the report of the Commission the words 'for consideration and transmittal along with the two previous reports of the Commission to the next regular session of the General Assembly as a matter of special concern.' I based my argument on the possibility that it might prove untimely to have a full debate at the next Assembly and that it was not necessary to commit ourselves to this course so far ahead.

2. Lovett, in reply, went over a good deal of the ground covered in the United States aide memoire quoted in McNaughton's message No. 430 of April 15th.† In general his position is that the complete failure to secure agreement in the Commission must be brought into the open, and that this could only be done effectively by placing the position before the Assembly. He remarked that, if one asked the first ten people one met in the United States or Canada what was being done about the international control of atomic energy, they might all well answer that plans were being worked out by a United Nations Commission. He added that the Governments which had not been represented on the Commission were paying little or no attention to its failure to achieve results, and that it was desirable for them to be required to take part in a discussion of the situation. He was anxious that the Commission itself, consisting for the most part of men who have been working on the problem for over two years, should propose the reference of its reports to the Assembly rather than that it should be left to the Security Council whose actions were governed by political considerations. It would take some time for all the members of the United Nations to study the reports, and it was important that they should be warned now to be prepared for a discussion next September. He appears to think that there is almost unanimous support in the Commission for this point of view, adding that the State Department had only adopted it after anxious study of possible alternatives.

3. He argued that, if the question was not brought before the Assembly in this way, it was very likely that the Russians would bring it up in their own terms, perhaps connecting it with the question of Control of Conventional Armaments. I remarked that we ought to be able to prevent this, but he considers that there is a real tactical advantage in the course proposed.

4. Another point he made is that the first two reports of the Commission have not received anything like the notice warranted by the importance of the subject, and, unless special treatment was proposed for the third (and perhaps final) report, it would be regarded as just another interim report. All three reports ought to go to the Assembly together for consideration jointly. Ends.

546.

DEA/201-B (S)

*Le secrétaire d'État aux Affaires extérieures
au délégué permanent aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegate to United Nations*

TELEGRAM 388

Ottawa, April 22, 1948

TOP SECRET

Repeat to Washington No. EX-1091.

My teletype No. 387 of today's date.†

With reference to Mr. Wrong's teletype WA-1204 reporting his talk with Lovett, it is now quite evident that the U.S. State Department attach great importance to having the Commission recommend that their report be transmitted to the General Assembly as a matter of special concern. I still have some reservation as to the wisdom or efficacy of this course but I do not think that you should make any further effort to resist such a recommendation assuming that the U.K. and France are prepared to go along.

547.

PCO

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

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

SECRET

Ottawa, June 9, 1948

THIRD REPORT OF THE ATOMIC ENERGY COMMISSION
TO THE SECURITY COUNCIL

The Atomic Energy Commission has now suspended its work *sine die*. The reason for this decision is that although the essential requirements for a satisfactory international control of atomic energy have been defined in the First and Second Reports of the Commission, the Soviet delegation is not prepared to concur in the recommendations made in these two reports. It is felt that until the Soviet Government is prepared to agree to the essential technical requirements of control, there would be no point in continuing discussions in the Commission as this could lull public opinion in the world generally into believing that some progress was being made towards the establishment of the control of atomic energy.

2. The chief points at issue between the U.S.S.R., the Ukraine and the other members of the Commission are the following:

(a) The U.S.S.R. and Ukraine insist that atomic weapons should be outlawed and existing stocks destroyed before an international control agency be established. The U.S., the U.K. and France suggest that an international agreement to outlaw the national production, possession and use of atomic weapons should be embodied in a treaty providing for a comprehensive international system of control and including guarantees and safeguards adequate to ensure the carrying out of the terms of the treaty and to protect complying states against hazards of violations and evasions.

(b) The U.S.S.R. consider that the Security Council as at present organized should have the final say in any controversies concerning atomic energy. The other members of the Atomic Energy Commission are of the opinion that the rule of unanimity of the permanent members of the Security Council should have no relation to the work of the agency. They feel that no Government should possess any right of veto over the fulfilment by the Agency of the obligations imposed upon it by the treaty nor should any government have the power through the exercise of any right of veto or otherwise to obstruct the course of control or inspection to be carried out by the proposed international control agency.

(c) Under the Soviet Union proposals, clandestine activities would be subject to investigation only when they are suspected. The international control agency would not have the right to exercise control over exploration for mineral resources or related activities. The Soviet Union claim that nations should be allowed to carry on unrestricted scientific research in the field of peaceful use of atomic energy. The other members of the Commission feel that the international control agency should have very extensive powers of inspection. Thus, there would be inspection of declared activities to ensure the use for peaceful purpose and to prevent illicit diversions of material. In addition, the agency could conduct other geological and mineralogical surveys and exploration as well as aerial surveys to provide full information concerning world supplies of source material. The agency would also undertake inspection and aerial surveys to detect clandestine activities or violations of the treaty or convention.

3. The Third Report states that the opposition in the Commission between the U.S.S.R., the Ukraine and the other members cannot be resolved by further discussions within the Commission and recommends that the three reports be approved by the Security Council and transmitted to the General Assembly as a matter of special concern. The Commission further recommends that until such time as the General Assembly advises that this situation no longer exists, or until such time as the sponsors of the General Assembly Resolution of January 24, 1946, who are the permanent members of the Atomic Energy Commission find, through prior consultation, that there exists a basis for agreement on the international control of atomic energy, negotiations in the Atomic Energy Commission be suspended.

4. Gen. McNaughton is satisfied with the course followed hitherto by the Commission and recommends that he be authorized to approve in the Security Council the three reports and to vote for their transmission to the General Assembly as

advocated in the Third Report. In view of the short time available before the meeting of the Security Council next Friday, when the matter will come up for discussion, I have advised Gen. McNaughton that I concur in his recommendation.⁵

5. In consultation with my colleague, the Minister of Trade and Commerce, I had already authorized Gen. McNaughton to approve in the Atomic Energy Commission the recommendation that the activities of the Commission be suspended and the three reports be submitted to the Security Council with the recommendation that they be referred to the next regular session of the General Assembly. The Third Report merely contains this recommendation together with an outline of the technical requirements of a satisfactory international control of atomic energy as provided in the First and Second Reports of the Commission. The Third Report contains also some statements made by Mr. Gromyko, the report of the Commission on the Soviet proposals submitted on June 11, 1947 and the text of the resolutions adopted by the General Assembly on January 24, 1946, and December 14, 1946 setting up the Atomic Energy Commission and defining its terms of reference.

548.

DEA/201-B (S)

*Le délégué permanent aux Nations Unies
au secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Secretary of State for External Affairs*

TELEGRAM 706

New York, June 24, 1948

The discussion in the Security Council on the reports of the Atomic Energy Commission was concluded at the meeting of the Security Council on Tuesday, 22nd June.

2. The discussion brought out no new arguments. The Soviet delegate, supported by the Ukraine, opposed the approval of the reports and also opposed the suspension of the work of the Atomic Energy Commission, arguing that the Commission should carry out the resolutions of the General Assembly of 24th January, 1946, and 14th December, 1946, by working out a Convention for the prohibition of atomic weapons and for the destruction of existing stocks and then considering the Soviet proposals for the international control of atomic energy. On the other hand, the majority upheld the essential elements of the plan of control contained in the three reports, insisting, in particular, that the prohibition of atomic weapons cannot be considered as a separate stage to precede the establishment of a system of control and also insisting upon the position that the Soviet proposals for control, based upon periodic inspection, would not provide sufficient guarantees to ensure compliance with an international agreement for the international control of atomic energy.

3. The difference in attitude on the part of the Soviet Union and its associates was further emphasized when Gromyko requested the Chairman of the Atomic Energy

⁵ Cette action fut approuvée par le Cabinet le 10 juin.
Action approved by Cabinet on June 10.

Commission to insert the following paragraphs in the statements which he had already made in the Working Committee. The Chairman acceded to Gromyko's request although the report had already been adopted without these additional remarks. I quote them as indicating, in summarized form, the points on which the Soviet delegation is placing the most emphasis:

Gromyko's additional paragraphs are as follows:

Begins: Insertion for Annex 5 (a) of 3rd Report on page 55, the following paragraph should be inserted after the second paragraph:

'Yet the most important and urgent task is precisely that of prohibiting atomic weapons. The control must be subordinated to that task. It must ensure the implementation of a Convention on the prohibition of atomic weapons. The task of the international organ, of which so much has been said in the course of the debate, must be to ensure that States parties to the Convention carry out the obligations they assume to prohibit the use of atomic energy for military purposes. Without the prohibition of atomic weapons it is illogical and idle to speak of international control. Control must be subordinated to the main aim, that of prohibiting the manufacture and use of atomic weapons.'

Insertion for Annex 5 (b) of 3rd Report on page 69, the following paragraph should be inserted after the first paragraph:

'At the same time, due recognition must be given to the fact that international control of atomic energy, as such, would be useless in the absence of a Convention prohibiting atomic weapons. There is no point in establishing international control unless atomic weapons are prohibited, since the object of such control is to ensure that States parties to the Convention fulfil their pledges to prevent the use of atomic energy for military purposes. Unless it were decided to prohibit atomic weapons, there would be no sense in establishing international control, since it would have no object. The object of establishing international control and setting up an international control body is, in fact, to ensure that the decision to prohibit the production and use of atomic weapons is implemented.'

4. Manuilsky,⁶ who has now appeared in the Council in order to take over the Presidency in the month of July, made a lively speech on the above theme at yesterday's meeting. He was followed by the representative of Colombia who said that the Commission and the Security Council had no alternative but to confess their inability to find a solution to the problem of international control of atomic energy by reporting the facts to the Assembly. On the other hand, it was not the Assembly which should find the solution, as this was the responsibility of the Great Powers and they should come to an agreement on this matter.

5. The United States draft Resolution, the text of which was given in my teletype No. 663 of 9th June,† was then put to a vote, the result of which was as follows. In favour: Argentina, Belgium, Canada, China, Colombia, France, Syria, United Kingdom and United States of America; against: Ukraine and USSR. Since one of the two members opposed to the Resolution was a permanent member, and as the

⁶ D.Z. Manuilsky, représentant de l'Ukraine au Conseil de sécurité des Nations Unies.

D.Z. Manuilsky, Representative of Ukraine, Security Council of United Nations.

President had stated that the Resolution was a matter of substance, he declared the Resolution as not adopted. The Soviet veto had, of course, been foreseen and I had been asked by the United States and United Kingdom delegations, for tactical reasons, to submit the alternate Resolution which would have the Council merely transmit the reports to the next Assembly and to the members of the United Nations as a matter of special concern as quoted in paragraph 8 of teletype No. 663 of 9th June. I therefore moved the draft Resolution after Gromyko had used his veto against the United States draft Resolution, prefacing it with the remarks which are contained in my immediately following teletype en clair.†

6. Gromyko argued that the second Resolution was also a matter of substance because it contemplated the transmittal of the question to the General Assembly for consideration. However, he indicated that he would not wish to utilize the double veto, but merely wished to be on record with the view that he regarded the act of transmittal of a matter by the Security Council to the Assembly as being a matter of substance.

7. In effect, Gromyko would not have been able to uphold his position as the President had ruled the Resolution as a matter of procedure and called attention to the fact that the non-permanent members do not regard themselves bound by the San Francisco Great Power Declaration on voting procedure. El Khouri had, in fact, invited Gromyko to question his ruling and Gromyko would, of course, have failed to obtain the necessary seven votes to overrule the President.

8. The draft Resolution was then put to the vote and was adopted by nine votes to none, with two abstentions (USSR and Ukraine). The text of the Resolution as adopted is the same as given in paragraph 8 of my teletype No. 663 of 9th June with one exception — i.e. the phrase 'on this matter' following the words 'Security Council' in the last line has been changed to 'on this subject'. Ends.

549.

DEA/5475-DG-2-40

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

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

[Ottawa], August 30, 1948

METHOD OF HANDLING THE ATOMIC ENERGY QUESTION
AT THE GENERAL ASSEMBLY

The question of the tactics to be employed at the General Assembly on the question of atomic energy has resulted in a difference of opinion between the United Kingdom and the United States.

2. The United Kingdom Ambassador in Washington recently presented an aide memoir to the State Department outlining the United Kingdom views concerning the tactics to be followed in the General Assembly on the work of the Military Staff

Committee, the Commission for Conventional Armaments and of the Atomic Energy Commission. The United Kingdom proposed that these matters be considered en bloc to demonstrate the obstructionist tactics of the USSR, and that the question of atomic energy, disarmament and security should be treated at the General Assembly as connected parts of the same major problem: can the United Nations make any real progress in these matters as long as certain Member Governments are unwilling to abandon in the common interest any of their legal rights under the Charter?

3. The view of the State Department is that the work of the Atomic Energy Commission should be considered as one major item of the Agenda. They judge that to follow the tactics suggested by the United Kingdom is to play into the hands of the Soviet Union. They also feel that failure to make the control of atomic energy a formal issue might not only imperil the results of all the Commission's work but would quite possibly make impossible a General Assembly vote of approval on the UNAEC plan. The State Department also is anxious to subordinate the issue of Conventional Armaments because the record of the majority in the CCA is none too strong and there is some danger of confusing and thus weakening the strong UNAEC record.

4. The Canadian Permanent Delegate to the United Nations has submitted impressive arguments against the tactics suggested by the United Kingdom. He states in part that the atomic energy question at the General Assembly may be approached in either of two ways. On the one hand, the matter may be dealt with on its merits and discussed with a view to informing governments and public opinion generally on the position which has been reached in the Atomic Energy Commission. In addition, he states 'it is desirable to bring into a wider forum the majority proposals for the international control of atomic energy.' On the other hand, he points out, the discussion might, as the United Kingdom have suggested, be used merely 'as an illustration of a wider thesis' of the Soviet non-cooperative attitude in a number of matters on which there must be agreement if there is to be world peace. This latter approach, he feels, would lead to a protracted debate with the USSR in which the consideration of the Atomic Energy Commission reports would be largely obscured. The General believes that the General Assembly will offer the first real opportunity to bring the question of the international control of atomic energy before the Member States of the United Nations and before world public opinion. He further states that if the reports were to be discussed in an objective manner primarily to inform world opinion, they would on their merits win wide public support. If, however, the reports were used only as a means to assail the USSR, their merits would be obscured and they would add little to a wider understanding of the problems.

5. The General feels that an objective discussion would strengthen the majority opinion by gaining the support of nations that so far have not participated in the work of the Atomic Energy Commission. He concludes: 'If the reports of the Atomic Energy Commission were to be used only as an additional stick with which to beat the Soviet Union, the value of an objective endorsement of the proposals by the General Assembly would, it seems to me, be virtually lost.'

6. The views of the Canadian Permanent Delegate have been referred to the Canadian High Commissioner in the United Kingdom and to the Canadian Ambassador to the United States. They concur in the views put forward by General McNaughton.

7. Further talks will take place between representatives of the United Kingdom and the United States in an effort to resolve the present difference of opinion. If you agree, we shall inform General McNaughton that we concur in the views put forward by him and that he is authorized to inform both the United Kingdom and the United States Delegations that we support the United States proposals for the debate on atomic energy in the General Assembly.

L.B. P[EARSON]

550.

DEA/201-B (S)

*Le secrétaire d'État aux Affaires extérieures
au délégué permanent aux Nations Unies*

*Secretary of State for External Affairs
to Permanent Delegate to United Nations*

TELEGRAM 702

Ottawa, September 1, 1948

SECRET. IMMEDIATE.

Following for General McNaughton from Riddell, Begins: During Monday and Tuesday of this week conversations were held in this Department with Rusk and Raynor of the State Department and Jebb of the Foreign Office concerning the forthcoming meeting of the General Assembly. In the course of these meetings a thorough-going exchange of views and information concerning Agenda items took place between ourselves and these officials. A full report of the discussions is being prepared and will be made available to you.†

2. One of the subjects discussed was the method by which atomic energy and allied subjects should be considered in the Assembly. As you probably know, the United States and United Kingdom points of view in this regard are now much closer together than they were two or three weeks ago. Jebb, however, suggested that the general question of disarmament should be brought into focus by producing one resolution covering atomic energy, disarmament and military staff committee. This resolution might be divided into distinct sections, and the section on atomic energy might be sponsored by all members of the Security Council who at one time or another had supported the majority report. The debate on each section should be separate and distinct.

3. In the course of these discussions we stated clearly your concern that main points of atomic energy discussion should not be blurred by confusing them with discussions on disarmament and military staff committee report.

4. Discussions on this subject here were inconclusive, and Rusk and Jebb agreed to continue them in Washington. I said that I thought it important that you should be associated with any further consideration of the subject and we agreed that State

Department would invite you to attend their conversations with Jebb on atomic energy and allied topics. Rusk said that he would ask Osborne also to attend and that he would have Osborne inform you of the conversations and invite you to be there.

5. I hope that these arrangements will work out as we expect, and that it will be possible for you to go to Washington for the discussions.

551.

DEA/201-B (S)

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

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

TELEGRAM WA-2390

Washington, September 3, 1948

TOP SECRET. IMMEDIATE.

Following from McNaughton, Begins: Reference my teletype No. 946† from New York, conference re atomic energy in Washington. This morning at 10 a.m. a discussion was held in the State Department regarding the handling of the atomic energy question at the Paris Assembly. Rusk acted as Chairman and Osborne, Raynor, Johnson and Arneson were also present from the United States. Jebb was present, accompanied by Allen from the United Kingdom Embassy. Carter was with me.

A general discussion developed in which both Osborne and myself emphasized our strong belief in the necessity for the General Assembly giving endorsement to the proposals agreed to by the majority in the three reports of the Atomic Energy Commission; and, to this end, the necessity of having a full and separate debate on the reports of the AEC at the General Assembly in Paris, without, in this debate, introducing extraneous factors relating to the CCA and the Military Staff Committee. I also emphasized again my belief in the imperative need for educating public opinion in regard to the majority proposals in the AEC reports, and the consequent necessity for full discussion in the Assembly.

2. Jebb stated that in view of Cadogan's recent reports to the F.O., the United Kingdom now saw this matter in a somewhat different light and he (Jebb) accordingly had received new general instructions. The United Kingdom now agreed that it was desirable to have a separate debate on the AEC reports, for the reasons which we had given. They felt, however, that it was also essential to have debates on the question of disarmament and the Military Staff Committee — as they believed that unless provision were made for separate debates on these subjects the Soviet and their satellites would undoubtedly introduce these matters into the debate on atomic energy and consequently confuse the issue. Jebb said that the United Kingdom still felt the best procedure would be to have one final joint resolution adopted by the Assembly with separate sections dealing with atomic energy, the CCA and the MSC. This joint resolution could also contain a fourth section generally condemnatory of Soviet non-cooperation in these and similar matters. Jebb said, however,

that if it were desired to have four separate resolutions along these lines, instead of four sections in a joint resolution, the United Kingdom would have no objection.

3. I emphasized again my view that a separate resolution was needed regarding the AEC and pointed out that the AEC reports were in a very different category from those concerning conventional disarmament and the implementation of Article 43. The CCA had not even reached the stage of making recommendations regarding safeguards; and the MSC had made virtually no progress at all. The AEC, on the other hand, had prepared comprehensive reports advancing important and far-reaching proposals. It was not reasonable to discuss these three matters on the same basis or to link them together in a joint resolution. I added that if a resolution were adopted endorsing the AEC reports, two other separate resolutions could also, of course, be formulated dealing with the MSC and the CCA. However, the essential thing, at this stage, was to obtain General Assembly endorsement of the three reports of the AEC and such endorsement should not be confused by linking it to other issues.

4. Raynor suggested that the 'connecting link' referred to by Jebb in regard to Soviet non-cooperation in the AEC, the CCA and the MSC could possibly find expression in a general condemnatory resolution during the discussions dealing with the veto. If such a resolution were introduced, this would seem to be the most logical place for it to be considered.

5. Jebb seemed to react favourably to this and said he would report it to his Government. His main point was that there should be a resolution generally condemning Soviet non-cooperation. He seemed to agree that this might logically be introduced when the veto was discussed (i.e. when the report of the Interim Committee was considered).

6. The result of this was that Jebb will report to his Government the proposal recommending that there be three separate resolutions on the AEC, MSC and CCA and that there be a fourth resolution (possibly to be considered in the veto discussions) condemning in general terms Soviet non-cooperation. Further discussions will presumably be held when the United Kingdom Government have given Jebb instructions on this point.

7. Regarding sponsorship of the resolution endorsing the reports of the AEC, Jebb again failed to give an assurance that the United Kingdom would accept joint sponsorship along with the other States which had formed the majority in the AEC. After I had questioned him on this, Osborne pointed out rather sharply that United Kingdom delay in this matter had already extended for six weeks. Jebb then said that he would recommend to his Government that they accept this joint sponsorship and would ask that a reply be given to him as soon as possible so that he could advise the State Department.

8. In summary, therefore, the meeting ended in agreement on the principle that there should be a separate resolution endorsing the three reports of the AEC. Only two points remain at issue. The first is the question of United Kingdom joining in the sponsorship of such a resolution (along with the other majority members of the AEC past and present) and it seems, from what Jebb said, that this will almost certainly be forthcoming. The second point concerns the question as to whether

there should be a fourth resolution generally condemning Soviet non-cooperation and, if so, whether such a resolution should be introduced and who should sponsor it. On this latter point I, of course, reserved our position and said that any sponsorship by Canada in such a resolution would be a matter to be decided by the Government and the delegation in Paris.

9. It was emphasized in the discussion this morning that if the procedure for dealing with these three matters separately is to be successful a strong Chairman of the First Committee is essential. I gathered from the discussion that the United Kingdom and United States are hoping that Spaak might be available for this duty and that if he is not their next choices would be, in order, Nervo of Mexico or Tsiang of China. Undoubtedly a strong Chairman will be needed both of the First Committee and of any Sub-Committee formed to deal with the atomic energy discussions.

10. Please pass copy of this teletype to Heeney.⁷ Ends.

552.

DEA/201-B (S)

*La délégation à l'Assemblée générale des Nations Unies à Paris
au secrétaire d'État aux Affaires extérieures*

*Delegation to United Nations General Assembly in Paris
to Secretary of State for External Affairs*

TELEGRAM 87

Paris, September 30, 1948

SECRET. IMPORTANT.

Atomic Energy. Unexpected decision taken late afternoon September 29th in Committee I to place atomic energy first on agenda and to commence debate on morning of September 30th made it necessary for delegation to complete on short notice arrangements for participating in discussion.

2. Immediately after decision to proceed at once with atomic energy debate, General Osborn called on General McNaughton, and following plans were made, subject to approval of respective delegation leaders.

(a) General McNaughton agreed to open the debate,⁸ since he had moved resolution in Security Council referring question to Assembly. Added consideration was that General Osborn could not speak for United States delegation in Committee,

⁷ Le Comité consultatif sur l'énergie atomique approuva cette position en septembre 1948 à Ottawa lors d'une réunion à laquelle assistait McNaughton : copie du procès-verbal sur DEA/201-F(S).

The Advisory Panel on Atomic Energy approved this position at a meeting attended by McNaughton in September 1948 in Ottawa; copy of record on DEA/201-F (S).

⁸ On trouvera des extraits de la déclaration faite par McNaughton le 30 septembre dans : Canada, ministère des Affaires extérieures, *Le Canada et les Nations Unies 1948* (Recueil des conférences 1948, N° 1), Ottawa; Imprimeur du Roi, 1949, pp. 210-212.

For extracts from McNaughton's statement on September 30, see: Canada, Department of External Affairs, *Canada at the United Nations, 1948*, Conference Series, 1948, No. 1. Ottawa: King's Printer 1949, pp. 208-10.

and it was thought that subject could be better introduced by person who had served on both Atomic Energy Commission and Security Council.

(b) Plan to prepare draft resolution to be presented jointly by 14 nations which had participated in majority reports of A.E.C. had to be abandoned as time did not permit consultations.

(c) General McNaughton should, at conclusion of his statement, introduce draft resolution repeating in general and popular terms resolution in support of majority reports of A.E.C. which had been vetoed in Security Council by U.S.S.R. General Osborn agreed to have Mr. Arneson, who is specially skilled, assist General McNaughton in preparing a resolution in these terms.

3. In consequence, General McNaughton spoke first at opening of debate in Committee I today (September 30th). Text of his address, which was delivered from notes, will be secured from verbatim reporters and forwarded by teletype as soon as possible.

4. General McNaughton concluded his address by offering draft resolution, text of which is given in my immediately following telegram. He indicated that draft had been prepared quickly, and delegation itself might offer, or accept amendments suggested by others. He also expressed hope that other States which had participated in A.E.C. in producing majority report would associate themselves with resolution.

5. General McNaughton was followed immediately by Senator Austin who gave a detailed explanation of United States policy. He rebutted Vyshinsky's accusations by emphasizing how the United States had from the first offered to turn over her vast plant to international control and submit to an effective system of international inspection of the entire process of production. The question, he said, now was whether the other members of the Assembly concurred in the judgment of the 14 members who had formed the majority in the A.E.C. The A.E.C. had more work to do and must know the views on its work of the Assembly, which created it. He asked for a decisive endorsement of the line being pursued by the Commission and added that if a significant number of members abstained from voting the people of the world would have little hope of ending the impasse. Although Senator Austin specifically blamed the U.S.S.R. for frustrating the plans for international control by their "reactionary" views on sovereignty, his remarks were not unduly provocative.

6. The only representative prepared to speak further was the El Salvadorean who, in order to "break the ice", offered general support to the Canadian and United States views. It was only after Spaak had called several times for further expressions of opinion, and the Argentinian had tried to press him to take a vote on the matter, that Vyshinsky spoke. He complained of a cavalier attempt to rush through an important resolution, the text of which they had received a few minutes before and in English only, and he referred to the requirements of rule 109. Spaak denied trying to rush the matter but agreed that rule 109 applied. He accepted, therefore, Vyshinsky's request that the meeting break up and meet tomorrow morning for further discussion of the Canadian resolution.

553.

DEA/201-B (S)

*La délégation à l'Assemblée générale des Nations Unies à Paris
au secrétaire d'État aux Affaires extérieures*

*Delegation to United Nations General Assembly in Paris
to Secretary of State for External Affairs*

TELEGRAM 88

Paris, October 1, 1948

RESTRICTED

Following is text of draft Resolution on Atomic Energy commission introduced by General McNaughton in First Committee, September 30th.

1. *Whereas*, in its Resolution dated 24th January 1946, the General Assembly established the United Nations Atomic Energy Commission and set forth its Terms of Reference;

2. *Whereas*, the General Assembly has received from the Security Council and has examined the First, the Second and the Third Reports of the United Nations Atomic Energy Commission, which contain its proposals for the control of atomic energy to the extent necessary to insure its use only for peaceful purposes and for the elimination from national armaments of atomic weapons, and an analysis of the nature of the impasse confronting the Commission and the recommendations resulting therefrom;

3. *Whereas*, the First and Second Reports of the Commission show how and to what extent the world must adapt itself if it wants to be protected against the misuse of its new discovery, specify ways and means to eliminate the dangers of diversion, clandestine activities, and the seizure of atomic materials and facilities, and, to these ends, contain specific proposals including principles for the governance of national policies and of the policies to be pursued by the International Control Agency itself;

4. *Whereas*, only if traditional economic and political practices are adapted to the overriding requirements of international security, can these proposals be implemented;

5. *Whereas*, cooperative development and complete dissemination of information alone promise to remove fears and suspicion that nations are conducting secret activities;

6. *Whereas*, the General Assembly is fully aware of the impact of the United Nations Atomic Energy Commission's plan on traditional prerogatives of national sovereignty, however, in the face of the realities of the problem it sees no alternative to the voluntary sharing by nations of their sovereignty in this field to the extent required by the Commission's proposals. Accordingly, the General Assembly finds no other solution which will meet the facts, prevent national rivalries in this most dangerous field, and fulfil the Commission's terms of reference;

7. *Whereas*, the Commission now reports that it has been unable to secure the agreement of the Soviet Union to even those elements of effective control considered essential from the technical point of view, let alone their acceptance of the

nature and extent of participation in the world community required of all nations in this field by the First and Second Reports of the Atomic Energy Commission;

The General Assembly, therefore,

8. Approves the General findings (Part IIC) and recommendations (Part III) of the First Report and the specific proposals of Part II of the Second Report of the Commission as constituting the necessary basis for establishing an effective system of international control of atomic energy in accordance with the terms of reference of the United Nations Atomic Energy Commission, and approves the report and recommendations (Part I) of the Third Report which contain an analysis of the nature of the impasse confronting the Commission and the recommendation resulting therefrom;

9. Recognizes the grave dangers to international peace and security resulting from the absence of effective international control of atomic energy and calls upon all nations to fulfil their responsibilities to the world community by accepting the necessary basis for such control as approved by this body.

554.

DEA/201-B (S)

*Le secrétaire d'État aux Affaires extérieures
à la délégation à l'Assemblée générale des Nations Unies à Paris*

*Secretary of State for External Affairs
to Delegation to United Nations General Assembly in Paris*

TELEGRAM 83

Ottawa, October 4, 1948

SECRET. IMMEDIATE.

Your telegram No. 88, text of draft resolution on Atomic Energy Commission. While I find myself in general agreement with the text of the resolution introduced by General McNaughton on the Atomic Energy Commission, I note that it merely recommends endorsement by the General Assembly of the findings of the Atomic Energy Commission as the necessary basis for international control of atomic energy.

2. In view particularly of the speeches made by the Syrian and Belgian delegates, I wonder whether it is still intended to introduce a proposal, in the form of an amendment, which was discussed in New York recommending that the powers which originally sponsored the introduction of the Assembly resolution of 24 January, 1946, might consult together with a view to exploring the possibilities of finding a basis for recommencing the work of the Atomic Energy Commission. As General McNaughton may recall, at a private meeting held in the offices of the United States mission on July 28th, there was general agreement that one of the countries not now represented on the Atomic Energy Commission might put such a proposal forward. Norway was mentioned in this connection.

3. The text of the resolution, as it now stands, might be taken to imply recommendation on the part of the Assembly that the Commission itself should resume its

work. This seems to be confirmed by paragraph 1 of the memorandum quoted in your telegram No. 85 of October 1st.†

4. I think some clarification of these points may be desirable, otherwise the discussions on atomic energy may become centered on the question of whether the Atomic Energy Commission should resume its work rather than on the merits of the majority plan of control, as was intended.

555.

DEA/201-B (S)

*La délégation à l'Assemblée générale des Nations Unies à Paris
au secrétaire d'État aux Affaires extérieures*

*Delegation to United Nations General Assembly in Paris
to Secretary of State for External Affairs*

TELEGRAM 127

Paris, October 6, 1948

SECRET

Atomic energy, my telegram No. 110 of October 5th, 1948.† Following from Permanent Delegate is a resumé of developments Monday and Tuesday in Committee One, Begins: In Monday's debate we received firm support, as expected, from New Zealand, and, more surprisingly, from Sweden. Sandler of Sweden made an intelligent speech in which he asked a number of pertinent questions but stated unequivocally that the Soviet proposals for control were inadequate and the majority plan solidly founded and feasible. The Indian delegate also implied general approval in a speech in which he suggested that Vyshinsky had added little in his resolution which was not contained in the Canadian resolution. He asked whether, if the Canadian resolution were carried, the Atomic Energy Commission would proceed with its work to the drafting of a treaty. The generally favourable attitude expressed by Sweden and India are valuable because of the disposition those States have some times shown to pursue a middle course.

3. Manuilsky then did the Soviet case no good by a wild speech in which he reverted to the conventional charges and seemed unaware that Vyshinsky had on Saturday made what were supposed to be 'concessions'.

4. Austin concluded the session by asking Vyshinsky the obvious questions about his latest proposal. He exposed the futility of destroying atomic bombs, which are easy to make, and emphasized that no one, not even the Russians, wanted to destroy the nuclear fuel which, although it was the dangerous substance, was also the source for all peaceful purposes.

5. I opened the discussion Tuesday morning with a statement intended to answer the question raised by India, to continue the process initiated by Austin of smoking out Vyshinsky's new resolution and explaining in concrete terms something of the work actually done by the Atomic Energy Commission. A summary of this statement was contained in my telegram No. 116 of October 5th.† Full text follows by bag.

6. The other speakers on Tuesday were the representative of Czechoslovakia who supported Vyshinsky in conventional terms and of the Philippines who rhetorically supported the Canadian resolution.

7. Hodgson of Australia then spoke. He said the Soviet resolution was not acceptable in its present form but should be given further consideration. He directly attacked the Canadian resolution as inadequate in that, although it might demonstrate the weight of support for the majority view, it offered no assistance for further work by the Commission. He associated himself with the views of Ramadier and Rolin⁹ and proposed a Sub-Committee to try and reach agreement. We were surprised at the attack made on the Canadian position by Hodgson and can only assume that it resulted from a personal intervention by Dr. Evatt. Ends.

556.

DEA/201-B (S)

*La délégation à l'Assemblée générale des Nations Unies à Paris
au secrétaire d'État aux Affaires extérieures*

*Delegation to United Nations General Assembly in Paris
to Secretary of State for External Affairs*

TELEGRAM 131

Paris, October 7, 1948

SECRET

Atomic Energy. After consultation in delegation yesterday, it was decided that I [Lionel Chevrier] should accept responsibility for balance of debate on atomic energy. This decision was taken principally in order that Canada should be represented in these decisions by a member of the Government at the time when decisions were being taken, but partly also because Security Council has been meeting and will probably continue to meet simultaneously with Committee One.

2. Summary of discussion on Atomic Energy Commission in Committee One today is given in my immediately following teletype.¹⁰ At 3:30 this afternoon, Chairman announced that general debate was closed, and I then moved adjournment for following reasons:

(a) Very strong support had developed for two resolutions, (one by Ecuador and one by Australia), that all proposals concerning atomic energy be referred to a Sub-Committee for purpose of drafting an agreed text.

(b) We wished to give consideration whether at this stage Canadian resolution should be amended in sense of your telegram No. 88 of October 4th to give continuing responsibility of Sponsoring Powers. We have been hesitating to take this step

⁹ Paul Ramadier, représentant, délégation de France à la troisième session de l'Assemblée générale des Nations Unies; Henri Rolin, représentant de Belgique à la troisième session de l'Assemblée générale des Nations Unies.

Paul Ramadier, Representative, Delegation of France, Third Session, General Assembly of United Nations; Henri Rolin, Representative, Delegation of Belgium, Third Session, General Assembly of United Nations.

¹⁰ Document 558.

because we did not ourselves wish to put forward proposal which gave us this responsibility.

(c) Decision had to be made by our delegation whether to stand by original proposal, without reference to Sub-Committee, in spite of probability that amendment to refer it to Sub-Committee would carry. Alternative would be to accept reference to Sub-Committee, stating that we would carry the debate further there.

3. Resolutions before Committee at the moment are as follows:

- (a) Canadian resolution;
- (b) Soviet resolution calling for simultaneous Conventions on prohibition of bomb and control and inspection;
- (c) Syrian resolution calling for Atomic Energy Commission to proceed to the drafting of a treaty in spite of deadlock;
- (d) Australian resolution pressing for continuance of discussions in Atomic Energy Commission on basis of new resolution to be drafted by this Assembly.

4. British, French and Belgians, in private consultation held subsequently, pressed strongly for acceptance of Sub-Committee, which they thought to be inevitable. The United States concurred in this view most reluctantly. It was finally agreed that arrangements should be made for New Zealand or other delegation to put in amendment to Canadian resolution, suggesting that Sponsoring Powers consult on basis for recommending work of Commission. I would then accept the amendment, and at the same time accept suggestion that Sub-Committee be established.

5. I expect that we shall proceed on this basis when Committee One meets today (Thursday). Ends.

557.

DEA/201-B (S)

*Le secrétaire d'État aux Affaires extérieures
à la délégation à l'Assemblée générale des Nations Unies à Paris*

*Secretary of State for External Affairs
to Delegation to United Nations General Assembly in Paris*

TELEGRAM 108

Ottawa, October 7, 1948

SECRET. IMPORTANT.

Your telegrams Nos. 131 and 133†, atomic energy. I note with satisfaction that the New Zealand amendment which you propose to accept meets the points raised in my telegram No. 83. I agree also with the decision to accept sub-committee, and I hope that advantage will be taken of any opportunities which may arise to simplify somewhat the text of General McNaughton's resolution, particularly the preamble.

558.

DEA/201-B (S)

*La délégation à l'Assemblée générale des Nations Unies à Paris
au secrétaire d'État aux Affaires extérieures*

*Delegation to United Nations General Assembly in Paris
to Secretary of State for External Affairs*

TELEGRAM 138

Paris, October 7, 1948

SECRET

My telegram No. 131 of October 7th. Atomic Energy.

2. Plan outlined in paragraph four of my telegram under reference went through satisfactorily. New Zealand put in an amendment. I accepted it and at the same time accepted the proposal for a Sub-Committee. For the text of my remarks see my telegram No. 133 of October 7th.†

3. The Committee decided that a Sub-Committee should be created but there was a long wrangle over its terms of reference. In the end a short text was agreed on instructing the Sub-Committee to consider all proposals before Committee One and to draft a suitable resolution.

4. It was left to the Chairman of Committee One, Monsieur Spaak, to designate a Sub-Committee of eleven members on the basis of equitable geographical distribution. His list was as follows: United States, United Kingdom, U.S.S.R., France, China, Canada, Brazil, India, Sweden, Ukraine and Ecuador. This list was accepted by 34 to 0 with 3 abstentions. The Sub-Committee holds its first meeting on Friday, October 8th.

559.

DEA/201-B (S)

*La délégation à l'Assemblée générale des Nations Unies à Paris
au secrétaire d'État aux Affaires extérieures*

*Delegation to United Nations General Assembly in Paris
to Secretary of State for External Affairs*

TELEGRAM 162

Paris, October 11, 1948

SECRET

Repeated to London No. 32.

Following from Riddell, Begins: *Atomic Energy*: Sub-Committee commenced work on Friday morning with original Canadian resolution as basis of discussion. Through inadvertence, New Zealand amendment referred to in previous telegrams had been designated by New Zealand delegation as a 'resolution' and Soviet delegation insisted that it be considered as separate proposal. If considered as separate resolution it has, of course, an entirely different effect to that intended. It was finally decided to continue consideration of Canadian resolution, adding or subtracting as Committee determined.

2. Discussion was then commenced on operative part of Canadian resolution, i.e., paragraphs 8 and following Soviet and Ukrainian delegates (Malik and Manuilsky) made vigorous attacks on majority reports of AEC. By end of the day, however, it was clear that majority of Committee was prepared to subscribe to principles of majority reports. When Committee re-assembled Saturday morning, revised draft of paragraph 8 was presented as follows:

'Approves the general findings (Part IIC) and recommendations (Part III) of the First Report and the specific proposals of Part II of the Second Report of the Commission as constituting the necessary basis for establishing an effective system of international control of atomic energy to ensure its use only for peaceful purposes and for the elimination from national armaments of atomic weapons in accordance with the Terms of Reference of the United Nations Atomic Energy Commission.'

3. After listening to restatement of Soviet position by Malik, Committee then rejected by nine votes to two a Soviet amendment that no opinion be expressed on the reports of the AEC and adopted the revised paragraph eight as given above, by nine votes to two.

4. When Committee re-assembles on Monday morning, General McNaughton will submit revised text of remainder of operative part of Canadian resolution as follows:

'9. The General Assembly expresses special concern in respect to the analysis of the situation which is contained in the third report of the atomic energy commission; regrets that unanimous agreement has not yet been reached; and recognizes the grave dangers to international peace and security resulting from the absence of effective international control of atomic energy and the elimination from national armaments of atomic weapons.

'10. The General Assembly requests the sponsors of the General Assembly resolution of 24th January, 1946, who are the permanent members of the Atomic Energy Commission to consult following this session, in order to determine when there exists a basis for agreement on the international control of atomic energy to ensure its use only for peaceful purposes and for the elimination from national armaments of atomic weapons, and there upon to request the Secretary-General to reconvene the United Nations Atomic Energy Commission, the activities of which have been suspended, in order to resume its task and in any event the sponsors shall report the results of their consultation to the next regular session of the General Assembly.'

5. This text has been agreed with French and United States delegations, and it is expected that United Kingdom delegation will also accept it as it stands. Chinese delegation is uncertain about concluding paragraph, and will probably prefer some form of wording which keeps AEC active. Indians also will prefer wording as given in paragraph nine of their draft resolution A/C.1/315).

6. It is intended, when operative parts of draft resolution have been completed, to tidy up preamble, and improvements suggested in your telegram No. 112 of October 8th will be taken into account. As you know, original resolution was prepared in somewhat precipitate manner, and we ourselves have referred in Committee to need for drafting improvements. Unfortunately, your telegram did not arrive in

time for suggestions to be taken into account in redrafting operative part of resolution.

7. It may prove difficult to secure acceptance of final paragraph of revised text as shown in paragraph 4 above. Many delegations are unwilling to see activities of AEC suspended, even though they are prepared to support majority reports. United States delegation intends to hold firmly to wording which leaves AEC in state of suspension, and they will have our support and that of United Kingdom and New Zealand. Scandinavian and Benelux countries will also support this wording, although French and Belgians may weaken. Australia, China, India, Syria, and a good many Latin American countries may join Soviet bloc in opposing it. It may, therefore, be advisable to have some alternative form of wording under consideration in case it becomes expedient to abandon the text as it now stands in our revised resolution. Ends.

560.

DEA/201-B (S)

*Le secrétaire d'État aux Affaires extérieures
à la délégation à l'Assemblée générale des Nations Unies à Paris*

*Secretary of State for External Affairs
to Delegation to United Nations General Assembly in Paris*

TELEGRAM 128

Ottawa, October 12, 1948

SECRET. IMPORTANT.

Your telegram No. 162 of October 11th, 1948, paragraph 7.

I hope that it will be possible to secure acceptance of text which will leave AEC suspended. If it is found that this will not be possible for the reasons you indicate, rather than accept that the AEC resume its work on an indefinite basis, the following compromise formula might be considered: The AEC would resume its meetings, but for the specific purpose of determining whether agreement with the U.S.S.R. on the basis of the majority reports of the Commission, as approved by the General Assembly (paragraph 8 of the Resolution) can be reached. If the Commission finds that this is not possible, it would then suspend its activities again and the procedure suggested in the final paragraph of the revised text, in paragraph 4 of your telegram under reference, would become operative.

2. Such a formula might make it possible to obtain the support of countries who are prepared to vote for majority reports but are reluctant to see the AEC suspend its activities without a final effort by the AEC to reach agreement with the U.S.S.R.

3. You might also consider changing the word "when" in the phrase "to determine when there exists" in paragraph 10 of your draft to the word "whether".

561.

DEA/201-B (S)

*La délégation à l'Assemblée générale des Nations Unies à Paris
au secrétaire d'État aux Affaires extérieures*

*Delegation to United Nations General Assembly in Paris
to Secretary of State for External Affairs*

TELEGRAM 228

Paris, October 19, 1948

SECRET

Referred to London by air bag.

My telegram No. 219 of October 18th,† atomic energy.

Report of Sub-Committee discussed by First Committee, Monday, October 18th. I made statement following advance text reported in telegram No. 219. This statement, which came immediately after vigorous restatement of Soviet position, contained specific reply to almost every point made by Malik.

2. Australia proposed amendment to Canadian resolution substituting paragraph 2 of Indian resolution for our paragraph 3, and re-numbering present paragraph 3 as '4' revised to read as follows:

'4. Requests the six sponsors of the General Assembly resolution of 24th January 1946, who are the permanent members of the Atomic Energy Commission, to meet together and consult in order to determine if there exists a basis for agreement on the international control of atomic energy to ensure its use only for peaceful purposes and for the elimination from national armaments of atomic weapons, and to report to the General Assembly the results of their consultation not later than its next regular session.'

3. Effect of Australian amendment would be to have six sponsors attempt to agree on principles while A.E.C. would at the same time continue its work. Australia fears public reaction if A.E.C. should be formally suspended. Privately one member of Australian delegation said they expected support from India, although India had earlier spoken in support of its own resolution.

4. Syria supported Indian resolution, and El Salvador gave ambiguous support, saying if Indian resolution not likely to receive majority support they could accept the Canadian resolution with amendments.

5. South African delegation, having received unsatisfactory directions from their Government, made purposely vague statement saying they generally preferred Canadian resolution, but for reasons which all would understand their country had to give this problem particular attention, and they would therefore reserve their position with respect to matters dealt with in paragraph 1.

6. Following afternoon meeting, I spoke with Ramadier, Spaak and Austin concerning the progress of the debate. Spaak and Ramadier were strongly of the view that last paragraph of Canadian resolution would not, repeat not, carry in its existing form. Austin said United States would not agree to any modification of position as stated in this paragraph. Subsequently, however, McNaughton spoke to Osborne and showed him revised form of Indian and Australian paragraphs con-

cerning continued meetings of A.E.C. which, if added as new paragraph to existing Canadian resolution (omitting reference to suspension of A.E.C. activities) rather than substituted for existing last paragraph, would appear acceptable. New paragraph would have effect of keeping A.E.C. active but for limited purposes only. Instruction to proceed with drafting of Treaty would be omitted.

7. Our proposal would therefore be to accept revision of our paragraph 3 proposed by Australians and add a new paragraph 4. (groups corrupt — repetition requested.) upon the Atomic Energy Commission to resume its sessions, to survey its programme of work, and to proceed to the further study of such of the subjects remaining in the programme of work as it considers to be practicable and useful."

8. McNaughton saw Hodgson Monday evening and secured his concurrence in this revised text. U.S.A. delegation is consulting Washington to determine whether it too can accept revised wording and whether Austin can propose it.

9. I have indicated willingness of this delegation to accept revised wording because it seems to me that chance of securing adherence to important first paragraph of resolution was being endangered by hesitation of many States to vote for last paragraph.

10. First Committee meets again Tuesday afternoon, October 19th.

562.

DEA/201-B (S)

*La délégation à l'Assemblée générale des Nations Unies à Paris
au secrétaire d'État aux Affaires extérieures*

*Delegation to United Nations General Assembly in Paris
to Secretary of State for External Affairs*

TELEGRAM 231

Paris, October 20, 1948

SECRET

My telegram No. 228 of October 19th, Atomic energy.

U.S.A. delegation received direction from Washington that support be given to revised draft of Canadian Resolution, but because of firm stand taken previously against resumption of Atomic Energy Commission activities, and because they still felt that stand was reasonable, U.S.A. delegate should not introduce new amendments.

2. I therefore submitted amendment to First Committee this afternoon October 19th with concise statement indicating our desire to reach agreement.

3. In subsequent discussion Ecuador, Australia, Sweden, United Kingdom and New Zealand indicated approval of new form of Resolution. Austin gave impressive speech outlining U.S.A. position, but saying in interests of reaching greatest possible agreement they were prepared to acquiesce in the new proposals. The Water of South Africa made brief statement saying they would most certainly support paragraphs 2, 3, and 4 of new Canadian Resolution even though they must, for reasons already explained, reserve their position on paragraph one. U.S.S.R. and Polish delegates repeated previous statements of Soviet position.

4. Debate to be concluded tomorrow October 20th with Cuba and Ecuador on list to speak.

563.

DEA/201-B (S)

*La délégation à l'Assemblée générale des Nations Unies à Paris
au secrétaire d'État aux Affaires extérieures*

*Delegation to United Nations General Assembly in Paris
to Secretary of State for External Affairs*

TELEGRAM 334

Paris, November 4, 1948

SECRET

Atomic energy. General McNaughton made statement in plenary session, following the text contained in my telegram No. 326 of November 3rd.¹¹

2. India proposed two amendments to the Canadian resolution, the first amendment was to insert the words "in substance" between the words "approves" and "the general findings", in paragraph 1. This was rejected by a vote of 9 to 15 with 26 abstentions. The second Indian amendment substituted for paragraph 4 of the Canadian resolution the following text: "Call upon the Atomic Energy Commission to resume and continue its work, to proceed with the study of all the matters within its terms of reference, and to prepare for submission to the Security Council, as early as possible, a draft treaty or convention incorporating the Commission's ultimate proposals." This amendment was rejected by a vote of 5 to 31, with 15 abstentions. Canada voted against both amendments.

3. The Soviet resolution was also voted upon and rejected 6 to 40 with 5 abstentions.

4. The Canadian resolution was adopted 40 to 6, with 4 abstentions.¹² The Soviet block voted against the resolution, and South Africa, Afghanistan, Venezuela and India abstained. Ends.

¹¹ Voir : *Le Canada et les Nations Unies 1948*, pp. 212-214.

See *Canada at the United Nations, 1948*, pp. 210-12.

¹² Pour le texte de cette résolution voir : *ibid.*, pp. 212-213.

For the text of that resolution, see *ibid.*, pp. 212-3.

564.

DEA/50219-A-40

*Extrait du procès-verbal d'une réunion de la Commission consultative
sur l'énergie atomique, le 23 décembre 1948*

*Extract from Minutes of Advisory Panel
on Atomic Energy, December 23, 1948*

TOP SECRET

Ottawa, December 27, 1948

Present:

A.D.P. Heeney, Privy Council Office, in the Chair,
The Honourable A.G.L. McNaughton, UN Atomic Energy Commission,
Dr. C.J. Mackenzie, National Research Council,
Dr. O.M. Solandt, Defence Research.
Marcel Cadieux, External Affairs, Acting Secretary.

Also present:

G.M. Jarvis, Atomic Energy Control Board,
R.G. Riddell, External Affairs.

...
II. *Course of Action to be Followed as Regards the Atomic Energy Commission*

4. *General McNaughton* pointed out that the Resolution adopted by the General Assembly at its Plenary Session on November 4th directs the Commission to resume its meetings and to proceed with the consideration of such items remaining on the agenda as can be usefully dealt with; furthermore, the six permanent members of the Commission are to examine whether a basis for agreement with the U.S.S.R., as regards the international control of atomic energy, can be established. This suggests two lines of approach:

- (a) further exploratory work of a technical nature in the Commission itself; and
- (b) a high level meeting to explore the political aspects of the plan of control.

5. *General McNaughton* reported that after discussion with Mr. Osborne, the U.S. delegate on the Atomic Energy Commission, he had agreed to recommend that the Atomic Energy Commission should meet again in the first week in January. He had also agreed to recommend that the Commission should undertake first a re-writing of its three reports. Certain ambiguities and inconsistencies in these reports have come to light in Paris. Furthermore, the delegates of certain countries have experienced difficulties in understanding the majority proposals as outlined in the reports. It is felt that a more readable, concise and coherent statement [of] the majority proposals will be very useful in explaining these proposals to the general public. Furthermore, the re-drafting of the reports will enable the delegates of the three new members of the Commission (Egypt, Norway, Cuba) to familiarize themselves with the background and details of the work accomplished up to now in the Commission.

6. *General McNaughton* emphasized that in these forthcoming discussions there will be no attempt to modify the principles laid down in the reports. These principles have been endorsed by the General Assembly as the only satisfactory basis for the establishment of a system of international control, and the Commission has no

mandate to plan its programme of work except within the framework already approved by the Assembly. The Commission, having re-drafted its three reports in a simplified form, will then consider how far discussions can usefully proceed on any of the items on the agenda (stages, organization of the control agency, etc.). In General McNaughton's opinion, these discussions will primarily be directed to preparing the ground for a meeting of the permanent members of the Atomic Energy Commission as directed by the Resolution of the General Assembly.

7. *General McNaughton* and Mr. Osborne, having discussed this meeting of representatives of the permanent members of the Commission, have agreed to recommend to their respective governments that the meeting should take place late summer or early next fall, so that a report may be prepared for the next Session of the General Assembly. General McNaughton and Mr. Osborne have also agreed to recommend that the meeting should be at Foreign Ministers level.

8. In answer to a question whether the U.S.S.R. is likely to alter its stand on the majority proposals, even after they have been simplified, *General McNaughton* stated that an important success had been achieved in Paris in securing very strong approval of the reports; he is convinced that the pressure of world public opinion in support of the majority proposals will be felt in Moscow. In his opinion, the U.S.S.R. may yield in the end and it would be undesirable, even if the General Assembly Resolution did not preclude this, to compromise now on the essential principles of the plan. General McNaughton is hopeful that a solution will emerge from the discussions in the Atomic Energy Commission.

9. *The Chairman* enquired whether consideration had been given to the adoption of alternative policies in case the U.S.S.R. were to refuse to compromise. *General McNaughton* referred to the various statements which he and Mr. Chevrier had made in support of the majority proposals: these statements were drafted with a view to meeting this and similar objections to considering the majority proposals as the only satisfactory basis for the establishment of an international system of control of atomic energy. General McNaughton is more convinced than ever that the majority proposals are the only possible basis for agreement, and in his opinion, there is no alternative but to make every effort to convince the U.S.S.R. of their soundness and uniqueness. In General McNaughton's view, there are still four or five years to develop a plan of control and to induce the U.S.S.R. to accept such a scheme of control. In his opinion, it would be unwise at this stage to envisage publicly alternative policies.

10. Failing agreement with the U.S.S.R., *General McNaughton* agreed that it will be essential to continue the tripartite arrangements under the auspices of the C.P.C. General McNaughton felt that even if a North Atlantic Security Pact were concluded, it would still be necessary to continue these arrangements, but that it would be unwise to broaden the agreement to include France. He reported that Belgium is quite pleased with her present position and that in all likelihood, she will not press for the establishment of nuclear plants on its territory as this would make her strategic position even more dangerous. The Scandinavian countries have radio-active materials, and if they were to join the North Atlantic Security Pact, it would be

necessary to give careful consideration to their relationship with the C.P.C. countries:

11. *Mr. Riddell* enquired whether consultations had taken place with U.S., U.K. and French officials as regards the programme of work of the Atomic Energy Commission. General McNaughton reported that the plan outlined above represented an informal agreement tentatively reached between himself and Mr. Osborne. The French delegate, Mr. DeRose, has been consulted and he is in substantial agreement. There has been so far no discussion with the U.K. representatives, but it is known that they had reservations as to the course taken in Paris, and they may have different views as to the tactics to be followed when the Commission resumes its meetings in New York.

12. *The Panel* noted with approval the course of action which General McNaughton proposes to follow as regards the Atomic Energy Commission, and agreed that it is still too tentative to warrant a formal report being made to the Cabinet. It was agreed, however, that the minutes of the meeting should be circulated to the Ministers concerned for their information.

...

2^e PARTIE/PART 2

COOPÉRATION TRIPARTITE TRIPARTITE COOPERATION

565.

DEA/201 (S)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures
Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-38

Washington, January 6, 1948

TOP SECRET. MOST IMMEDIATE.

Following for Mr. St. Laurent from Wrong, Begins: Heeney has sent the attached message to the Prime Minister¹³ about today's discussions here and the desirability that I should be authorized to make tomorrow the declaration of the Government's intention, provided that there is no change of substance from the drafts considered by the Advisory Panel in Ottawa. The need for haste arises because the Secretary of State is most anxious to be able to say in confidence to a few key senators, including Vandenberg, that satisfactory arrangements have been reached before the hearings on the European recovery programme begin on Thursday. Mr. Marshall also will be able to attend a meeting tomorrow, but will thereafter be occupied at the Capitol for some days. It would be rather awkward if the British and United States representatives were both to make their declarations, and if I should be able only to say I must refer the text to Ottawa before a declaration can be made on behalf of Canada. Ends.

¹³ Le document suivant./The immediately following document.

566.

DEA/201 (S)

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

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

TELEGRAM WA-39

Washington, January 6, 1948

TOP SECRET. MOST IMMEDIATE.

Following for the Prime Minister from Heeney, Begins: We had a preliminary meeting this morning with the United Kingdom and United States representatives and it seems probable that a basis of agreement will be reached within the next twenty-four hours. A few outstanding points (of no particular significance to us) are being considered this afternoon with a view to the production of an agreed draft.

2. Provided that agreement on these outstanding points is reached by the officials this afternoon, a meeting of the Combined Policy Committee will be held tomorrow afternoon with the purpose of recording the declarations of intention on behalf of the three Governments. You will recall that this was the form which it was proposed that the new arrangements should take.

3. The United Kingdom representatives now have authority permitting them to make the declaration of intention on their Government's behalf. The United States representatives would also, of course, be in a position to do likewise. On the other hand, although, as you know, Mr. Howe and Mr. St. Laurent have agreed that arrangements along the lines proposed would be in the Canadian interest, specific authority has not actually been given enabling Wrong to make a similar declaration.

4. Unless some issue at present unforeseen arises in this afternoon's discussions, the terms of the identic declarations of intention will correspond substantially to the draft considered by our advisory panel with Mr. Howe and Mr. St. Laurent. Agreement along these lines would, in our opinion, be extremely satisfactory from the Canadian point of view.

5. In the circumstances I would suggest that before tomorrow's meeting Wrong be authorized to make the declaration of intention on behalf of the Canadian Government, provided that the text of the declarations to be made by the United Kingdom and United States representatives does not depart in substance from the draft already considered in Ottawa. It would, I think, be altogether desirable that Canada should accede to these arrangements at the same time as the other two Governments, and both the United Kingdom and the United States are anxious to conclude the matter tomorrow if at all possible.

6. If you concur, I would be grateful if you would have a most immediate telegram sent authorizing Wrong (if the above conditions are met) to make the declaration on behalf of the Canadian Government. I am quite satisfied that if Mr. Howe were available he would agree that this was the right course.

7. Wrong is sending a separate message to Mr. St. Laurent on this subject immediately, and the Minister may speak to you about it. Ends.

567.

DEA/201 (S)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*
*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-46

Washington, January 7, 1948

TOP SECRET. MOST IMMEDIATE.

Following for the Prime Minister from Heeney, Begins: Reference my message of yesterday.

Last evening the officials of all three countries agreed upon all remaining questions and arrangements are going forward for the meeting of the Combined Policy Committee at 4:00 o'clock this afternoon.

2. Agreed revisions in the draft documents do not represent any change in the substance of those considered in Ottawa. In my opinion the final texts which emerge are most satisfactory from the Canadian point of view. To meet United States constitutional requirements the Declarations of Intention by the three Governments are now to be called collectively a *Modus Vivendi*. We and the United Kingdom have agreed that there is no objection to this term.

3. In my immediately following teletype I am quoting the text of the *Modus Vivendi*, which it is proposed to include in the Minutes of this afternoon's meeting in the form of declarations by the representatives of each of the three countries.

4. If we have no word from you by the time the Committee meet, Wrong proposes to say that there has not been opportunity for consideration of the final texts in Ottawa, but that the terms are, in his view, consistent with Canadian policy and are likely to prove acceptable. He would then add that if and when accepted by the Government the other members of the C.P.C. will be so notified.

5. It is quite evident to us here that this is the most favourable opportunity likely to occur to settle these questions in a way satisfactory to all three Governments. So far as Canada is concerned the arrangements covering exchange of information will be particularly helpful to our scientific people. I very much hope, therefore, that we will have word from you which will enable us to conclude the matter this afternoon. Ends.

568.

DEA/201 (S)

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

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

TELEGRAM WA-47

Washington, January 7, 1948

TOP SECRET. MOST IMMEDIATE.

Following for the Prime Minister from Heeney, Begins: With reference to my immediately preceding message, the following is the text of the *Modus Vivendi* to be inserted in the Minutes of the C.P.C.:

MODUS VIVENDI

1. All agreements between the three Governments or any two of them in the field of atomic energy shall be regarded as null and of no effect, with the following exceptions:

(a) The Patent Memorandum of 1st October 1943 as modified by subsequent Agreement on 19th September 1944 and 8th March, 1945.

(b) The Agreement and Declaration of Trust dated 13th June, 1944.

(c) The exchange of letters between the Acting Secretary of State and the British Ambassador of 19th and 24th September, 1945, concerning Brazil.

(d) The agreed public declaration by the President of the United States, the Prime Minister of the United Kingdom, and the Prime Minister of Canada of November 15, 1945.

2. The Combined Policy Committee, already established, and subject to the control of the three Governments, shall continue as an organ for dealing with atomic energy problems of common concern. The Committee shall consist of three representatives of the United States, two of the United Kingdom, and one of Canada, unless otherwise agreed.

3. The Committee shall *inter alia*:

(a) Allocate raw materials in accordance with such principles as may be determined from time to time by the Committee, taking into account all supplies available to any of the three Governments.

(b) Consider general questions arising with respect to cooperation among the three Governments.

(c) Supervise the operations and policies of the Combined Development Agency referred to in paragraph 4 below.

4. The Combined Development Trust, created on the thirteenth of June, 1944, by the Agreement and Declaration of Trust signed by President Roosevelt and Mr. Winston Churchill, shall continue in effect except that it shall henceforward be known as the Combined Development Agency. Of the six persons provided for in clause 1 (2) of the Declaration of Trust, three shall represent the United States, two the United Kingdom and one Canada.

5. The United States, the United Kingdom and Canada will, within the limits of their respective Constitutions and Statutes, use every effort to acquire control of supplies of uranium and thorium situated within their respective territories. The United Kingdom will, insofar as need exists, communicate with the Governments of the British Commonwealth for the purpose of ensuring that such Governments exercise control of supplies of uranium and thorium situated in their respective territories. The United Kingdom will consult with the Commonwealth Governments concerned with a view to encouraging the greatest possible production of uranium and thorium in the British Commonwealth, and with a view to ensuring that as large a quantity as possible of such supplies is made available to the United States, United Kingdom and Canada.

6. It is recognized that there are areas of information and experience in which cooperation would be mutually beneficial to the three countries. They will therefore cooperate in respect of such areas as may from time to time be agreed upon by the CPC and insofar as this is permitted by the laws of the respective countries.

7. In the interest of mutual security, classified information in the field of atomic energy will not be disclosed to other Governments or authorities or persons in other countries without due prior consultation.

8. Policy with respect to international control of atomic energy remains that set forth in the three-nation agreed Declaration of November 15, 1945. Whenever a plan for the international control of atomic energy with appropriate safeguards which would ensure use of atomic energy for peaceful purposes only shall be agreed upon, and shall become fully effective, the relationship of these countries in atomic energy matters will have to be reconsidered in the light thereof.

2. Following is the text of the Declarations which it is proposed to make in placing on record in the C.P.C. the intention of the three Governments:

Mr. Lovett: I am authorized to say on behalf of my Government that it intends to proceed on the basis of the *modus vivendi* which is before us in regard to atomic energy problems of common concern to the Governments of the United States, the United Kingdom, and Canada.

(here insert attached draft)†

Lord Inverchapel: I am authorized by my Government to say that they also intend to proceed on the basis just described by the Chairman.

Ambassador Wrong: I am also authorized by my Government to say that it intends to proceed on this same basis.

Mr. Lovett: I propose therefore that this *modus vivendi* be included in the Minutes of this meeting. Ends.

569.

DEA/201 (S)

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

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

TELEGRAM EX-40

Ottawa, January 7, 1948

TOP SECRET. MOST IMMEDIATE.

Following for Heeney from the Prime Minister Begins: Your WA-39 duly received. If conditions set out in paragraph 5 are met, I am agreeable to having Wrong make a declaration on behalf of the Canadian Government similar to those made on behalf of the Governments of the United Kingdom and the United States.

2. Mr. St. Laurent has been advised that this message is being sent. Ends.

570.

DEA/201 (S)

*L'ambassadeur aux États-Unis
au ministre de la Reconstruction et des Approvisionnements*

*Ambassador in United States
to Minister of Reconstruction and Supply*

TOP SECRET

Washington, January 9, 1948

My dear Mr. Howe:

Heeney will be reporting to you verbally on your return on the very successful outcome of the recent meetings of the C.P.C. I thought, however, that as your alternate on this committee I should let you have a brief report in writing. (The principal documents are going forward by today's courier.)

You will recall that the most difficult problem which had to be solved was the allocations problem and the particular question of the disposition of unallocated stocks in the United Kingdom. On this question the Americans and the British were far apart when Makins¹⁴ returned home in December for further instructions. The instructions which he brought back with him in January, however, were such that soon after his arrival it was clear that with the same good will as governed the conversations in December, it would be possible this time to reach a solution.

It was decided that the sub-groups should meet first, that is the group on allocations and the drafting group. To start the ball rolling we arranged a very small

¹⁴ Roger Makins, sous-secrétaire d'État adjoint, Foreign Office du Royaume-Uni.
Roger Makins, Assistant Under-Secretary of State, Foreign Office, United Kingdom.

group for January 6th at which Bateman¹⁵ and I represented our side and it was at this meeting that the British laid their new proposals on the table. On the American side there was no effort made to conceal their pleasure at the new British offers.

Later in the morning of the 6th the entire materials group got together and it was decided that a drafting group would meet in the afternoon to iron out the final details. Heeney and Stone attended this drafting group for our side. The group after four hours of concentrated work produced what I am sure you will regard as very satisfactory documents setting forth: (a) the basis of future cooperation, now described as a *modus vivendi*, and (b) the allocation of raw materials for the years 1948 and 1949. Separately the United Kingdom and the United States representatives established the text of the document describing the basis of the exchange of information among certain members of the British Commonwealth. With this matter we had little to do. We limited ourselves to advising the British that we did not consider that this was a time to press if the Americans showed any reluctance to accept the principle of the exchange of information in certain limited fields between the United Kingdom and other members of the British Commonwealth, excluding Canada. I think that the fact that the Americans were prepared to accept these principles, however limited may be the fields, serves as a further indication of the change in the atmosphere in Washington.

The meeting of the C.P.C. itself on Wednesday, January 7th, was to have been a purely formal affair with the remarks of each member on the various items of the agenda set down beforehand. There was, however, one disturbing point introduced by Mr. Lilienthal¹⁶ concerning the principles of technical cooperation which, although it was quite satisfactorily settled, thanks to the adroitness of Mr. Makins and Mr. Lovett, had the meeting worried for a few minutes. I think that it is worth discussing this point in some detail as it may arise from time to time and create temporary difficulties in the implementation of the principles laid down in the field of the exchange of information.

From the beginning of these discussions last December we have had clear evidence that in the lower ranks of officials of the Atomic Energy Commission there was a feeling that the United States might be going too far — farther than it legally could under the Atomic Energy Act — in offering exchanges in fields of "information and experience". Stone, for example, has reported to me that Volpe, Assistant Counsel for the Commission, tried very hard in the course of the preparation of the minutes of the meeting of December 15th, to have the report of the discussions on the exchange of information in this meeting toned down considerably, to the point where it would not have reflected accurately the very forthright views of both Lovett and Lilienthal on this matter. The British had noted also this reluctance on

¹⁵ George C. Bateman, membre, Commission consultative sur l'énergie atomique et membre, groupe des matières premières du Comité politique interalliée.

George C. Bateman, Member, Advisory Panel on Atomic Energy and Member, Raw Materials Group of Combined Policy Committee.

¹⁶ David E. Lilienthal, président, Commission de l'énergie atomique et membre pour les États-Unis au Comité politique interalliée.

David E. Lilienthal, Chairman, Atomic Energy Commission, and United States Member, Combined Policy Committee.

the part of junior men in the Commission to go as far as senior officials of the United States Government and Makins used it as an argument for fresh and more liberal instructions when he was in London, saying that time was of the essence, for fear this disposition to restrict the fields of technical cooperation might seep upwards.

The men on the United States side who have this disposition made an effort in the drafting committee on January 6th to have their views reflected in the documents there drafted, but without success. They made one further effort in the C.P.C. itself by persuading Mr. Lilienthal to attempt to have written into the minutes of the meeting that in the matter of the exchange of information it was understood by all members of the committee that each and every topic on which information would be exchanged must be submitted to the Combined Policy Committee. On being questioned, Mr. Lilienthal admitted that this would mean that no technical cooperation could be gotten under way until the Combined Policy Committee next met. His idea was that the sub-group of scientists whose duty is to examine the fields in which information might be exchanged would be established at once in accordance with the decision of the committee and that their recommendations would then be considered by the committee, say at the end of the first quarter of 1948, when it will presumably have to meet again to consider allocations. Mr. Lilienthal's main argument was that in appointing a scientist to this sub-group and delegating to him the power to decide in what fields information could be exchanged with other countries, the Atomic Energy Commission of the United States was exceeding its powers of delegation.

Mr. Lovett immediately pointed out that insofar as he himself was concerned he would be inclined to regard this as a cumbersome procedure. Furthermore, he recalled that at the last meeting of the C.P.C. on December 15th he had stated, during the discussion on this same topic, that the members of the C.P.C. (and the other two members had agreed) were about as badly qualified to pass on any technical scientific questions as any three people could possibly be. (He was, of course, referring to me as your alternate and not to you as the member, and that was the basis on which I agreed with him!) He was unable, therefore, to see the advantage of having a scientific sub-committee refer specific technical problems to a group of men who would obviously have no choice but to retire into a room and flip a coin in order to reach a decision.

Makins said in answer to Lilienthal's statement that on the British side they had definitely not understood that exchanges of information would be subject to this particular sort of control and in this I agreed. Makins then went on to say that his conception of the operation would be that the United States member of the sub-group of scientists would report to the Atomic Energy Commission and from the Commission got his authority to proceed to arrange for the exchange of information with the United Kingdom and/or Canada in any specific field. Should the United States member come back to the sub-group and say that exchanges in the opinion of the Commission were not possible in a particular field, the British and Canadian members of the scientific sub-group would have two choices — either they could accept the Commission's view or they could request that the matter be referred to the C.P.C. if it was of such importance as to involve considerations

which might be aired before this committee. Lilienthal gracefully accepted Makins' statement and withdrew his own.

Whether it is a precedent or not, I am unable to say; in any case, this particular meeting of the C.P.C. was held in Blair House and ended with drinks being passed to all present.

In the matter of the question of the exchange of information, which is, of course, perhaps the most important for us at the present time, we have in the two days since the C.P.C. meeting had further evidence of the very great desire on the top level to carry cooperation in the technical field just as far as possible under the present law. Indeed, we have been informed that there is a willingness to ask for amendments to the Atomic Energy Act should the interpretation which it is thought can be given to it prove in experience to be too restrictive. Makins tells me that George Kennan of the State Department told him in no uncertain terms that this cooperation simply had to work and we have clear evidence that Forrestal is in favour of it without any reservations and in this is at one with Lovett and, presumably, with General Marshall who was, unfortunately, not able to attend the meetings.

Yours sincerely,

H.H. WRONG

571.

DEA/201 (S)

*Le président de la Commission consultative sur l'énergie atomique
au ministre de la Reconstruction et des Approvisionnements*

*Chairman, Advisory Panel on Atomic Energy,
to Minister of Reconstruction and Supply*

TOP SECRET

Ottawa, January 10, 1948

Dear Mr. Howe:

The meetings with representatives of the U.K. and U.S. governments on collaboration in the field of atomic energy resumed in Washington on January 6th, the Canadian government being represented by Wrong, Stone, Bateman and myself. The discussions concluded with a final meeting of the Combined Policy Committee on January 7th.

The results of these resumed meetings are exceedingly satisfactory, not only from our own point of view, but from that of the United States and the United Kingdom as well. Agreement was reached on all outstanding points and in an atmosphere of the warmest co-operation.

The new understanding between the three governments, which replaces the Quebec Agreement and (with a few stated exceptions) the agreements subsequent thereto, is to be known as a *modus vivendi* and is included in the minutes of the Combined Policy Committee meeting of January 7th. In substance this form of words, accepted by the representatives of all three countries, is the same as that which was reported to you and the Secretary of State for External Affairs at the meeting of the Advisory Panel, which was held before you left Ottawa. The Com-

bined Policy Committee is continued as the medium of co-operation; the Trust continues (as 'the Combined Development Agency'), specific provision being made for Canadian representation thereon; provision is also made for agreed allocations and for the exchange of information and experience.

The earlier document on 'technical co-operation' is being included as an annex to the C.P.C. minutes for this meeting and the agreement on allocations is also set out providing for the maintenance of the minimum programmes of all three countries during 1948 and 1949. As you know, it was this last question which caused the greatest difficulty. In the event, however, Makins had obtained from his government new instructions which enabled the U.K. representatives to accept the basic U.S. requirement for the maintenance of pipeline and reserve stocks adequate to meet their needs. It is provided in this document that the mutual guarantee of stocks at these stated levels is bound up with the other provisions; it was made quite clear in the discussions that the implementation of these undertakings by the United Kingdom was conditional upon the satisfactory carrying out of the arrangements for the exchange of information.

As soon as the texts of the final documents have reached me from Washington I shall send a complete set to you for your file. I feel quite sure that you will find them not only interesting but thoroughly satisfactory from our point of view. If the U.S. Atomic Energy Commission and the technical sub-group set up by the Combined Policy Committee continue to show the will to co-operate, which was evident in our meetings in Washington, there is every reason to hope that collaboration between the three countries is off to a new start which will prove mutually helpful.

At the last moment it seemed that on the U.S. side there would be difficulty in accepting an obligation to disclose all information as intended by the C.P.C. because of the legal situation under the McMahon Act.¹⁷ However, the Under-Secretary of State (who presided in General Marshall's absence) took the responsibility of accepting the U.K. position (and our own) on this matter, with the result that the revised texts were approved *in toto* by the Committee.

In your absence I reported from Washington direct to the Prime Minister and obtained his authority (with Mr. St. Laurent's concurrence) to have our Ambassador declare the adherence of the Canadian government to these arrangements. With a view to the confirmation of this action the subject is being put on the agenda for next Tuesday afternoon's Cabinet meeting.

I shall look forward to an opportunity of supplementing this report to you verbally some time after you return.

Yours sincerely,
A.D.P. HEENEY

¹⁷ Atomic Energy Act.

572.

DEA/201 (S)

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

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

TELEGRAM WA-90

Washington, January 10, 1948

TOP SECRET

Following for Heenev from Wrong, Begins: We are sending by courier leaving this afternoon a report on the meetings which you attended here, addressed to Mr. Howe, together with copies addressed to you, which you might distribute to Pearson and Robertson. We are also sending you today, in duplicate, such of the documents as are available. The Minutes of the final meeting will follow next week.

2. The point that requires very early action in Ottawa is the nomination of our representative on the Standing Scientific Committee. The United States intend to appoint Vannevar Bush as well as Fisk, who was named at the C.P.C. meeting, and the United Kingdom are appointing Woodward. I expect that the British will be pressing for the Committee to begin operating soon. Will you discuss this with M[a]ckenzie¹⁸ and with Mr. Howe on his return?¹⁹

3. Makins told me yesterday that he had just seen Lilienthal and Kennan separately and had talked over with them Lilienthal's intervention about the exchange of information which took place at the C.P.C. meeting. Lilienthal seemed satisfied with the decision reached and did not press his point. Kennan spoke very strongly about the intention of Marshall, Forrestal, and Lovett to make the arrangement work satisfactorily, saying that if the United States Commission was too much influenced by the restrictive ideas of Volpe and others of its officers, the administration was prepared both to seek the amendment of the McMahon Act and to replace one or more of the Commissioners who had been causing some difficulties. I gather that Straus is the Commissioner chiefly concerned. Kennan remarked that it would be pretty difficult to interfere with the execution of an arrangement strongly supported by Marshall, Forrestal, and Lovett. Ends.

¹⁸ C.J. Mackenzie, président du Conseil national de recherches.

C.J. Mackenzie, President, National Research Council.

¹⁹ Le candidat canadien était W.B. Lewis, directeur à Chalk River; Lewis fut par la suite représentant sur le Sous-comité technique du CPC et membre du Comité sur la production et le développement du CPC.

The Canadian nominee was W.B. Lewis, Director of Chalk River; Lewis was later Representative, Technical Sub-Committee, CPC, and Member, Production and Development Committee, CPC.

573.

PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET

[Ottawa] January 13, 1948

...

ATOMIC ENERGY; COLLABORATION WITH THE UNITED KINGDOM
AND THE UNITED STATES

23. *The Minister of Reconstruction and Supply* reported that discussions had recently been concluded in Washington between representatives of the U.K., U.S. and Canadian governments respecting the revision of the wartime arrangements between the three countries for collaboration in the field of atomic energy. The government had been represented by Mr. Wrong (as alternate member to the Minister on the Combined Policy Committee) and Mr. Stone of the Embassy, Dr. MacKenzie of the National Research Council and Mr. Batemen of the Atomic Energy Control Board and (for the final meetings) Mr. Heeney.

Full agreement had been reached for technical cooperation and the exchange of information and for the allocation of supplies of essential materials to meet the requirements of the three national programmes. The conditions which had been agreed had been recorded as declarations of intention on behalf of the three governments in the minutes of the Combined Policy Committee. Together they constituted a *modus vivendi* which, from the Canadian point of view (as well as from those of the other parties), was most satisfactory. It was anticipated that the new arrangements for exchange of information would be of great assistance in the further development of the Canadian programme.

24. *Mr. Howe* said that the Canadian representative (Mr. Wrong) had adhered to these new arrangements at the final meeting of the Combined Policy Committee on January 7th upon authorization given by the Prime Minister to Mr. Heeney.

Before the last meetings were held in Washington, the Minister and the Secretary of State for External Affairs had met with the Advisory Panel on Atomic Energy (December 23rd, 1947) and had received a full report upon the proposals which had been worked out in earlier meetings in Washington. These provided the basis upon which the *modus vivendi* had been developed.

(Telegram WA-39, Mr. Heeney to the Prime Minister, Jan. 6; telegram EX-40, the Prime Minister to Mr. Heeney, Jan. 7, 1948).

25. *The Cabinet*, after discussion, noted with approval the Minister's report.

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574.

DEA/201 (S)

*Note du secrétaire du Cabinet
pour le ministre de la Reconstruction et des Approvisionnements
et pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Secretary to Cabinet
to Minister of Reconstruction and Supply
and Secretary of State for External Affairs*

TOP SECRET

Ottawa, June 22, 1948

RE ATOMIC ENERGY; U.K.-U.S.-CANADA COLLABORATION

Wrong informed me by teletype yesterday that a meeting of the C.P.C. will probably take place on Friday of this week, or Monday of next. Nothing of special importance to Canada is likely to arise, and Wrong will represent Mr. Howe as his alternate, unless he is instructed to the contrary. An agenda is expected to be prepared in the next day or two and a copy will be sent to Mr. Howe.

2. U.S. officials concerned (Lilienthal and the State Department) informed Wrong, not long ago, that they were inclined to think that the time had come to make an inconspicuous public announcement about co-operation between the U.K., U.S. and Canada. The two chief reasons given were, first, that it was desirable to show the public that the deadlock in the U.N. Commission does not mean that there can be no international collaboration in this field and, second, that there was constant danger that information would leak out about meetings between the scientists and experts of the three countries. A copy of a draft 'joint statement' is attached. The U.S. do not necessarily intend that the statement should be in fact 'joint'. They may propose that anything agreed on be included in a speech by the U.S. Delegate at the U.N. Commission.

It is probable that this question of a public statement will be discussed when the C.P.C. meets and Wrong will require instructions as to the Canadian attitude.

3. Before putting the matter before Ministers for direction I have consulted members of the Advisory Panel (Mackenzie and McNaughton). In the absence of Pearson I have also consulted the Acting Under-Secretary of State for External Affairs because of the external policy aspects of an announcement of tripartite collaboration at this time.

Mackenzie comments that from the strictly Canadian internal standpoint he does not think that it makes any difference whether a statement is made or not. Informed people in this country already know that some type of co-operation has existed in relation to atomic energy with both U.K. and U.S. scientists. As to the desirability of forestalling a leak, Mackenzie thinks this is for the Americans to decide. He does not feel qualified to offer an opinion as to the effect in relation to the United Nations.

McNaughton has wired me that in his view the proposal for a public announcement at this stage should be approached 'with the utmost caution'. In particular, he fears the effect of such a statement on our collaboration in the U.N. Atomic Energy

Commission with such countries as France and Belgium. If it is decided to go ahead, he has indicated his opinion as to the line such a statement should take. A copy of his teletype to me, of June 19th, is attached.†

4. My own view is that the Americans have not made their case for a public statement at this time. It is at least arguable that any measure of public encouragement to be derived from an announcement of collaboration between the three countries would be more than offset by the impression (which the U.S.S.R. would be quick to foster) that the U.S., U.K., and Canada have had their tongues in their cheeks all along and that we have never really intended that the U.N. Commission should get anywhere. As to security, the danger of a leak has probably grown with the development of collaboration but it has existed for a long time.

5. If the Americans are insistent, I think that, after raising the considerations mentioned, our representative should probably concur and bend his efforts to having the form of announcement take into account the points mentioned in McNaughton's telegram. As the U.S. Defence Department have suggested, any statement made should be as inconspicuous as possible and the emphasis should be on a *continuation* of the collaboration which has gone on for some time; it should also be fitted in carefully with joint policy in the U.N. Commission in support of real international control under the stated conditions.

6. If you agree please so indicate in the margin of this memorandum and I will send a telegram to Wrong instructing him along the lines indicated in paras. 4 and 5.²⁰

A.D.P. H[EENEY]

575.

DEA/201 (S)

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

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

SECRET

Ottawa, July 13, 1948

RE ATOMIC ENERGY; ANNOUNCEMENT OF U.K.-U.S.-CANADA COLLABORATION

You will recall that we were informed that U.S. authorities would likely propose to the Combined Policy Committee that some appropriate public announcement be made concerning collaboration between the U.K., U.S., and Canada in the field of atomic energy. This proposal was drawn to the attention of Mr. Howe and yourself in my memorandum of June 22nd and, subsequently, on the authority of you both Wrong was instructed that he should consent to the course proposed by the United States if U.S. representatives insisted upon its importance.

²⁰ Note marginale :/Marginal note:

I agree, being particularly impressed by views stated in Gen. McNaughton's wire. St. L[aurant]

Our representative at the C.P.C. meeting, which was held last week, pointed out the reservations which we had upon the wisdom of any announcement at this time. Nevertheless, the United States did insist and our representative indicated that we would press no objection.

It has now been suggested, informally, to Stone that Dr. Lilienthal, the Chairman of the U.S. Atomic Energy Commission be invited to visit Chalk River toward the end of July and that during his two or three days in Canada he make a public speech on atomic energy, in which reference (in agreed terms) would be made to continued co-operation and exchange of information, etc., between our three countries. This announcement would be given no undue prominence but would merely form part of his address. The United States themselves now agree that a formal statement would be undesirable.

There can, of course, be nothing against Lilienthal being invited to Chalk River. The only questionable part of the U.S. suggestion is the possibility that announcement here might give disproportionate prominence to Canadian participation which might easily be magnified and exploited by the U.S.S.R.²¹

Mr. Howe sees no objection to falling in with the U.S. suggestion but thinks Lilienthal's visit might better be deferred until toward the middle of August. He suggested that the Canadian Club would be an appropriate forum for a speech by Lilienthal.

Will you please let me know your view so that I may let Stone know what word should be given to the U.S. authorities?

I am sending a copy of this memorandum to Pearson.

A.D.P. H[EEENEY]

576.

DEA/201 (S)

*L'ambassadeur aux États-Unis
au secrétaire du Cabinet*

*Ambassador in United States
to Secretary to Cabinet*

TOP SECRET

Washington, July 21, 1948

Dear Mr. Heeney:

Mr. Lilienthal had lunch with me today, and I have just dictated a message to you about the question of a visit by him to Chalk River. I find him a very attractive and understanding person. He spoke fully about the reasons which lead him to attach importance to some not very informative announcement of the continuation of tri-partite collaboration in the development of atomic energy. The fact which had

²¹ Cette suggestion a été discutée par le CPC à sa réunion du 7 juillet. Le secrétaire britannique lors de cette réunion, était D.D. Maclean, identifié plus tard comme espion soviétique. This suggestion was discussed by CPC at its meeting on July 7. The United Kingdom secretary for this meeting was D.D. Maclean, later revealed as a spy for the Soviet Union.

not been mentioned in previous discussions of this question was that he foresees a lot of internal difficulty in maintaining and expanding scientific collaboration unless a careful public explanation is given of what is being done. He said that there was trouble with some of his own people over the decisions reached in December and January last, and that this trouble would increase if the general nature of the decisions continued to [be] shrouded in secrecy. He meant by his own people in this connection members of the staff of the Atomic Energy Commission. He may possibly also have meant some of his colleagues on the Commission. You may recall that at the final meeting of the series last winter, held in Blair House, it was arranged that all the members of the Commission should attend on the ground that this would be useful in laying to rest doubts held by one or more of the members. I know that Mr. Strauss was the principal doubter at that time.

Mr. Lilienthal also said that there were hesitations in some quarters in Congress which might easily become very embarrassing if the impression grew up that international collaboration was being conducted in an underhand manner. He thinks that a good deal could be done to cope with difficulties such as these if it were said on an appropriate occasion that of course scientific cooperation with Canada and the United Kingdom was continuing, and back it up by references to the statements issued in August 1945, and to the meetings between the three Heads of Governments here in November of that year.

He said that the concern expressed did not relate to collaboration with Canada. It was the collaboration with the United Kingdom that caused anxiety. He mentioned in this connection that some of the U.S. scientists who recently visited the United Kingdom project had expressed their worries on their return.

For international reasons, also he believes that something should be said before the Assembly meets so as to avoid charges of bad faith during the debate on the control of atomic energy.

I explained to him that it would be difficult to arrange a visit to Chalk River until after August 9th, and that we thought in any case that it would be inappropriate for a public reference to collaboration to be made in Canada although it could suitably be made in this country on his return. The time-table presents serious problems. It is now the 21st of July and if anything is to be said it should be said by early September at latest. Mr. Lilienthal is in urgent need of a holiday and has arranged to be away from early August until Labour Day — dates which he cannot now switch. He thinks that he himself will have to be the spokesman. He is going to think over various ways and means of finding a suitable occasion — not an easy matter at this season of the year. As I mentioned in my message to you, I told him that I thought a private visit to Chalk River could be arranged in the near future if that would help. Such a visit is, of course, unnecessary for the main purpose if some other suitable expedient can be found. We agreed that the occasion must be such as not to give prominence to whatever was said about tri-partite cooperation. You will note that his main concern is the possibility that opinion at home may turn sour and prevent or endanger continued cooperation. It seems to me to be clearly in our interest to do what we reasonably can to assist in meeting this danger. He fully agrees with our objections to a formal press statement, and I think that we could

safely trust him to say nothing that would be embarrassing to us even if his remarks had not been cleared in advance, but were made off the cuff at a press conference.

Yours sincerely,

H. WRONG

CHAPITRE VII/CHAPTER VII
RELATIONS ÉCONOMIQUES INTERNATIONALES
INTERNATIONAL ECONOMIC RELATIONS

PREMIÈRE PARTIE/PART 1

ORGANISATION INTERNATIONALE DU COMMERCE ET ACCORD
GÉNÉRAL
SUR LES TARIFS DOUANIERS ET LE COMMERCE
INTERNATIONAL TRADE ORGANIZATION AND GENERAL
AGREEMENT
ON TARIFFS AND TRADE

577.

W.L.M.K./J4/Vol. 310

*Note de l'adjoint exécutif du premier ministre
pour le premier ministre*

*Memorandum from Executive Assistant to Prime Minister
to Prime Minister*

CONFIDENTIAL

[Ottawa], February 3, 1948

RE STATEMENT ON OLEOMARGARINE AT CAUCUS

Mr. St. Laurent asked Baldwin to give me a report for you on the discussion at Council yesterday (when you were not present) at which the hope was expressed that you would say a few words about the *oleomargarine* question.

Baldwin prepared a note which is attached. I gather two things were suggested.

(1) An explanation of why the government had agreed at Geneva to the *removal of the ban*

(2) An appeal to supporters of the government not to make public statements taking any irrevocable stand until they had considered all sides of the question.

I thought it might be helpful to have a short memorandum on the reasons for the action taken at Geneva. I am accordingly attaching a note which Mr. Deutsch has prepared.

J.W. P[ICKERSGILL]

[PIÈCE JOINTE 1/ENCLOSURE 1]

*Note du secrétaire adjoint du Cabinet
pour l'adjoint exécutif du premier ministre*

*Memorandum from Assistant Secretary to Cabinet
to Executive Assistant to Prime Minister*

SECRET

Ottawa, February 3, 1948

RE OLEOMARGARINE

The discussion in Cabinet as to the statement that might be made in caucus ran along the following lines:

The general agreement on trade and tariffs concluded at Geneva represented an agreement among the major trading countries of the world, i.e. the countries who account for 80% of the world's foreign trade.

In the course of the negotiations our own representatives made vigorous attempts to have removed from the provisions of the agreement the general clause which would prevent nations from imposing import bans of the type contained in our legislation preventing the importation of oleomargarine. These attempts, however, were unsuccessful and the general agreement as it now stands requires that Canada if she adheres to the agreement, get rid of the present legislation banning the importation of oleomargarine. In a sense this may be considered as the price which we paid for the numerous tariff concessions we obtained from other countries, particularly in respect of agricultural products.

The government has accepted the general agreement and therefore must remove the present oleomargarine legislation. The alternative would be rejection of the general agreement which would, in effect, be rejection of a major government measure and therefore equivalent to the defeat of the government. No real possibility exists of making any change in the present general agreement.

In the circumstances, the adoption of any hard and fast or final attitude in this matter on the part of members might have serious consequences; rather the objective should be a free and open discussion of what the government should do now that it is placed in a position where it must make some change in the existing legislation.

The points to be considered in this connection would be:

- (a) Whether it would be feasible since the government must remove the ban on importation, to continue to maintain the ban on domestic manufacture; and
- (b) what arrangements with regard to tariff or excise tax treatment might be substituted for the present legislation?

J.R. BALDWIN

[PIÈCE JOINTE 2/ENCLOSURE 2]

*Note du directeur de la Direction des relations économiques
du ministère des Finances*

*Memorandum by Director, Economic Relations Division,
Department of Finance*

[Ottawa], February 3, 1948

GENEVA TRADE AGREEMENTS AND THE PROHIBITION OF THE IMPORTATION
OF OLEOMARGARINE

The removal of quantitative restrictions on international trade is one of the basic provisions in the Geneva Trade Agreements. Great importance was placed upon this provision by all the chief trading nations at Geneva because, in the past, quantitative restrictions have been more ruinous to international trade than any other protective device, such as tariffs and subsidies. Consequently, signatory countries agreed to refrain from the use of such quantitative restrictions apart from specifically defined exceptions. The exceptions relate to measures necessary to safeguard the balance of payments, the protection of essential security interests, protection of public health, etc. A number of other closely controlled exceptions are allowed to meet certain temporary and special circumstances.

The Canadian Delegation at Geneva endeavoured to obtain an exception from the rule against quantitative restrictions which would have permitted the continuation of the present prohibition against the importation of oleomargarine. The Canadian Delegation argued that such a prohibition should be permitted in cases where the domestic manufacture of the product concerned is prohibited. In spite of repeated efforts to secure the adoption of this proposal, the Canadian Delegation was unable to obtain the support of any other delegation represented at Geneva. Canada was a minority of one in this matter. Delegations of other countries argued that if an exception, such as Canada proposed, were adopted, it would be impossible in logic and equity to refuse numerous other exceptions which would completely destroy the basic provision.

In the tariff negotiations, however, the Canadian Delegation refused to bind the Canadian tariff on oleomargarine. Therefore, when the Geneva Agreements are ratified, the Canadian Parliament will remain completely free to place whatever tariff it wishes upon the importation of oleomargarine into Canada. Canada could impose any restrictive tariff it wishes, either now or in the future, upon oleomargarine without contravening any obligation in the Geneva Agreements.

[J.J. DEUTSCH]

578.

PCO

*Extrait des conclusions du Cabinet**Extract from Cabinet Conclusions*

TOP SECRET

[Ottawa], February 12, 1948

...

PARLIAMENT; GENEVA AGREEMENT; OLEOMARGARINE

1. *The Government Leader in the Senate*, referring to discussion at the meeting of February 5th, said that some indication of the government's attitude with regard to the importation and manufacture of oleomargarine would probably be necessary in relation to a bill which would come before the Senate at an early date.

2. *The Secretary of State for External Affairs*, referring to the explanation given in the House of Commons the previous day, pointed out that the relevant provisions of the General Agreement were not yet in force and might not come into effect for some months. Although there was no indication of any substantial modification of the clauses affecting restrictions and prohibitions a final text might have to be considered following the conclusions of the current discussions in Havana of the I.T.O. charter.

Meanwhile, the Department of Justice had been asked to advise upon the legal position with regard to the legislative action which would be necessary when these provisions of the General Agreement came into effect.

(House of Commons Debates p.p. 1089-91, Feb. 11, 1948).

3. *The Prime Minister* observed that, even if the existing prohibition of imports had to be repealed under the General Agreement, it was agreed that it would be necessary to maintain in some form a substantial measure of protection for the Canadian dairy industry in relation to oleomargarine.

4. *The Cabinet*, after further discussion, agreed that no declaration of policy on the subject be made for the present pending the coming into force of the provisions of the General Agreement with respect to prohibitions and restrictions and pending report by the Department of Justice on the legal question involved.

...

579.

PCO

*Extrait des conclusions du Cabinet**Extract from Cabinet Conclusions*

TOP SECRET

[Ottawa], March 31, 1948

...

GENERAL AGREEMENT ON TARIFFS AND TRADE; CONCESSIONS
TO CZECHOSLOVAKIA

35. *The Secretary of State for External Affairs* reported that the Czechoslovakian government had recently adhered to the General Agreement on Tariffs and Trade.

As a consequence, Czechoslovakia would, in the normal course of events, receive the benefit of the trade concessions negotiated under the Agreement with other member countries.

The U.S. government had decided that present political conditions made it necessary to take special action to withhold from Czechoslovakia the concessions previously negotiated under the General Agreement. The United States proposed to call a special meeting of the contracting parties to request a waiver of rights under the Agreement so that this action could be taken.

Should the necessary two-thirds majority be obtained, any contracting party would be free to withhold from Czechoslovakia concessions under the Agreement. The U.S. government had requested Canadian support for this action.

Should the necessary waivers be not forthcoming, the U.S. government proposed in any event to proceed with unilateral action.

36. *Mr. St. Laurent* observed that the problem involved was primarily political. It had originally been intended that the General Agreement and the International Trade Organization should be primarily functional in nature and open to all nations. Recent major changes in international political relationships had, however, made it necessary to reconsider this attitude. The effect of the proposed U.S. action, if generally supported by other parties to the General Agreement, would be that satellite countries of the U.S.S.R. would in future be excluded from the benefits of the Agreement.

The U.S. government had pointed out that, unless this action were taken, Communist controlled countries would be able to demonstrate that, regardless of their opposition to the European Recovery Programme, they were still able to obtain economic benefits from the western democracies — an argument which might play an important part in forthcoming European elections.

The economic consequences of the withholding of concessions negotiated with Czechoslovakia would not be substantial for Canada. No special action to withdraw Canadian concessions was necessary since the Governor in Council had not as yet made effective concessions negotiated between Canada and Czechoslovakia.

The Cabinet Committee on External Trade Policy had recommended that Canada support the U.S. action in seeking a waiver of rights under the General Agreement and that no action be taken to put into effect trade concessions negotiated between Canada and Czechoslovakia.

(Minutes of Cabinet Committee on External Trade Policy, paras.1-3, Mar.31, 1948).†

37. *The Cabinet*, after discussion, approved the recommendation of the Cabinet Committee on External Trade Policy and agreed that External Affairs be directed accordingly.

...

580.

DEA/9100-P-3-40

*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*

Ottawa, April 26, 1948

My dear Ambassador,

It was with some surprise that I learned yesterday that your Government had taken action to extend the benefits of the General Agreement on Tariffs and Trade to Czechoslovakia. The Canadian Government, as you know, suspended consideration of the desirability of taking similar action because of representations made by the Government of the United States. In these circumstances we had, I think, some right to expect that we should receive a sufficient warning of any change in United States policy to permit of the question being reconsidered here before final action was taken in Washington. As it is the Canadian Government may now be placed in the position of extending a late and apparently grudging recognition of benefits to be conceded to Czechoslovakia under the General Agreement after those benefits have been extended by the government which requested us to postpone the action we had contemplated.

Yours sincerely,

L.B. PEARSON

581.

DEA/9100-P-1-40

*Le secrétaire d'État aux Affaires extérieures
au chefs de poste à l'étranger*

*Secretary of State for External Affairs
to Heads of Post Abroad*

CIRCULAR DOCUMENT NO. A. 131

Ottawa, June 4, 1948

CONFIDENTIAL

Sir,

I have the honour to refer to my circular despatch No. A 149 of December 18, 1947 enclosing a memorandum on the International Trade Organization, and to give below a brief account of the Havana Conference, the first session of the Contracting Parties to the General Agreement on Tariffs and Trade, and other recent developments, particularly as they affect Canada.

2. The text of the General Agreement on Tariffs and Trade and the Protocol of Provisional Application which was drawn up by the Preparatory Committee in Geneva and signed by Canada on October 30, 1947, was printed in Canada Treaty

Series 1947 No. 27. This volume, and also No. 27A containing the Canadian tariff schedules annexed to the General Agreement, has already been referred to you. The draft Charter drawn up by the Preparatory Committee appeared as United Nations' publication 1947 II 4, but has not been circulated to our missions abroad.

3. At the Havana Conference, which lasted from November 21, 1947, to March 24, 1948, the representatives of fifty-six governments examined this draft Charter and made a number of revisions of varying degrees of importance. The text of the Charter agreed upon at Havana will appear in the Canada Treaty Series and will eventually reach you as part of the regular distribution.

4. Fifty-three of the participants at the Havana Conference became signatory to the Final Act and will now, it is to be expected, take steps, in accordance with their individual constitutional procedures, to secure approval of the Charter, which will enter into force when the majority of the signatories have deposited instruments of acceptance. On or after March 24, 1949, if a majority have not accepted the Charter, twenty instruments of acceptance will be sufficient to bring it into force. Pending entry into force, an interim Commission of the Organization has been set up with an Executive Committee of eighteen members of which Mr. L.D. Wilgress is Chairman.

5. The following brief account of the developments at Havana and the attitude of the Canadian Government towards them will be useful to you in dealing with any discussion that may arise regarding the proposed International Trade Organization. In return we shall be interested to receive all information that may reach you regarding the attitude towards the International Trade Organization of the Government to which you are accredited and any plans it may have for securing approval of the Charter and becoming a member of the permanent organization.

6. You will have gathered from press reports, and indeed from the very duration of the Conference, that the reconciliation of the divergent interests and points of view represented proved to be a difficult task. Many of the compromises finally accepted were reached after long and delicate negotiations which made heavy demands upon the participants and which were brought to a successful conclusion only because the latter were willing to subordinate certain minor individual interests to the achievement of a project which it was felt would, as a whole, be of infinitely greater benefit to them than any tactical victory on points of detail. If, in the discussion below, I sometimes seem to dwell on the Canadian contribution to this spirit of compromise, it is by no means my wish to imply that Canada gave up much for little, but on the contrary to emphasize the value which we attach to the successful establishment of an International Trade Organization, a value which far outweighs any minor concessions we may have offered.

7. There were many sections of the Charter which gave rise to prolonged debate before compromise could be secured, but I shall select only those which best illustrate the most important of the principles at stake. These principles were briefly the following:

- a) the eventual elimination of preferential tariff systems;

b) the partial elimination of quantitative restrictions, that is all except those recognized as necessary to adjust difficulties relating to members' balance of payments;

c) the eventual complete elimination of discriminatory quantitative restrictions;

d) the partial elimination and strict control of export subsidies;

e) the system of voting and control in the organization itself.

8. The first difficulty arose from the determination of the so-called "under-developed" countries to secure sanction for very broad relaxations of the Charter provisions regarding non-discriminatory quantitative restrictions (Articles 13 and 14) and preferential arrangements for economic development (Article 15). Another proposal, which would have led to the establishment of a Committee on Economic Development to "protect" the interests of the "under-developed" countries, was defeated in Committee. The price of this defeat was the abandonment of the Tariff Committee by the industrialized group. This Tariff Committee, which had been included in the Geneva draft, would have administered the General Agreement, on Tariffs and Trade with quasi-autonomous powers. Throughout the debates there was a tendency on the part of the "under-developed" group to regard the Tariff Committee as an instrument by which the industrialized nations might try to maintain economic dominance, and a corresponding tendency to play up the Economic Development Committee as their "protector". It was in this way that the two questions came to be related, and the disappearance of one committee thus entailed the disappearance of the other. The compromise finally reached on Articles 13 to 15 required the prior approval of the Organization to the adoption of new preferential arrangements or discriminatory restrictions, but specified certain "objective criteria" the existence of which would make such approval by the Organization automatic. A time limit was imposed on new preferential arrangements, which will require that they be reviewed at the end of ten years and at five year intervals thereafter. In addition an "Interpretative Note" was added to the Articles stating that "the Organization need not interpret the term 'economic region' to require close geographical proximity if it is satisfied a sufficient degree of economic integration exists between the countries concerned." These two latter provisions were welcomed by the United Kingdom, which had at first been inclined to oppose the sanction accorded to new preferential arrangements on the grounds that this constituted discrimination against the long standing preferential systems which under the Charter are destined to eventual elimination. Moreover, until the adoption of the "Interpretative Note" referred to, the United Kingdom had not been satisfied that the "objective criteria" specified would permit the adoption of new preferential arrangements within the British Colonial Empire. The United States had been prepared to make important concessions in this field in order to conciliate certain of the Latin-American countries which form a large and vociferous group in the "under-developed" bloc. The efforts of the Canadian Delegation were directed towards securing a compromise which would be acceptable to all the different interests mentioned above and would at the same time weaken the Charter as little as possible. From this point of view, the concessions made to the "under-developed" group admittedly go further than the Canadian delegation would have

wished, but on the other hand the basic principles of the Charter are retained and affirmed and are subject to exceptions only for specific and stated purposes.

9. A second major conflict, and one of more immediate concern to Canada, arose over the exceptions to the rule of non-discriminatory administration of quantitative restrictions which were to be allowed on the grounds of balance of payment difficulties (Article 23). Since, from the United States' point of view, non-discrimination and the abolition of quantitative restrictions on trade were the two fundamental principles of the Charter, it was considered by the United States to be of the greatest importance that any exception to them should be limited as rigidly as possible. The Geneva compromise on Article 23 was regarded as the furthest they would choose to go in making concessions in this field. The United Kingdom, however, in view of its very precarious financial position, was anxious to push as far as possible the relaxing of restrictions on discrimination, and until the last two weeks of the Conference agreement was not finally assured. The text eventually accepted provided for two options, the Geneva and the Havana. The first gives members the option of being governed by the Geneva text of Article 23 (now incorporated as Annex K to the Havana draft); the second option makes special concessions to members who, before March 1, 1948, were "deviating" from the principle of non-discrimination by giving them the right to continue such deviations and to adapt them to "changing circumstances". The new article is not entirely satisfactory from the Canadian point of view, since it has the appearance of penalizing this country for having carefully observed the principles of non-discrimination in the emergency import restrictions which were introduced on November 18, 1947. Nevertheless, the Canadian delegation was unwilling to imperil the Charter as a whole by persisting in opposition to the new proposal and has accordingly accepted the Havana text.

10. A further point on which Canada made some concession was the draft of Article 27 on export subsidies. The Geneva text, to which the United States had entered a reservation, provided that, so far as primary commodities were concerned, if a member considered its interests seriously prejudiced by the provisions of Article 26 limiting the right to adopt export subsidies, that member should be entitled to apply to the Organization for exemption from these provisions. The Havana text, however, dispenses with prior approval and gives a member provisional exemption from Article 26 pending the conclusion of an agreement under the Articles relating to commodity arrangements. In our opinion it was undesirable to make an exception in favour of export subsidies on primary commodities. Moreover, from the specifically Canadian point of view, any advantages accruing to this country from greater freedom to impose such subsidies was more than off-set by the certainty that if the United States were to enter this field Canada would come off second best. The same considerations applied here, however, as are mentioned in paragraph (9) above, and in addition it appeared that the conclusion of the International Wheat Agreement would safeguard the position of our largest export commodity. The Canadian delegation therefore accepted the amendment.

11. The principle on which voting on the Organization should be based had not been decided at Geneva, though all the members of major economic importance favoured the system of weighted voting, on the grounds that the International Trade

Organization was an organization similar to the I.L.O., in which those members called upon to play an important role should have a preponderant voice. At Havana, however, the pressure from the very great number of smaller countries was too strong to permit the adoption of any system other than that of one state one vote. Much was made of the claim that this was the only "democratic" method and the only one which fully respected the sovereignty of each member. When it became clear that insistence on the principle of weighted voting could result only in a deadlock, Canada, the United Kingdom and the United States gave up their support and accepted the system of one state one vote in both the Conference and the Executive Board. As compensation for this concession Article 78, clauses 2(c) and 3(a) on the composition of the eighteen member Executive Board, though it does not specifically prescribe that there shall be permanent members, is so worded as to require that the eight nations of major economic importance will always be represented. No detailed criteria of economic importance are adopted, but it is specially stated that "particular regard shall be paid to their shares in international trade," a formula which of course gives ample assurance that Canada's interests will not be overlooked. Since the Conference will meet only once a year, it appeared that the dominating voice in the policy of the Organization would be the Executive Board, and in these circumstances the provisions relating to membership appeared a sufficient safeguard of Canadian interests.

12. The Contracting Parties to the General Agreement on Tariffs and Trade, that is to say the countries which had signed the Protocol of Provisional Application and put the General Agreement into effect as of January 1, 1948, held sessions in Havana and amended the General Agreement for the purpose of making certain textual rectifications, bringing it into harmony with the new draft of the Charter, and providing for emergency supersession of certain General Agreement provisions by the Charter when the latter should come into force. These amendments are contained in four protocols and one declaration, the texts of which will appear in the Canada Treaty Series. In view, however, of the immediate interest of these documents to Canadian representatives abroad, I am enclosing a mimeographed copy of them with this despatch.

13. The first Protocol is devoted to textual amendments in the tariff schedules annexed to the General Agreement.

14. The second Protocol, modifying certain provisions of the General Agreement on Tariffs and Trade, which went into effect on April 15, 1948, provides for:

(a) Additions to Article XXV, which will not become applicable till January 1, 1949.

(b) Additions to Articles XXXII and XXXIII. The latter amends the accession clause to permit any country that did not negotiate at Geneva to accede to the General Agreement after the approval of two-thirds of the Contracting Parties, rather than the approval of all Contracting Parties, for which provision was made originally.

(c) Addition of a new Article XXXV, which provides that "this agreement, or alternatively Article II of this agreement, shall not apply as between any Contracting Party and any other Contracting Party, if the two Contracting Parties have

not entered into tariff negotiations with each other, and if either of the Contracting Parties, at the time either becomes a Contracting Party, does not consent to such application."

15. A "Special Protocol Modifying Article XIV of the General Agreement on Tariffs and Trade" provides that on and after January 1, 1949, Article XIV — exceptions to the rule of non-discrimination — of the General Agreement shall be superseded by the corresponding article i.e. Article 23, of the Havana Charter, which is now in final form.

16. The "Special Protocol Relating to Article XXIV of the General Agreement on Tariffs and Trade" provides that, on or before June 1, 1948, Article XXIV, pertaining to territorial application, frontier traffic and customs unions, shall be superseded by the corresponding articles of the Havana Charter, i.e., Articles 42, 43 and 44.

17. Under the "Declaration Regarding Suspension and Supersession", signatories declare that "they will not lodge any objection to the suspension and supersession of Paragraphs 1 and 2 of Article I and Part II of the General Agreement." This declaration was signed by eighteen of the twenty-three countries participating in the Geneva negotiations. It means, in effect, that these countries will not avail themselves of the right provided for in Article XXIX of the agreement, whereby "they may lodge within sixty days of the closing of the Havana Conference an objection to any provision or provisions of this Agreement being suspended and superseded."

18. Under Article 17 of the Havana Charter, some thirty-two countries represented at Havana, but not at Geneva, undertake to negotiate and become Contracting Parties to the General Agreement. This declaration was necessary, therefore, to give some assurance to those countries that the provisions of the Agreement would be replaced in due course by corresponding provisions of the Havana Charter.

19. You will of course realize that some of the details given above regarding the attitude of the different delegations on specific points should be considered confidential and used for your own background information. In general, however, I hope that this summary account may prove useful if discussion ever arises on this rather complicated subject. As I indicated in paragraph (6) it should be clear from what I have said that the Canadian Government has given its full support to the plans for an International Trade Organization and has demonstrated its readiness to accept compromise solutions on difficult points rather than endanger all the chances of the project as a whole.

I have, etc.

C.M. DRURY
for Secretary of State
for External Affairs

582.

DEA/9100-5-40

*Le délégué principal de la délégation à la Conférence des Nations Unies
sur le commerce et l'emploi
au secrétaire d'État aux Affaires extérieures*

*Chief Delegate, Delegation to United Nations Conference
on Trade and Employment,
to Secretary of State for External Affairs*

DESPATCH 165

Berne, July 13, 1948

CONFIDENTIAL

Sir,

REPORT OF THE CANADIAN DELEGATION TO THE UNITED NATIONS
CONFERENCE ON TRADE AND EMPLOYMENT AT HAVANA

PART 1

I have the honour to report, as Chief of the Canadian Delegation to the United Nations Conference on Trade and Employment, that the Conference assembled at Havana, Cuba, on November 21st, 1947, and concluded its work on March 24th, 1948, with the signature of a Final Act by 53 out of the 56 states which participated in the Conference. Argentina, Poland and Turkey were the three countries which did not sign the Final Act. This Final Act authenticated the text of a Charter for an International Trade Organization. This Charter now awaits ratification by the legislatures of the different countries and will come into force sixty days after the twentieth government shall have deposited its instrument of ratification. It is anticipated that this will take place during 1949 and that the International Trade Organization will be set up towards the end of that year.

2. The Havana Conference took as its basic document a draft Charter that had been prepared by a Preparatory Committee of seventeen countries. These seventeen countries were Australia, Belgium-Luxembourg Economic Union, Brazil, Canada, Chile, China, Cuba, Czechoslovakia, France, India, Lebanon, Netherlands, New Zealand, Norway, Union of South Africa, United Kingdom and United States. This Preparatory Committee met first in London, England, during the months of October and November, 1946. On that occasion they drew up the draft of a Charter based upon a draft submitted by the Government of the United States of America, which in its turn had been the outcome of a set of principles agreed upon between the Governments of the United States and the United Kingdom and embodied in the form of "Proposals for Expansion of World Trade and Employment", published by the United States Government in December, 1945.

3. The London draft of the Charter was referred to a Drafting Committee, which met at Lake Success, New York, during the months of January and February, 1947, and produced a revised draft of a Charter. This New York draft was used as the basic document for the deliberations of the Second Session of the Preparatory Committee, which met in Geneva during the months of May, June, July and

August, 1947. It was the draft of a Charter that emerged as a result of this Second Session of the Preparatory Committee that became the basic document of the Havana Conference.

4. The Canadian Delegation to the United Nations Conference on Trade and Employment at Havana was composed as follows:

Chief Delegate:

*Mr. L.D. Wilgress, Canadian Minister to Switzerland

Delegates:

*Mr. F.A. McGregor, Chief Commissioner, Combines Investigation Act, Department of Justice.

Mr. C.P. Hébert, Counsellor, Department of External Affairs.

Mr. W.F. Bull, Chief Export Division, Department of Trade and Commerce.

Mr. A. Brown, Assistant Chief Appraiser, Department of National Revenue.

Mr. Neil Perry, Department of Finance.

Advisers:

*Mr. A.E. Richards, Department of Agriculture.

*Mr. L.E. Couillard, Department of Trade and Commerce.

*Mr. S.S. Reisman, Department of Finance.

Secretaries:

Mr. R. Rosenthal, Department of Trade and Commerce.

Mr. Henry, Department of External Affairs.

(* indicates members of the Delegation who participated in the Second Session of the Preparatory Committee at Geneva.)

Mr. John Deutsch of the Department of Finance, who had taken the leading part in the work on the Charter of the Canadian Delegation at Geneva, visited Havana for ten days during the month of January and participated in the discussions on Subsidies as a member of the Canadian Delegation.

5. The members of the Canadian Delegation were assigned to cover the various committees and sub-committees of the Conference. There were six main committees, to each of which was allotted a section of the draft Charter, as follows:

- Committee I — Employment
- Committee II — Economic Development
- Committee III — Commercial Policy
- Committee IV — Restrictive Business Practices
- Committee V — Intergovernmental Commodity Agreements
- Committee VI — Organization

Each of these committees in turn set up a number of sub-committees composed usually of from fifteen to eighteen countries. The sub-committees in their turn referred particularly knotty problems to working parties, which usually were composed of from five to eight countries. The ground to be covered by each of the six main committees varied greatly. Thus Committee I was able to finish its work in December and Committees IV and V in January, while Committees II, III and VI were in session up to the very last days of the Conference.

6. To Mr. Hébert was assigned the chief responsibility for representing Canada on Committee I and to Mr. Reisman was assigned the Canadian representation on Committee II, except for the Article on Investment, which was handled by Mr. Perry. Mr. Reisman, before the Conference was over, became one of the recognized experts on the Charter.

7. Committee III had to deal with such a variety of topics that it was found necessary to allot the representation of Canada to a number of members of the Delegation. Thus Mr. Bull took charge of the Section of the Commercial Policy Chapter which deals with Tariffs, Preferences, and Internal Taxation and Regulations. He represented Canada on the important Sub-Committee dealing with Preferences. Mr. Reisman and Mr. Richards together handled the Section dealing with Quantitative Restrictions, Mr. Richards devoting particular attention to quotas on agricultural products. Mr. Perry was given responsibility for the important Section dealing with Balance of Payments Difficulties. Mr. Reisman took charge of the Section dealing with Subsidies, except during the period when Mr. Deutsch was in Havana. Mr. Richards covered the Section dealing with State Trading. The important technical articles concerned with questions of customs administration were assigned to Mr. Brown as his sole responsibility. He represented Canada on the Sub-Committee set up to consider these articles and his intimate knowledge of these technical problems soon made him a leading member of this Sub-Committee. The last Section of the Commercial Policy Chapter dealing with Special Provisions was handled jointly by Mr. Brown and Mr. Couillard.

8. On Committee IV Mr. McGregor was the Canadian delegate. He had taken an active part in the drafting of the Chapter on Restrictive Business Practices both at London and Geneva. Accordingly, he soon became one of the leading members of Committee IV and had a great deal to do with creating the co-operative spirit and friendly atmosphere that prevailed in that Committee. Canada can be considered as having made a major contribution to the Chapter on Restrictive Business Practices. Mr. Richards represented Canada effectively on Committee V, which dealt with the Chapter on Intergovernmental Commodity Agreements. Finally, Mr. Couillard, with only occasional help from other members of the Delegation, was the Canadian representative on the important Committee VI, which dealt with all questions pertaining to the setting up of the International Trade Organization.

9. Mr. McGregor, having completed his assignment, and Mr. Hébert, being wanted for other duties, were able to leave Havana in January. Mr. Bull, Mr. Brown and Mr. Rosenthal were able to get away in February. Mr. Richards left Havana at the beginning of March. Mr. Perry, Mr. Couillard, Mr. Reisman and Mr. Henry remained with me until the end of the Conference.

10. An excellent team spirit prevailed in the Canadian Delegation. Each member was keen to make the contribution of Canada to the framing of the Charter as effective as possible. The work was extremely arduous. The meetings were held in the Capitolio, the building of the Cuban Congress. The members of the Delegation seldom left the Capitolio until after eight in the evening. After that there were documents to read over after dinner, because seldom was it possible to read over all the documents during the course of the day. Work commenced each day at 9 a.m. with a Delegation meeting, at which were planned the tactics for the day, breaking up in time to be at the first Conference meeting at 10:30 a.m. Given the trying heat and noise of Havana, it is a testimony of their keen interest that the members of the Canadian Delegation were able to keep up this pace for four months without interruption. No Chairman of a Delegation could have received more loyal support and co-operation from the other members of his team.

11. The Canadian Delegation contributed its fair share to the officers of the Conference. I was elected Chairman of Committee III — the Commercial Policy Committee. Mr. Couillard was elected Chairman of the important Sub-Committee dealing with Chapter VIII of the Charter — Settlement of Differences. This young Canadian, without any legal training, presided over with ability and distinction a Sub-Committee composed mostly of lawyers, including a member of the French Parliament. Finally, Mr. Perry was elected Chairman of the Working Party set up to deal with the intricate questions of exceptions to the rule of non-discrimination in the case of balance of payments difficulties. This became one of the most important subsidiary organs of the Conference. The questions with which they had to deal were so technical that they used an esoteric language unintelligible to the average man or, for that matter, to the majority of delegates attending the Conference. Since the main controversy in the Working Party developed between the United Kingdom and the United States, the position became very delicate for a Canadian Chairman. Mr. Perry acquitted himself with credit and won praise for his handling of the most difficult of all the working parties set up at the Conference.

12. Trouble arose at the very outset of the Conference over the question of the election of a President. Most of the countries who had participated in the work of the Preparatory Committee wished to nominate Mr. Max Suetens, the Chief Delegate of Belgium, who had presided so ably and so tactfully over both the London and Geneva sessions of the Preparatory Committee. This proposal evoked pronounced resistance from the Latin-American delegations, who maintained that according to the custom of inter-American conferences the President should be the Chief Delegate of the host country. The difficulty in this case was that Mr. Sergio Clark, the Chief of the Cuban Delegation, although very popular with all those who had known him at Geneva, had no particular qualifications to serve as President of the Conference. The compromise was reached of electing Mr. Clark as President and Mr. Suetens as First Vice-President with the understanding that the President would preside over the plenary sessions of the Conference and the First Vice-President over the meetings of the General Committee.¹

13. The General Committee was the steering committee of the Conference. It consisted of [eighteen] members, viz., the President, the First Vice-President, [six] other Vice-Presidents, the Chairmen of the six main committees, and four members at large. The last four were filled by representatives of the so-called great powers — China, France, the United Kingdom, and the United States. As Chairman of Committee III, I was automatically a member of the General Committee. This committee performed a useful function in planning the work of the Conference. There was resistance, however, whenever it was suggested that the General Committee should attempt to resolve difficulties of substance confronting the Conference. In such cases resort usually had to be had to a full meeting of Heads of Delegations, an organ of the Conference which had not been envisaged at the outset. The majority of delegations looked upon the General Committee as a packed body with over-

¹ Des corrections, placées entre crochets, furent faites par Wilgress dans une lettre à Pearson en date du 28 juillet.

Corrections, placed in square brackets, were made by Wilgress in a letter to Pearson on July 28.

representation of the developed countries. That is the reason why at a decisive stage of the Conference it was necessary to set up a Coordination Committee with membership different to that of the General Committee.

14. Throughout the discussions at Havana the Canadian Delegation adhered closely to instructions conforming to the policy formulated by the Government of Canada prior to the deliberations of the Preparatory Committee. This policy has been to support fully the setting up of an International Trade Organization upon the basis of the original United States "Proposals for Expansion of World Trade and Employment." Accordingly the Canadian Delegation consistently opposed efforts to weaken the rules designed to reduce trade barriers and to permit the restoration of international trade upon a multilateral basis as soon as possible. The successive stages in the elaboration of a Charter for the International Trade Organization did bring about a weakening of these rules. This arose through the progressive introduction of exceptional provisions or "escape clauses", necessary in order to secure the adherence to the Charter of as many different countries as possible. The Canadian Delegation, when finding that the inclusion of an exceptional provision was inevitable, directed its efforts to restricting the scope of the provision as much as possible. The result of all this has been that the Charter which finally emerged at Havana represents a bold compromise, flexible enough to take care of varying needs of different economic philosophies and of different stages of economic development, yet sufficiently true to the principles of multilateral trade to give rise to the hope that the Organization, when it is set up, will prove to be one of the most successful and most enduring of all the intergovernmental organizations established during the last few years.

15. At the First Session of the Preparatory Committee in London it became apparent that the chief division of opinion was between the highly industrialized countries and those countries aspiring to rapid industrialization. This latter group became known as "the under-developed countries". They stressed the need for freedom to use any measures that would promote more rapidly their economic development. In particular they wished freedom to use quantitative restrictions to attain this end. Concessions were made to this group at London in that a separate chapter was included in the draft Charter dealing with Economic Development and the Organization was required to authorize the use, for purposes of economic development, of quantitative restrictions, differential internal taxation, mixing regulations and other devices, when these were found likely to be less harmful to international trade than other measures.

16. Another feature of the London Session was the stress laid by Australia and other countries on the need for expansionist policies in regard to employment. This clearly reflected the new economic ideas associated with the name of Lord Keynes. It was maintained that the level of employment in important countries had a greater influence on world trade than any lowering or raising of trade barriers. It was pointed out, with a certain measure of justification, that the United States draft of a Charter was entirely negative. It contained a series of "dents" about what nations must not do in the way of maintaining barriers to trade, but little of a positive character about what nations should do to expand world trade. As a result, the chapter on Employment in the original United States draft of a Charter was

expanded and recognition was accorded to the need of countries to take action to protect themselves against deflationary pressure in the event of a depression in one of the important industrial countries.

17. At the Second Session of the Preparatory Committee, held in Geneva, the under-developed countries continued their efforts to secure more latitude for themselves in using for their rapid economic development measures inconsistent with the basic principles of multilateral trade. These efforts concentrated on freedom to use for this purpose protective devices such as quantitative restrictions, differential internal taxation and mixing regulations and preferences between neighbouring states. At London, Australia had played the useful role of assuming leadership of the under-developed group and then, when concessions to their point of view had been obtained, of persuading the group as a whole to accept the compromise. It was not possible for Australia to repeat this performance at Geneva. India showed a desire for more concessions and became the chief spokesman of the under-developed group, although in respect of preferences for purposes of economic development the chief proponents were Chile and the Lebanese-Syrian Customs Union. As a result of protracted discussions the compromise was reached of providing for protective measures for purposes of economic development with the prior approval of the Organization (Article 13) and for preferences for purposes of economic development also upon prior approval of the Organization (Article 15). The requirement of a two-thirds vote for the latter, however, was left in square brackets to be decided by the Havana Conference.

18. Another phase of the draft Charter which caused difficulties at Geneva was the provision for exceptions from the rule of non-discrimination in the case of countries applying quantitative restrictions for reasons of balance of payments difficulties. The exchange situation became more critical while the Preparatory Committee was meeting in Geneva. The United Kingdom in particular no longer found it possible to maintain the convertibility of its currency. In consequence that country, together with other European countries, sought to elaborate more precisely the exceptions from the rule of non-discrimination. The result was the redrafting of this Article of the draft Charter which became Article 23 of the Geneva draft. The provisions permitting the use of quantitative restrictions on a non-discriminatory basis for balance of payments reasons were also expanded at Geneva in that a country could not be required to change its domestic policies if the Organization considered that these policies were responsible for its balance of payments difficulties (Article 21).

19. Finally, the Preparatory Committee were unable to resolve certain questions and had to present the Havana Conference with the choice between a number of alternative solutions. These questions were: weighted voting versus one state-one vote; the composition of the Executive Board; and relations with non-Members of the Organization.

20. Concurrently with the Second Session of the Preparatory Committee, there took place at Geneva a series of multilateral tariff negotiations. Altogether there were negotiations between 127 pairs of countries represented on the Preparatory Committee. Of these negotiations 123 were concluded successfully. The results of

these negotiations were embodied in the General Agreement on Tariffs and Trade, the text of which was authenticated by the Geneva Final Act signed on October 30th, 1947, by the representatives of 23 countries (the seventeen members of the Preparatory Committee plus Luxembourg, Syria, Pakistan, Burma, Ceylon and Southern Rhodesia). The General Agreement on Tariffs and Trade included those provisions of the Geneva draft of the Charter which directly relate to the importation of goods, i.e., most of the Commercial Policy Chapter of the draft Charter. It was provided, however, that nearly all of these provisions would be superseded by the Charter agreed upon at the United Nations Conference on Trade and Employment (the Havana Conference) when that Charter entered into force. The General Agreement on Tariffs and Trade is now being applied provisionally by all of the signatories of the Geneva Final Act with the exception of Chile.

21. The same questions which had given rise to difficulties at Geneva confronted the Conference at Havana with its main problems. It had been hoped that, because the Preparatory Committee represented a cross-section of the different types of economies, agreement upon the basis of the Geneva draft of the Charter would be reached fairly speedily. It was hoped that a delegation such as that of India, which had accepted the Geneva draft subject to confirmation by the Indian Government, would use its influence with the delegations from the other under-developed countries to secure their acceptance of the compromise reached at Geneva. These hopes proved to be abortive. Just as Australia lost its leadership at Geneva because it had accepted the compromise reached at London, India was unable, and, as it turned out, unwilling, to assume the leadership of the under-developed group at Havana. The Indian Minister of Commerce came to Havana prepared to play this role, but, when he heard the speeches at the opening plenary meeting, he decided the best tactics for India would be to wait and see what further concessions would be granted to the Latin-American countries, all of whom were clamouring for more freedom for economic development.

22. The Latin-American countries dominated the first part of the Havana Conference. The fact that the Conference was being held in a Latin-American country gave them a great advantage. They were able to unite on the issue of the recognition of Spanish as one of the working languages of the Conference. They made full use of their numerical advantage. Except for the last four weeks of the Conference they were able to act as a solid bloc. This more than anything else threatened the success of the Conference which for three months was in jeopardy.

23. These three months proved that the Conference was held not only in the wrong place but also at the wrong time. The Latin-American countries had become disturbed over the implications for them of the Marshall Plan. They felt the fairy godmother of the North was deserting them in favour of Europe. Their acquaintance with socialist ideas had converted them to a form of international socialism in which the richer countries were under an obligation to the poorer countries to promote the economic development of these countries and to raise their standard of living up to that of the richer countries. Some of them even went so far as to deny the right of the richer countries to assist in the reconstruction of the European countries because these countries had once enjoyed prosperity at the expense of the under-developed countries.

24. The Latin-American countries had developed many new industries during the war. It became clear that they wished this process of rapid industrialization to continue. It also became evident that they feared the effect on their new industries of the revival of European competition. The concept of economic development became confused with the desire to use protective measures to support industries recently established. References were heard to the importance of some factory because it belonged to a relative of the President of the country. The Havana Conference was held on the eve of the Bogota Inter-American Conference, at which the Latin-American countries intended to press for "a Marshall Plan for the Americas." Thus much of what transpired at Havana was a dress rehearsal for Bogota.

25. Cutting across all these tendencies was the attitude of the Argentine Delegation, which was out to prevent the Conference from being a success. Their main theme was that the proposed International Trade Organization involved the creation of "a Super-State". The appeal to respect for State-sovereignty once again was being used to impede international co-operation. Professed socialists were being asked to be more nationalist than internationalist. Fortunately the Chief of the Argentine Delegation, Senator Molinari, impaired his effectiveness by an excess of demagoguery. The other members of the Argentine Delegation, however, were distinguished by their erudition on technical questions. At first they appeared to have the full support of Chile, Uruguay and Bolivia, but at the end of the Conference Argentina was isolated.

26. The Brazilian Delegation endeavoured to disassociate themselves from the solid Latin-American bloc. As a member of the Preparatory Committee they had been co-operative at London and Geneva, but in general had grouped themselves with the under-developed countries. Their concern to maintain differential internal taxation and to protect their newly-established industries brought them closer to the other Latin-American countries than to the United States. Their efforts at conciliation were frustrated by the taunts of the other Latin-American countries that they were "a Yankee tool". They fulfilled a useful role, however, in the determined stand they took against the creation of new preferences.

27. The Mexican Delegation stood out from the other Latin-American delegations not only as regards the ability of their representatives, but also as regards their attitude towards quantitative restrictions. They were just as keen as the delegates from their sister republics on economic development and on protection of existing factories, but, because they had had little experience of quantitative restrictions and feared the administrative difficulties of such measures, they placed the emphasis more on tariff protection. They wanted freedom to impose higher tariffs rather than freedom to resort to other protective devices. It was the Mexican Delegation that introduced the proposal for an Economic Development Committee as a counterweight to the Tariff Committee, provided for in the Geneva draft of the Charter. This proposal caused a good deal of concern to the Canadian Delegation, who saw in it a means of converting the International Trade Organization into an instrument for promoting economic development rather than for expanding international trade. Eventually the proposals both for an Economic Development Committee and for a Tariff Committee were dropped as part of the final compromise which made possible agreement on a Charter.

28. Most of the other delegations from under-developed countries supported the Latin-American countries in their fight for more freedom to use exceptional measures for purposes of economic development. Each delegation, however, placed the emphasis on some phase of the problem of particular interest to its country. The Arab group of countries, for instance, were most concerned with the establishment of new preferences. They supported Chile, which was seeking international authority for its agreement with Argentina providing for new preferences contrary to the most-favoured-nation provisions of some of the existing treaties concluded by both countries. The New Zealand Delegation, ably led by the Right Honourable Walter Nash, sought to turn the Charter as much as possible into an international endorsement of the economic policies pursued by the New Zealand Government or rather by Mr. Nash himself. China was chiefly concerned with freedom to continue differential internal taxation. Ceylon, represented by their High Commissioner in London, Mr. Corea, became the most outright defender of quantitative restrictions. Reflecting the views of the extreme-left government now in power in Ceylon, Mr. Corea could see nothing bad in "Q.R.s". India had the ablest delegation of all of the under-developed countries. They played a masterly game of waiting to see what developments would bring forth. In playing this game they gave support as and when most required to the general line of attack by the under-developed countries.

29. Those resisting the under-developed countries were handicapped by the need of each country to take into account its own special requirements. Thus the United States Delegation was handicapped by the need of insisting upon freedom to use quantitative restrictions for the protection of agriculture under certain conditions, and this without being subject to the prior approval of the Organization. They were further prejudiced by their inability to agree to the renunciation of the right to use export subsidies under all circumstances.

30. The United Kingdom at first had supported the United States wholeheartedly in the efforts to set up an International Trade Organization upon a sound basis. At the closing stages of the Geneva discussions, however, the United Kingdom became more lukewarm in their support. Partly this was the result of the attacks made at Geneva upon the system of Imperial preferences and partly the reflection of the increasing balance of payments difficulties experienced by the United Kingdom. At Havana the attitude of the United Kingdom Delegation seemed to be dominated by the desire to have nothing in the Charter that would impede their programme of agricultural protection nor their freedom to discriminate for balance of payments reasons. The ink was hardly dry on the rules drafted at Geneva, largely by the United Kingdom representative, for revised exceptions to the principle of non-discrimination (Article 23), when the United Kingdom commenced at Havana to seek what amounted to absolute freedom to discriminate during the transitional period. Their experience with the Anglo-American Financial Agreement made them chary of accepting too binding commitments in respect of non-discrimination. In this they were joined by France and the other countries of Europe, who disliked the interpretation placed upon the Geneva text of Article 23 by the United States representative. They wanted more flexible provisions governing the exceptions to the rule of non-discrimination.

31. Finally, a disturbing note was introduced into the Havana deliberations by Switzerland. Mr. Stucki, the Chief of the Swiss Delegation, claimed that their position was unique and consequently deserved special treatment. A country poor in natural resources and dependent economically upon the export of highly finished goods. Switzerland is surrounded by countries who, under the Charter, are free to impose quantitative restrictions and other measures for balance of payments reasons. Unless permitted to use similar measures to defend what are her vital interests, Switzerland would be unable to subscribe to the Charter. At first, in arguing this thesis, Mr. Stucki seemed to be careful not to associate himself with the Latin-American bloc. However, he intervened to defend quantitative restrictions during the course of a debate in which ninety-five speeches were delivered, most of them in favour of the free use of quantitative restrictions under conditions which would permit their use by every country except the United States.

32. Thus it appeared at Havana that only the Benelux countries and Canada stood for the full acceptance of the basic principles of multilateral trade. Even Canada was not absolutely pure because we too had our balance of payments difficulties and were zealous in protecting our own position as regards that section of the Charter. Among the Benelux countries there were times when the Netherlands was in disagreement with its Belgian partner on account of Dutch concern over special measures to protect agriculture. The hope that the larger number of under-developed countries represented at Havana would accept the Geneva compromise was in part vitiated by this lack of unity in the ranks of the Geneva countries. When it was pointed out to the under-developed countries that the Geneva draft provided for the use of quantitative restrictions and of preferences for purposes of economic development, but subject to the prior approval of the Organization, they were able to reply that prior approval was not a prerequisite for the use of quantitative restrictions for balance of payments reasons or for the protection of agriculture under certain conditions.

33. The situation during the first month at Havana looked so hopeless that the practice grew up of having informal meetings from time to time of the heads of leading delegations from countries genuinely interested in establishing the International Trade Organization upon a sound basis. At these meetings the general situation of the Conference was discussed. At one of the meetings, held early in December and presided over by Mr. Clayton of the United States, it was decided to give up the fight then ensuing upon the question of weighted voting versus one state-one vote. It was felt that it would clear the air and help to create a better atmosphere at the Conference if the inevitable concession to the majority was made then rather than allowing the deadlock over this question to continue indefinitely. Accordingly the United States, United Kingdom and Canadian Delegations, the three chief proponents of weighted voting, declared their acceptance of the principle of one state-one vote, subject to the later decision regarding the composition of the Executive Board of the Organization being satisfactory to these delegations, i.e., that provision be made for permanent seats on the Executive Board to be allocated to the countries of chief economic importance. Instead of this move clearing the air and helping to create a better atmosphere, it had the reverse effect. It made

the majority more conscious of their numerical strength and encouraged them to hope for more concessions.

34. In view of this situation, I proposed at one of the informal meetings, held shortly before Christmas, that the Conference should be adjourned to be called together again after the Bogota Conference had clarified the situation of United States financial assistance to the economic development of Latin America. I took this position in accordance with instructions from Ottawa that rather than attempting to frame a Charter flexible enough to fit the lowest common denominator, the leading trading nations should build up from the basis of the General Agreement on Tariffs and Trade, concluded at Geneva on October 30, 1947, i.e., the selective rather than the universal approach. That Agreement contained a provision (Article XXV) for regular meetings of the Contracting Parties, in other words, for an embryo organization.

35. This proposal led to a searching discussion at informal meetings on the situation of the Conference. The United States Delegation telegraphed to Washington for instructions. However, it was decided to continue the Conference in the hope of hammering out a generally acceptable solution. It was felt that to adjourn the Conference would be to deal a fatal blow at the whole conception of an International Trade Organization. It might never be possible to call the countries together again to discuss a Charter. Overshadowing everything was the Soviet Union and the political capital they might make out of a breakdown of the Havana Conference.

36. The selective approach, instead of the universal approach, also was rejected on political grounds. The Head of the French Delegation referred to the opposition in France to the General Agreement on Tariffs and Trade and affirmed that the only chance of securing French acceptance of that Agreement was to present it for ratification along with a Charter for the International Trade Organization approved by a large number of countries. Otherwise both the Communists and Socialists in France would make too much political capital out of the thesis that the General Agreement was an attempt by the United States to form an exclusive capitalist bloc. The Honourable [J.J.] Dedman, Chief of the Australian Delegation, also contended that Australia could not accept the General Agreement without a Charter. He had in mind particularly the Employment Chapter of the Charter, to which the Australians attach so much importance and which is not included in the General Agreement. Thus it was that no other approach than the universal one proved to be politically feasible. If there was to be a Charter at all, it had to be flexible enough to secure the adherence of as many countries as possible.

37. After the New Year the Conference continued to discuss the various sections of the Charter through the elaborate mechanism of the six main committees, numerous sub-committees and working parties. Progress was lamentably slow. The difficult problem of composition of the Executive Board was tackled and gave rise to endless debate and jockeying for position. The dangerous proposal for an Economic Development Committee commenced to meet with general acceptance in the form of a sub-committee of the Executive Board, to which status the Tariff Committee also was to be reduced. Resistance continued to be offered to the creation of new preferences, but the idea of "a Free Trade Area" as a new form of Customs

Union, less rigid and therefore easier to attain than the old form of Customs Union, was thrown out and made an immediate appeal to the Arab group of States and to the Central American group. It served to make these two groups less insistent upon freedom to use quantitative restrictions for the purpose of economic development without prior approval of the Organization. On this latter question, however, the Conference continued to be deadlocked. In the meantime good progress was made with the less controversial parts of the Charter, such as the Chapter on Employment, the technical articles dealing with questions of customs administration and the Chapters on Restrictive Business Practices and Inter-governmental Commodity Agreements. On the organizational side, besides the composition of the Executive Board, difficulties still were being experienced in relation to the settlement of differences, relations with non-Members, boycotts for political purposes, and the treatment of areas under military occupation.

38. During the month of January considerable progress was made in the solution of the main issue that had been separating the Canadian and United States Delegations. This was the question of export subsidies. At London it had been agreed that export subsidies would not be permitted after a certain period, except in the case of a breakdown of negotiations for an intergovernmental commodity agreement. The Canadian Delegation had reserved its position on this exception, because it was felt that it would give the United States too much bargaining power in the negotiations for commodity agreements. At Geneva the Canadian Delegation succeeded, in the face of United States opposition, in making this exception subject to the prior approval of the Organization. Now it was the turn of the United States to enter a reservation. In this they were inconsistent since they had been insisting on prior approval in the case of exceptional measures for purposes of economic development. They felt, however, that in the case of export subsidies the prior approval of the Organization would never be granted and that, as the Subsidy Section of the Charter provided for stabilization schemes equivalent to export subsidies and for general production subsidies that tended to increase or to maintain exports, they could not defend at home the prohibition of the only price support action the United States could take in the event of a burdensome surplus. Thus it was that the whole issue had to be fought out again at Havana. The result was a compromise, whereby all forms of subsidization were to be subject to review by the Organization and in the event of any such subsidization acquiring for a Member more than an equitable share of world trade in the commodity concerned, the Organization can require the Member to alter its subsidy.

39. This was the general situation in the Conference, when, early in February, the Latin-American bloc proposed the setting-up of a Coordination Committee to resolve the outstanding difficulties. This proposal, submitted in the form of a resolution signed by nearly all the Latin-American delegations, was discussed in a formal meeting of Heads of Delegations. It was obvious that the main idea behind this proposal was to have an opportunity for "horse trading", whereby the Latin-American countries would obtain some of their pet objectives in return for some concessions on their part to the numerically weaker, but much stronger economically, group of important trading nations. It was felt, however, that it would be poor tactics to refuse the request of the Latin-American countries. The proposal did offer

the only hope of breaking the deadlock and terminating the Conference within a reasonable period of time. Accordingly, the Coordination Committee was set up and deliberated for three weeks. As a result of these deliberations there emerged the final compromise which made possible agreement on a Charter.

40. The most important part of this compromise related to the highly controversial question of the use of quantitative restrictions and other protective devices for purposes of economic development (Article 13). The principle of prior approval of the Organization was retained, but in four carefully defined cases the prior approval would be automatic in that it would have to be granted if the criteria were met. Of these four cases, however, only two were really automatic. These two commenced with the words "is designed", which being objective does not permit of much discretion on the part of the Organization. Of the other two cases, one commenced with the words "is necessary" and the other with the words "is unlikely". In both these cases the subjective element is present and a great deal will depend upon how the Organization interprets these particular words. The two cases commencing with the words "is designed" are (1) for the protection of industries established during the war, i.e., the so-called "war babies" and (2) for promoting industries processing a raw material the market for which has become curtailed through new or increased restrictions imposed abroad. In both these cases the automatic prior approval of the Organization will be for a specified period and in any application for renewal the approval of the Organization will not be subject to the automatic provisions of Article 13.

41. Undoubtedly the concession of "the war-babies clause" had a great deal to do with securing the adherence of the Latin-American countries to the compromise. It had become evident that what many of them were most concerned about was the right to use quotas and other restrictive measures to protect their newly-established industries against the revival of European competition. Consequently this clause was chiefly at the expense of the European countries, a fact to which the United Kingdom Delegation were to call attention later on when they became hesitant about accepting the Charter that was emerging from the Conference.

42. The tussle over Article 13 led to a split in the ranks of the Latin-American countries. This split came over the issue that had been cutting across all the discussions on the Charter and dividing countries that were together on most other issues. It was the question of protection for agriculture versus protection for industry. Colombia, whose Chief Delegate, Mr. Lleras Restrepo, was a member of the Coordination Committee, wanted more freedom to use quantitative restrictions to protect agriculture as well as industry. This was stoutly resisted by Mexico and Peru, whose Chief Delegates were also on the Coordination Committee. They won out and, although the Colombian delegate accepted the compromise, he did so reluctantly. As one of the leading figures of the Liberal Party of Colombia he felt his position at home would be prejudiced as a result of the compromise.

43. On preferences, it was not necessary to make concessions to the views of the majority. In fact Article 15 of the Havana Charter represents an improvement over Article 15 of the Geneva draft, having regard to the fact that the two-thirds voting requirement was left in square brackets in that draft. If this question had been put to

a vote at the Havana Conference, it is certain that the two-thirds voting requirement would have been reduced to that of a simple majority. The Arab group of countries and the Central American group having been won over by the conception of a "Free Trade Area", which also was made part of the compromise, Chile became more or less isolated in the fight for new preferences for purposes of economic development.

44. In Article 15 of the Havana Charter the Organization is required to grant approval of new preferences either by a two-thirds vote or when they meet certain criteria designed to assure that they will serve the purpose of the development of particular industries. At a later stage of the Conference, when they were becoming chary about accepting the Charter, the United Kingdom Delegation attacked Article 15 because its scope did not clearly permit new preferences with the colonies for purposes of economic development. They were met in part by an interpretative note defining "the same economic region" in such a way as it could be interpreted to include both the United Kingdom and certain of the colonies.

45. On this part of the compromise, Mr. W. Mueller, the aggressive Chief Delegate of Chile, was outmanoeuvred in the Coordination Committee. He did not realize until it was too late that the words "between Members" excluded from the scope of the compromise the preference agreement between Chile and Argentina unless Argentina became a Member of the Organization, which from the attitude of the Argentine Delegation could be seen to be highly unlikely. The Chilean Delegation later were able to some small extent to repair this mistake on their part when the question of relations with Non-Members was being discussed separately from the compromise by securing the right for approval, by a two-thirds vote of the Organization, of new preferences with non-Members.

46. Another part of the compromise agreed upon by the Coordination Committee was the decision to drop the proposals for the setting up both of an Economic Development Committee and of a Tariff Committee. The Canadian Delegation had taken an active part in proposing this solution of the problem presented by the Mexican proposal for an Economic Development Committee. The Tariff Committee had been intended to take over the functions performed at the meetings of the Contracting Parties to the General Agreement. It was felt that when the Charter came into force these functions could just as readily be performed by the Executive Board of the Organization.

47. As part of the compromise, the Contracting Parties agreed to amend, at their next meeting scheduled at Havana for the end of February, the General Agreement so as no longer to require unanimity in accepting the admission of new countries. This can now be done by a two-thirds vote and hence removed the Mexican objection to "a veto right". The Contracting Parties also agreed that they would endeavour to waive the right of complaint against supersession of Part II of the General Agreement by the corresponding provisions of the Charter, thereby meeting another Mexican objection to the tariff negotiations section of the Charter. They had argued that they otherwise would not know in advance the provisions of the General Agreement to which they were being asked to subscribe.

48. The last part of the compromise was that the Coordination Committee agreed to accept the solution of the vexed question of composition of the Executive Board then being worked out in main committee. This provides for a Board of eighteen countries or customs unions with permanent seats allocated to the eight Members of chief economic importance. It is specified that in determining the countries or customs unions of chief economic importance particular regard shall be paid to their shares in international trade. Moreover, an Annex to the Charter prescribes the rules to be followed in the first election to the Executive Board and one of these rules is that two of the permanent seats shall be allotted to the two countries in the Western Hemisphere with the largest external trade. These provisions assure the allocation to Canada of one of the permanent seats on the Executive Board.

49. For this satisfactory outcome, from the Canadian point of view, we are indebted to the unfailing support of Mr. C. Wilcox, the United States Deputy Chief Delegate and of Dr. Erik Colban, the Norwegian Chief Delegate and Chairman of Committee VI dealing with organization. At the informal meeting held early in December, at which it was decided to give up the fight for weighted voting, the question of the composition of the Executive Board was discussed. I outlined the reasons why Canada attached importance to permanent seats. I explained that, while Canada was recognized as an important industrial country, we could not be certain of election to the Executive Board because the majority of countries regarded us as closely associated with either the United Kingdom or the United States. The principle of geographical representation also worked against Canada in that North America always would be represented by the United States. Those present at the informal meeting, except the Australian representative, saw the force of these arguments. Mr. Clayton and Mr. Wilcox declared, on behalf of the United States Delegation, that they would press for permanent seats, stating that "we want Canada on the Board." Dr. Colban, on behalf of the Norwegian Delegation, pledged his support for the same reason. This was a very courageous stand for Dr. Colban to take because at Geneva he had opposed the proposal for permanent seats, arguing that in any election the countries of chief economic importance would be sure to be elected. Australia opposed the proposal for permanent seats to the bitter end.

50. The Latin-American countries, after much haggling, were won over to the proposal for the composition of the Executive Board by the inclusion of an Annex to the Charter giving the formula for the first election in order to assure equitable geographical representation. This assured the election of four Latin-American countries to the Board, provided a sufficient number of such countries had become Members of the Organization. It was surprising, in view of their numerical strength, that the Latin American countries attached so much importance to assuring the election of a certain proportion of their number to the Executive Board. An interesting sidelight on this struggle was the great anxiety of Brazil lest Argentina secure an advantage over that country in the formula for election to the Board. This led Brazil to ally herself with China and India in stressing that population should be a determining factor nearly equal in importance to the share of a country in international trade. Throughout the Havana discussions Dr. Wunsz King, the Chief Delegate of China, had directed his main efforts to securing the allocation of a

permanent seat to China. He succeeded in this by having included in the formula for the first election the provision that three out of the eight permanent seats would be filled by the countries with the largest population.

51. With the acceptance at a formal meeting of Heads of Delegations of the final compromise worked out by the Coordination Committee, agreement was definitely reached on those parts of the Charter respecting which the Latin-American countries had taken the most determined stand. During the last few weeks of the Conference there was no evidence of a Latin-American bloc. In fact, some of the Latin-American delegations, who had been causing the most trouble, became the leading advocates for an International Trade Organization. For example, Mr. Chalone, the able Chief Delegate of Uruguay, who in December had been the principal spokesman of the critics of the Geneva draft, used his eloquence during the last few weeks to praise the Charter that was emerging from the Havana Conference. The Argentine Delegation continued their stand in opposition to the setting-up of any organization with extensive powers, but they were securing less and less support. Bolivia remained associated with them until the end, but even Bolivia signed the Final Act.

52. The cleavage of opinion in the concluding stage of the Conference, therefore, was not between the developed and the under-developed countries. Instead, it was among the developed countries themselves. The questions remaining for solution required bridging the gap between the views of the United States Delegation on the one hand and those of the delegations from European countries on the other hand. The chief of these questions was that of exceptions from the rule of non-discrimination in the case of countries experiencing balance of payments difficulties. There also remained for solution the difficult questions of the settlement of differences, relations with non-members, boycotts for political purposes, the treatment of areas under military occupation, and the problem of Switzerland.

53. A Sub-Committee, presided over by Mr. L.E. Couillard of Canada, succeeded after some twenty-five meetings in arriving at a satisfactory solution of the controversial question of the settlement of differences. Here the chief clash of views had been between the Anglo-Saxon or Common Law countries, who hesitated to permit references to the International Court of Justice of questions having an economic content, and France and the other countries of Western Europe, whose representatives were trained in the concepts of Roman Law. The Sub-Committee evolved a new text of Chapter VIII which represented a great improvement over the Geneva draft. It streamlined the various steps to be taken in the settlement of differences. The actual procedures to be followed for ensuring that advisory opinions of the Court on matters referred to it by the Organization should have binding effect were left to be confirmed by the Interim Commission after consultation with the Court.

54. Relations with non-Members were solved by the acceptance of weak provisions which bore little resemblance to any of the three alternatives presented to the Conference by the Preparatory Committee. Argentina, for understandable reasons, Switzerland for similar reasons, and Sweden and Czechoslovakia on account of their relations with the Soviet Union, had been irreconcilably opposed to any strong provisions governing the relations with non-Members.

55. The question of boycotts for political purposes proved to be one of the most delicate of all questions dealt with by the Conference. The Arab countries wanted freedom to boycott goods originating with Zionist-sponsored producers, and India wanted the right to continue their embargo on trade with South Africa. By clever manipulation the issue was made to appear chiefly one between India and South Africa. While this saved the Conference from undesirable publicity, it placed Dr. Holloway, the Chief Delegate of South Africa, in a most invidious position. He acquitted himself admirably and with great dignity. He had to submit to being outvoted in favour of a formula which removed from the scope of the Charter measures taken pursuant to a political question referred to the United Nations.

56. On the question of the treatment of areas under military occupation, the United States Delegation were unable to persuade the European countries that the Conference should provide for the reciprocal exchange of most-favoured-nation treatment with the occupied areas of Germany and Japan. The United States Government was left with the alternative of dealing with this matter in the agreements with the European countries for Marshall Plan aid, but a reference to the areas under military occupation was included in the Article of the Charter dealing with membership.

57. The problem of Switzerland had been referred to a Sub-Committee of Committee III — the Commercial Policy Committee — and this Sub-Committee had struggled with the question for weeks. It was agreed that Switzerland, with a strong currency and surrounded by countries in balance of payments difficulties, was in a unique position. However, it was not clear how Switzerland could be released from some of the obligations of the Charter without opening the door for other countries to take advantage of this exception. Uruguay and Venezuela were members of the Sub-Committee and made it clear that they had a direct interest in whatever solution was proposed for Switzerland. Mr. Stucki, the Chief Delegate of Switzerland, did not assist matters by his uncompromising attitude. The United States member of the Sub-Committee showed himself to be equally uncompromising. Finally, it was proposed that the whole question should be referred to the Interim Commission for further study and this solution of the immediate difficulty was adopted. It had the advantage of giving Mr. Stucki no excuse to crusade against the Charter, which, in view of the influence of the greatly-respected Swiss press, would have had unfortunate repercussions on European opinion towards the Charter.

58. Thus it became clear during the early part of March that one question after another was being solved with the exception of that pertaining to the exceptions from the rule of non-discrimination in the case of countries experiencing balance of payments difficulties. This was the question to which the United Kingdom Delegation attached the most importance. They became apprehensive that at the end of the Conference the United Kingdom might be the only country unable to accept the Charter. As already indicated, they had become dissatisfied with the solutions proposed for dealing with quantitative restrictions for purposes of economic development and with new preferences. It was these considerations which led the United Kingdom Government to propose to the other countries of the British Commonwealth of Nations a postponement of the Conference. They did not pursue this idea

in the absence of support from these other countries, but they did take up with the United States Government, through diplomatic channels and therefore outside the Conference, the questions which were causing them concern, particularly that of the exceptions to the rule of non-discrimination.

59. After preliminary debate in Committee III — the Commercial Policy Committee — the balance of payments questions had been referred to a Sub-Committee. This Sub-Committee in turn set up a Working Party of eight countries to consider the question of exceptions to the rule of non-discrimination. Mr. Neil Perry of Canada was elected Chairman of this Working Party, which for two months wrestled with this highly technical and difficult question. For a long period the Working Party was able to make no headway. An impasse had arisen over differences of interpretation of that part of the Geneva text of Article 23 which requires countries in balance of payments difficulties to give priority to exports for hard currency. Some of the European countries also disliked the provision precluding higher prices for goods imported from countries in whose favour the discrimination takes place. The United Kingdom was out frankly for full freedom to discriminate throughout all or nearly all of the transitional period.

60. After several weeks of frustration the United States decided to break the deadlock in the Working Party by proposing a return to the basis of their original draft of a Charter. This meant that, in place of the criteria set forth in the Geneva draft, the justification for exceptions to the rule of non-discrimination would be the condition that they had equivalent effect to exchange restrictions permitted by the International Monetary Fund. A new draft of Article 23 on this basis, submitted by the United States Delegation, also provided that discriminatory measures already in force could be continued and adapted to changing circumstances for the duration of the transitional period as determined by the Fund. At first this new draft pleased all members of the Working Party except Canada. The Canadian Delegation had to point out that the new basis was more unfavourable for Canada than that of Geneva. Moreover, Canada would be penalized through the fact that an effort had deliberately been made to avoid discrimination in the Canadian import restrictions imposed on November 17, 1947. Accordingly, to meet Canada, it was proposed to permit any country then applying the General Agreement on Tariffs and Trade to continue to be governed by the provisions of that agreement in respect of exceptions to the rule of non-discrimination. This meant adding the Geneva criteria to the other justifications for discrimination, but only during the transitional period to be determined by the Fund.

61. When the Brazilian Delegation realized the full implications of the proposal made to meet Canada, they protested because Brazil had not yet been applying the General Agreement on Tariffs and Trade and consequently this particular provision would not be applicable in their case. The United States Delegation, seeing the impossibility of confining the application of the additional provision to a few countries, then decided to fall back upon the choice of two options, one based on their original draft of a Charter — which henceforth became known as “the Havana option” — and the other on the Geneva draft. It was on this basis that Article 23 of the Havana Charter came to be drafted. This was not before, however, a number of difficulties had been ironed out. These difficulties chiefly arose through the natural

reluctance of the United Kingdom Government to assume new obligations in respect of non-discrimination which they might not be able to fulfill.

62. When the United States first made the proposal to return to the basis of their original draft of a Charter for exceptions to the rule of non-discrimination, the United Kingdom Delegation, along with the delegations from other European countries, were pleased with this solution. When, however, the proposal was referred to London it became apparent that the United Kingdom Government liked neither the original nor the Geneva basis. The United Kingdom expert was recalled from Havana to London for consultation and no longer was available for participation in the meetings of the Working Party. Direct consultations were then undertaken between London and Washington and it was some little time before the Working Party could proceed with formulating a solution on the basis of the two options. The United Kingdom Government feared that the non-discrimination provision in the Anglo-American Financial Agreement would be interpreted to disqualify the discriminations they then had in force if they exercised the Havana option, whereas from the beginning of the Conference they had maintained that the Geneva option did not give them sufficient freedom for the period of the next four years. They also objected to the dual jurisdiction under the Geneva option whereby the period for discrimination was to be determined by the International Monetary Fund and the scope of discrimination by the International Trade Organization.

63. Agreement on Article 23 eventually was reached by making, under the Geneva option, minor concessions of a technical character to the United Kingdom point of view and by postponing until March 1, 1952, any effective surveillance by the Organization over discriminations. Needless to say, the solution of this question of exceptions to the rule of non-discrimination was reached only in the very last days of the Conference.

64. One of the last acts of the Conference, prior to the signature of the Final Act, was to approve the setting up of an Interim Commission for the purpose of making the necessary preparations for the holding of the first annual Conference (General Assembly) of the International Trade Organization. Certain unsolved questions, such as the relations with the International Court of Justice, the Swiss problem, and the avoiding of overlapping with other intergovernmental organizations concerned with economic development, also had been referred to the Interim Commission. Any country participating in the Conference was given the right of membership on the Interim Commission. All those countries who later signed the Final Act, with the exceptions of Bolivia, Ireland, Portugal and Switzerland, exercised this right. Mr. Max Suetens of Belgium was elected Chairman of the Interim Commission. Its sole task was to elect an Executive Committee of eighteen members composed on the same basis as that provided for the composition of the Executive Board of the Organization. Consequently, the election of the Executive Committee provided a useful test of the somewhat complicated formula agreed upon for the election of the first Executive Board. The formula survived this test with flying colours. Australia, Benelux, Brazil, Canada, China, Colombia, Czechoslovakia, Egypt, El Salvador, France, Greece, India, Italy, Mexico, Norway, the Philippines, the United Kingdom and the United States were elected members of the Executive Committee. The Interim Commission delegated all of its functions to the Executive Committee,

which will report to the first annual Conference of the Organization. I was elected Chairman of the Executive Committee and the Vice-Chairmen are Mr. Jean Royer of France, Sir Raghavan Pillai of India, and Mr. Ramon Beteta of Mexico. The next meeting of the Executive Committee will take place on August 25, 1948, at Geneva.

65. This review of the difficult problems that confronted the Conference and of the manner in which they were solved will serve to explain why it was necessary to remain four months in Havana. The Charter that emerged as a result of these lengthy deliberations, while it represents some weakening from the Geneva draft, still maintains as the basic rules for the conduct of international trade those principles which must be respected if the world is to enjoy once more the benefits of multilateral trade. As we have seen, the concessions made at Havana in order to secure a Charter acceptable to the great majority of the countries participating in the Conference did not go very far beyond the concessions made at Geneva in order to smooth the way for the deliberations at Havana. If any harm had been done in the direction of watering down the rules embodied in the original United States proposals, this had been done at Geneva to an even greater extent than at Havana. Nor can we consider the additional concessions granted at Havana to be so serious as to represent "the straws that break the camel's back."

66. The Canadian Delegation, in considering the discharge of its responsibility of recommending to the Canadian Government the acceptance of the Charter emerging at Havana, had decided on the axiom that "no Charter is better than a bad Charter." They came to the conclusion that the Havana Charter is not a bad Charter. Its attainment can be regarded as a magnificent achievement when account is taken of the conditions prevailing at the time it was being framed. These conditions were much worse than those who conceived the original proposals had anticipated they would be, because recovery from the aftermath of war has proved to be slower than even the most pessimistic of prophets had predicted. The Charter is a good Charter in that it is flexible enough to take account of the varying needs of many different countries. It permits the setting up of an International Trade Organization whose eventual success may prove to be because of, rather than in spite of, what now seem to be flaws in the Charter.

67. The setting up of an International Trade Organization is very necessary if we are to have some meeting place where representatives of governments can gather to consider complaints and to endeavour to remove the obstacles impeding the free flow of world trade. Very often at such a meeting place a country pursuing a selfish policy can be shown that such a policy is not in the long-term interest of the country itself. If we lived in a "laissez-faire world" there would be no need for an International Trade Organization. Because we do not live in such a world and because governments are interfering with trade, there is need for an inter-governmental organization to deal with the problems of international trade. The Charter makes possible the setting up of such an organization upon a sound basis. That is the reason why the Canadian Delegation to the United Nations Conference on Trade and Employment recommends to the Canadian Government the acceptance of the Havana Charter and its presentation to Parliament for ratification.

68. Part II of this report† gives a complete analysis of the Havana Charter article by article. This will indicate in greater detail the deviations in that Charter from the Geneva draft. It will also afford more specific information regarding the attitude of the Canadian Delegation on the various issues that arose during the Havana Conference. This analysis has been prepared by those members of the Delegation who participated most actively in the debates on each of the articles of the Charter analyzed. It is hoped that Part II, along with Part I, will provide all the information necessary to indicate the participation of the Canadian Delegation in the Conference and to enable an appraisal to be made of the scope of the Havana Charter.

I have, etc.

L.D. WILGRESS

583.

DEA/9100-P-1-40

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

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

[Ottawa], September 9, 1948

The Second Session of the Contracting Parties of the General Agreement on Tariffs and Trade which convened in Geneva on August 16, 1948, has now ended and a communication was received yesterday from Mr. Wilgress advising us of the modifications which have been made to the General Agreement and of the instruments which have been prepared for signature.

There are five instruments which will be open for signature as from early next week as follows:

(a) Protocol of Rectifications to the General Agreement on Tariffs and Trade. This introduces certain minor rectifications principally of a typographical nature to the Schedule of the General Agreement.

(b) Protocol for the Acquisition of Signatories of the Final Act of October 30th, 1947. This document has been prepared pursuant to the request of the Government of Chile for an extension of time in which to sign the Protocol of Provisional Application.

(c) Agreement on Most Favoured Nation Treatment for Areas of Western Germany under Military Occupation.

(d) Protocol modifying Part II and Article 26 of the General Agreement on Tariffs and Trade. This provides for the supersession of certain articles of the Geneva Agreement by the corresponding provisions of the Havana Charter, and in addition provides for certain minor amendments to three articles of the Geneva Agreement.

(e) Protocol modifying Part I and Article 29 of the General Agreement on Tariffs and Trade. This Protocol makes some changes in the text of certain articles of the General Agreement on Tariffs and Trade.

A meeting was convened this morning of the officials most familiar with and directly concerned with the International Trade Organization consisting of Messrs. McKinnon, Canadian Tariff Board, Deutsch, Finance, Kemp, Trade and Commerce, Urquhart, National Revenue, and Moran of this Department. The submission from Wilgress was examined in detail and the following recommendations in which I concur were approved unanimously:

(a) That full powers be granted to Mr. Wilgress to sign the Protocol of Rectifications because none of the changes, almost all of which are typographical corrections, have any significance for Canada.

(b) That full powers be granted to Mr. Wilgress to sign the Protocol extending the time for signature of the Protocol of Provisional Application. When the request of the Chilean Government for a further six months to adhere to the General Agreement was submitted to us it was felt that no disadvantages would accrue from granting Chile this additional time and there was the very decided advantage of obtaining the maximum number of countries as signatories. This recommendation was included in the instructions to the Canadian Delegation which were approved by you.

(c) Although the exchange on a reciprocal basis of most-favoured-nation tariff treatment between Canada and Germany is in our interests and we would favour the conclusion of such an agreement it would not be possible for us to sign the agreement as drafted at this latest Geneva meeting of the Contracting Parties. It appears satisfactory in all respects except it states that each of the signatories shall accord most-favoured-nation treatment to the "merchandise trade" of each area. It is explained that the term "merchandise trade" has been used in preference to "products" because the latter term would exclude trade in goods produced elsewhere than in the area concerned. This suggests that we would be required to extend most-favoured-nation treatment to German goods which have entered Germany from some other source. Under existing Canadian legislation it is possible to authorize by Order-in-Council the conclusion of such an agreement. It does raise, however, a question of policy because in all our MFN agreements we have confined the exchange to "goods, the growth, produce or manufacture of" the area concerned. We have enquired of Wilgress the reasons for including in this agreement goods which are not of German origin and have suggested that for our purposes we would prefer in place of the term "merchandise trade" the word "products" or the phrase "goods, the growth, produce or manufacture of." Further consideration will be given to this matter and submission made to you when a reply is received from Geneva.

(d)&(e) The Protocols effecting changes in the text of the articles and providing for the supersession of certain GATT articles by the corresponding provisions of the Havana Charter require detailed study to determine their full implications for Canada and therefore Mr. Wilgress should be authorized to sign these two Protocols ad referendum. Such a procedure is possible under the regulations and a country signing in this manner is permitted to deposit its acceptance of the Protocols up to the 30th November, 1948. When the detailed study by the officials has been concluded a memorandum will be submitted to you for your decision.

Formal full powers for Mr. Wilgress to sign documents (a) and (b) referred to above are being prepared for your signature in the event that you approve these recommendations and will be forwarded to you later today.

Mr. Wilgress has apologized for not having furnished us with copies of the instruments before this date but explained that their final text was available only on September 3rd. As it is possible that signing may take place on Monday September 13th he has requested us to advise him by telegram on September 10th if possible of the decisions made concerning his signing powers. It would be helpful therefore if I could be advised whether you approve these submissions in order that I may send a telegram to Geneva sometime tomorrow.²

L.B. P[EARSON]

584.

DEA/50091-C-40

Extrait du procès-verbal d'une réunion jointe du Comité du Cabinet sur la politique du commerce extérieur et du Comité du Cabinet sur le blé

Extract from Minutes of Joint Meeting of Cabinet Committee on External Trade Policy and Cabinet Wheat Committee

TOP SECRET

Ottawa, December 22, 1948

II. LEGISLATION; GENERAL AGREEMENT ON TARIFFS AND TRADE AND INTERNATIONAL TRADE ORGANIZATIONS

7. *The Minister of Trade and Commerce* submitted a recommendation from the Interdepartmental Committee, that the International Trade Organization Charter and the General Agreement on Tariffs and Trade be submitted to Parliament for approval at the next session.

It was proposed that the Charter and the Agreement be presented in the form of a Bill to be introduced by the Prime Minister, unless he wished to designate another Minister for this purpose.

Major amendments to existing Canadian legislation which would result from Canadian acceptance were at present under detailed consideration by the Department of Justice and the other departments concerned. Some goods would have to be removed from Schedule "C" of the Customs Tariff (Prohibited Goods). Among the items involved were used automobiles, used aircraft, and oleomargarine. These goods were not bound at Geneva and could be subject to any tariff level. The present 10% discount in respect of goods imported into Canada under the British preferential tariff would have to be discontinued where the B.P. rate was the same as the M.F.N. rate. On one item, tin plate, the B.P. rate would have to be increased from 3 to 15%. This modification had been necessary in order to obtain agreement with the United States at Geneva, and the United Kingdom had raised no objection.

A memorandum had been circulated.

² Approuvées par le Cabinet le 10 septembre./Approved by Cabinet on September 10.

(CCETP Document 21, December 22, 1948).†

8. *The Committee*, after discussion, agreed to recommend to the Cabinet that the necessary legislation be proceeded with at the coming session of Parliament, and that a draft Bill be prepared accordingly.

III. GATT AND ITO CHARTER; EXERCISE OF OPTION

9. *The Chairman* reported that a memorandum had been received from the Interdepartmental Committee regarding the selection of the "Geneva" or "Havana" options governing the use of import discriminations. It was recommended that Canada should choose the "Geneva" option and should notify the responsible authorities that it desired to be governed, on and after January 1, 1949, by the provisions of Annex "J" of the General Agreement on Tariffs and Trade, and, insofar as the Interim Commission of the International Trade Agreement was concerned, by Annex "K" of the Havana Charter.

A memorandum had been circulated.

(CCETP Document 22, December 22, 1948).†

10. *Mr. Deutsch* explained that, under the "Geneva" option, Canada would have greater latitude in regard to any discrimination which might become necessary; the "Havana" option would be more restrictive for Canada.

11. *The Committee* approved the recommendation of the Interdepartmental Committee, and agreed that action be taken accordingly.

...

2^e PARTIE/PART 2

PROGRAMME DE RELÈVEMENT EUROPÉEN (PLAN MARSHALL) ET ADMINISTRATION DE COOPÉRATION ÉCONOMIQUE EUROPEAN RECOVERY PROGRAMME (MARSHALL PLAN) AND ECONOMIC COOPERATION ADMINISTRATION

585.

DEA/154 (S)

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

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

TOP SECRET AND PERSONAL

London, January 23, 1948

Dear Mike [Pearson],

Yesterday evening I entertained the Chancellor of the Exchequer to dinner as the result of a suggestion which he had made through Sir Percivale Liesching that it would be useful to have a general discussion about the problems of Anglo-Canadian finance. The Chancellor had also suggested indirectly those whom he would like invited — Sir Edward Bridges and Sir Wilfrid Eady of the Treasury, Sir John Henry Woods, Permanent Secretary at the Board of Trade, Mr. T.L.

Rowan, Chairman of the Overseas Negotiations Committee, and Sir Percivale Liesching. Unfortunately neither Bridges nor Eady could accept and I invited Mr. R.W.B. Clarke of the Treasury instead, so that the company consisted of Cripps, Woods, Liesching, Rowan, Clarke, Syers of the Commonwealth Relations Office and LePan.³

2. As soon as Cripps joined the company, he plunged into an urgent exposition of his concern. What worried him most was that there seemed to be no available device lying ready to be pressed into use at the end of this three-month period. He said that he recognized that the Canadian Government had shown great goodwill during the negotiations last December and had stretched themselves to the uttermost to find a solution. The Government here, he thought we would admit, had also placed themselves under real strain in order to come to an agreement. But what was to happen at the end of March? The United Kingdom could not continue to make United States dollars available to us at the same rate as they were doing at present. Even since the agreement had been concluded the seriousness of the deficit with Canada had been increasing. "Some of our friends," he said, "seem to find it impossible to be continent." By this I assume he meant that some of the other sterling area countries were not managing to limit their dollar deficits to the amounts which had been forecast when Liesching was in Ottawa. On the other hand, he realized that the Canadian Government very probably would also feel — and with reason — that they could not continue the present arrangement. By the end of March the Canadian Government, he imagined, might be unable to extend further credit; and the United Kingdom Government would be unable to continue their rate of payments of United States dollars. With the best will in the world, under those circumstances, it would be impossible to reach a new financial agreement. It would be quite useless to send out anyone to Ottawa or even to suggest that negotiations should take place. He and his advisers had been casting about desperately for some device which could provide a way around the impasse. They had not been able to light on any new ideas and he himself now felt sure that there were none, that there were no keys to unlock this intractable problem, at least so long as it was considered in isolation. The only creative approach, he thought, lay in changing the terms of the problem. It had been considered hitherto chiefly as a difficulty between Canada and the United Kingdom. He thought that now it would have to be transposed and considered as a problem affecting Canada, the United Kingdom and the United States. It was clear that the problem would temporarily disappear, or at least be made much less acute, once the Marshall Plan was in full operation. The brighter prospect in the future, however, would not of itself suffice to ease the position for the five or six months after the end of March, unless positive action were taken and concrete means were devised of bringing in the expectation of future favours to redress the present difficulties.

3. This exposition (in which I said that I generally concurred) led to an account of the prospects of the Marshall Plan as they now appear to the Government here. Material for this appreciation was provided by a number of individuals, notably by

³ D.V. LePan, premier secrétaire, haut-commissariat au Royaume-Uni.
D.V. LePan, First Secretary, High Commission in United Kingdom.

"Otto" [R.W.B.] Clarke, as well as by the Chancellor. But I think I may be able to give you a clearer idea of how the Marshall Plan now appears to the United Kingdom Government if I omit any reference to the contributors to the discussion and instead arrange the conclusions which emerged and which had general approval in a more summary form.

(a) It is not expected that effective aid will be forthcoming under the Marshall Plan until September at the earliest. The Foreign Office believe that the appropriations for the European Reconstruction Programme may be voted by June; but even this is held to be an optimistic forecast. After funds have been appropriated, however, considerable time must elapse before bilateral agreements can be made with the sixteen countries, an administrator appointed and his organization set up, and before the receiving Governments are actually in a position to procure needed supplies from the Western Hemisphere.

(b) Aid will be extended in the form of loans and gifts either of dollars or commodities to make possible an agreed import programme. If the receiving country decides that it does not wish to accept some of the commodities offered, then aid will be reduced by that amount. For example, if the United Kingdom does not wish to accept as large a quantity of tobacco as the United States Government offers, they will not be able to obtain the equivalent value in other commodities, of which in their view they have greater need. Sir Stafford said that the experience of the French under the Interim Aid appropriation had been instructive on this point. As a result of the increase in British coal production, the National Coal Board had been able to offer the French substantial quantities and the French had wished to accept these in place of American coal, expecting that they could obtain United States wheat in lieu. They had not been able to secure sanction, however, from the State Department for this switch. Sir Stafford thought that the accounting system in the United States Treasury and the influence of pressure groups would operate to prevent any such alterations in the European Reconstruction Programme as well as in the provision of Interim Aid.

(c) Congress will almost certainly make some cut in the sum of \$6,800,000,000 for which the State Department is asking to meet the requirements of Western Europe for the fifteen months from the end of March. Since there are no pressure groups inside the United States to push the claims of off-shore purchasing, this end of the programme is likely to be the first to be scamped as the result of any cut in the appropriation. In fact, the United Kingdom may well find itself doubly squeezed. They would suffer from any reduction in the sums available for off-shore purchase and also from pressure on them to accept substantial quantities of commodities like tobacco, oranges and dried fruits, which have not a high priority in their own import programme.

(d) The Interim Aid for France will be completely exhausted, according to M. Mayer, on the 10th of February. In addition, Italy will be in almost as perilous a situation by that time. Consequently, some thought is now being given in the State Department to the possibility that there may have to be a fresh instalment of Interim Aid in order to provide a firm basis for the European Reconstruction Programme when it comes along.

4. Sir Stafford said that he thought the State Department were preoccupied with the pressing needs of France and Italy, and he added that in his opinion that present concentration of interest was right and proper. Obviously he had been deeply disturbed by what he had heard from M. Mayer, who was in London last Friday and whom he is seeing again in Paris today. M. Mayer had said that, according to close estimates made by the French Ministry of Finance, France's resources for financing essential imports would be entirely exhausted by the 10th of February. I imagine that the reason why interim aid has been eaten up so much more quickly than was expected is to be found in the loss of production caused by the Communist-inspired strikes of last November. The Chancellor felt that the present French Government was extremely insecure and he did not know what would follow if they fell from office. All the prognostics were very gloomy. If the Marshall Plan were to become a reality, the State Department could not afford to let either France or Italy collapse and their preoccupation with these two countries was therefore justified — or at least up to a point. They tended perhaps to take the United Kingdom's stability for granted. He did not complain of that. The United Kingdom was, as it were, the anchor of the Marshall Plan in Europe and, although in the long run its requirements must be met if the Plan were to be a success, its immediate needs were not so absolutely imperative as those of some other countries. The problem of the United Kingdom's deficit with Canada, however, was a sharp exception from that general rule. A solution for that must somehow be found, and found quickly. And here the assistance of the United States would be necessary.

5. The Chancellor and his advisers doubted whether even yet the seriousness of the problem of financing the United Kingdom's imports from Canada was fully realized in Washington. In the past they had too often made the mistake of not informing the Administration in good time of the difficulties they were facing. For example, when Mr. Clayton⁴ was told last summer of the gravity of the exchange crisis which was then blowing up and which resulted only a few weeks later in the suspension of convertibility, he expostulated with them, saying that he wished he had known of the situation much earlier. Sir Stafford thought that the Canadian and United Kingdom Governments should take concerted action as quickly as possible to let the Administration know the acuteness of the difficulty. As he put it, it was necessary not only to tell the Americans, "but to tell all the right Americans." The problem should be broadened without delay and put on a triangular basis, and the Americans should be given as much time as possible to think of possible remedies and expedients. In an impasse of this sort it was necessary to look for a *deus ex machina*. In this case the only outside beneficent force which could intervene was the United States.

6. There was no very precise view of what form American action could take. It was frankly recognized that the existing lending capacities of the Administration were exhausted. Sir Stafford said that last year he had urged on Mr. Douglas the

⁴ W.L. Clayton, ancien sous-secrétaire d'État aux Affaires économiques des États-Unis et l'un des principaux architectes de la politique économique internationale de l'après-guerre.
W.L. Clayton, former Under-Secretary of State for Economic Affairs of United States and a major architect of post-war international economic policy.

importance of replenishing the credit resources of the Export-Import Bank. He had even explored with the Ambassador the possibility that some of the United Kingdom's investments in the United States might be applied to this end. I am not sure that I fully grasped the scheme which he lightly touched on; but, unless I am mistaken, it was a plan for transferring the United Kingdom holdings which have been pledged against the R.F.C. loan to the Export-Import Bank and using them as collateral for additional credit. In any case, none of these schemes had proved acceptable and the Administration was now left without immediately available credit facilities and therefore found itself with limited room for manoeuvre.

7. What Sir Stafford was hoping for as the consequence of an approach by the Canadian and United Kingdom Governments was an informal commitment on the part of the Administration regarding the use to be made of Marshall aid for financing the United Kingdom's purchases in Canada, which would allow the United Kingdom to take some large risks before the Marshall Plan came into effect, perhaps in September. Such an informal commitment would involve an agreement with the Administration as to how much of the Marshall aid earmarked for the United Kingdom could be used in Canada. It would also involve permission to use moneys appropriated by Congress in June for the Marshall Plan to finance the deficit with Canada from the end of March. This would mean in a sense ante-dating the financial aid; but Sir Stafford did not think this was an insuperable difficulty, since, according to the State Department's plan, the first instalment of Marshall aid had been intended to cover the recipients' deficits from the 1st of April, 1948, until the 30th of June, 1949. Perhaps the crucial point would be to obtain the Administration's consent to use some of the Marshall dollars to replenish the United Kingdom's reserves by the amount they might have to be run down to cover the deficit with Canada for five or six months from the 1st of April. The Chancellor did not know whether there was any chance of the Administration agreeing to an informal commitment of this sort, and of course the United Kingdom Government would have to wait until a reply had been received from Washington before it could decide whether there was a sufficiently firm basis for taking this final risk with its last reserves. However, he felt considerable confidence that, if the Americans were made fully aware of the gravity and urgency of the problem, they could be relied on to respond with practical help. Although for the most part the United Kingdom's needs could be left until more pressing problems had been attended to, this particular difficulty of the deficit with Canada brooked no delay if the United Kingdom were to be kept in a position where it could continue to be an asset to the Marshall Plan and to the United States.

8. Sir Stafford hoped that the Canadian Government would agree that such a concerted approach to the United States would be desirable. The method of the approach would obviously have to be worked out with great care beforehand. And for that reason he strongly urged that you yourself should come to London for discussions. He thought that it was of the greatest importance that someone in Ottawa who was fully acquainted with the most recent Canadian scene and who was aware of the political as well as the economic considerations which this question inevitably raised should give them the benefit of his advice and in turn be able to sample at first hand the present European atmosphere. The Marshall Plan essentially was a

plan for reconstructing Europe, and the Foreign Secretary only that afternoon had committed the United Kingdom more firmly than ever before to a European partnership. It was for that reason particularly that he suggested that in the initial stages of such an initiative, while it was being prepared for consideration by ministers here and in Ottawa you should be present in London, even if only for a few days.

9. Throughout this letter I have confined myself to recounting as fully as possible Sir Stafford's exposition of the situation and his proposals as they gradually took shape in the course of a round-table discussion. I have done so because in broad outline at least they strike me as sensible. As you know, I have been very worried from this end over what is to happen when the present financial arrangements come to an end in a little more than two months' time, and I have been baffled to suggest any way around the difficulty. This suggestion by the Chancellor has the advantage that it starts with a plain recognition of the facts of Anglo-Canadian economic relations and looks for relief from them in the only quarter from which aid can possibly come in time. No one can be sure, of course, that such a concerted approach to the United States would be successful. But I am convinced that it should be tried. It is for that reason that I have reported what the Chancellor had in mind as fully and sympathetically as possible and that I hope that the Prime Minister and Mr. St. Laurent may look favourably on the suggestion that you yourself should try to come to London to explore it further.⁵

Yours sincerely,

N.A. ROBERTSON

⁵ Le 27 janvier, Pearson envoya une copie de cette lettre à Saint-Laurent qui écrivit dans une note de couverture :

On January 27, Pearson forwarded a copy of this letter to St. Laurent who minuted on the covering memorandum:

I am not convinced the Chancellor is approaching this problem from the angle from which I view it. They have reserves which they must husband for things which are indispensable. But I look upon food from us as such. Some they could perhaps do without but they are getting it for less than the saving on their wheat which they must have, and which if they do not carry out their contracts with us, will have to be paid for out of the same reserves. The matter of safeguarding their reserves is a matter for them to discuss with Washington and I do not like the idea of having us join with them as supplicants for the replenishing of their reserves. L.S. St. L[aurant]

586.

DEA/154 (S)

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

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

TELEGRAM 166

Ottawa, February 2, 1948

TOP SECRET

Following for Robertson from Pearson, Begins: Thank you for your important letter of January 23rd which Mackenzie, Clark, Towers, Moran and I discussed informally on Saturday. Cripps' analysis of situation and suggestions for meeting it will, I hope, be considered by Ministers later this week and I will report the results to you. Meanwhile, the preliminary view of above officials is that it might not, repeat not, be in best interests of either United Kingdom or Canada if we made a joint approach now to U.S.A. regarding our difficulties. We agree, of course, that there is a close relationship between our two problems and that the key to their solution lies in Washington, but we are doubtful about the wisdom of taking our own problem to Washington as an appendage to or as the main reason for the U.K. problem. You know, of course, the traditional American suspicion of Commonwealth "ganging up" tactics even when there is no real ground for such suspicion. At the same time, we naturally wish to keep in the closest possible touch with the British in these matters. Indeed we must do so. For one thing we don't want them to exaggerate or inadvertently misrepresent to the Americans either our difficulties or their relationship to their own difficulties.

In any event, it would seem that Cripps' wise insistence on the necessity for emphasizing to the U.S. Administration the acuteness of the emergency is met — at least to some extent — by the U.K. message to the U.S.A. contained in your telegram No. 113 of January 30th.† That, and the facts in your other recent telegrams on this matter, give a clear if depressing analysis of the situation. Incidentally, the U.K. forecasts of the E.R.P. timetable contained in your letter seem a shade too pessimistic to some people here, though personally I agree with them.

We may suggest to the Government, for their consideration, a Ministerial visit to Washington by Mr. St. Laurent or Mr. Abbott or both, in order to discuss, on the highest level, the gravity of the United Kingdom and western European financial picture. That picture would, of course, be even worse if we were forced, for financial reasons, to divert food products to the United States market. In this connection, any amendment to E.R.P. which would substantially modify its off-shore purchases provisions would, of course, have a bearing on such diversion and would be a damaging blow to our ability to assist in realizing E.R.P. objectives.

If our Government agree that some such visit to Washington would be useful, the consequent discussions could, I think, accomplish many of the things which Cripps suggests might be done jointly. But two separate approaches, rather than one joint one would, I think, be better for the purpose.

Those two approaches would, of course, be in a sense parallel, and might indeed converge, after the talks begin, if the request for this came from the Americans. Indeed, I personally see some advantage in this, more I believe than others here do. For one thing, it might prevent a repetition of Eady tactics of recent unhappy memory.

My own personal suggestion then would be this. Separate approaches to Washington as soon as possible. Close touch between London and Ottawa in respect of them but no special visit to London which might be misinterpreted in Washington and which in any event under this procedure might not be necessary. After the bilateral talks began in Washington, the Americans themselves, once they appreciated the inter-relationship of the U.S.-U.K. and U.S.-Canadian problems might suggest combined discussions.

What do you think of this? Ends.

587.

DEA/154 (S)

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

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

TOP SECRET

[Ottawa], February 3, 1948

UNITED KINGDOM DOLLAR SITUATION — EFFECT ON CANADA

The U.K. financial picture is even gloomier now than that painted for us by the U.K. delegates during the December food talks which we thought then had been somewhat exaggerated — possibly for bargaining purposes.

The difficulties of the situation are increased by uncertainties and delays in Washington regarding ERP and by the recent devaluation policies of the French government, which may force similar policies on other European governments and hence add to the U.K. financial problem.

All this is, of course, of great importance to us and may affect our whole economic situation. It will certainly affect our trade and financial relationships with the U.K. and U.S.A. The government will, no doubt, wish to give the matter careful consideration, especially in its bearing on the position of the U.K. food contracts after March 31, 1948.

The U.K. position on January 1, 1948, as ascertained from recent messages from London, was as follows:

U.S. Dollar and Gold Holdings
(including South African gold)

Loan of 80 millions which is not yet
approved by the S.A. Parl.)

Estimated Drain in first half of 1948
(taking full credit for SA loan but
leaving out of account further drawings

678 million pounds

on the International Monetary Fund which might amount to 20 million pounds)	225 million pounds
Reserves as of June 30th 1948	453 million pounds
Estimated drain for rest of 1948, rather less than	200 million pounds

Without ERP help, therefore, the U.K. position will be desperate at the end of the year.

The position may even be worse than estimated above because

- (1) Exports are running at a substantially lower rate than estimated;
- (2) The net item for invisibles in 1948 will, on a recent analysis of the 1947 figures, be less than estimated;
- (3) Cost of imports from countries outside the Western Hemisphere is increasing.

From the above, the vital importance to the U.K. — and to us — of not only ERP, but of an early ERP is clear.

What is the situation in respect of ERP?

The U.S.A. State Department have told U.K. government to plan on the assumption that ERP assistance would be available after July 1st, 1948, though the first 15 month period is still to begin on April 1st, 1948.

The U.K. consider it of vital importance to use ERP help somehow to cover the drain during this April — July period. If they were sure of this, they would not worry so much about going below the 500 million level of reserves. But they are not sure of it. In fact, their view is that ERP aid will not now be available until September at the earliest; that it will have limiting strings attached to it; that the Administration figure may be cut by Congress, the first cut being in the amount set aside for "off-shore" purchases. The British also think that the U.S. will feel, and not unnaturally, that the most pressing problem under ERP will be to satisfy the needs of France, Italy; to keep them from collapse. The relative stability of the U.K. will be more or less taken for granted.

From the above, two dangers are apparent:

- (a) Delays in bringing ERP into effect may be fatal to the whole programme. Such delays can be met only by some form of interim aid.
- (b) The U.K. position may be not sufficiently appreciated by the Americans so preoccupied will they be with the difficulties of France and Italy.

The U.K. point out to us that we are almost as interested as they are in this second danger (and indeed in the first) because of the difficulty after March 31st of financing U.K. Food purchases in Canada except through ERP aid. If this aid is not effective until September 1st, then, it is stated, positive action must be taken and concrete means devised to bring in the expectation of future favours to redress present difficulties.

The U.K. think that this might be done:

- (1) by an informal commitment on the part of the U.S.A. that X amount of ERP aid, earmarked for the U.K., could be used in Canada;

(2) that money appropriated by Congress by June, 1948, could be used to finance the U.K. deficit with Canada as from March 31st. This is in a sense antedating financial aid for a special purpose.

Sir Stafford Cripps feels that this is the only way of meeting the U.K.-Canadian situation and that if the Americans were made fully aware of the gravity and urgency of that situation they would respond with practical help along the above lines.

To drive home the urgency of this problem to Washington, Sir Stafford suggests a joint and concerted approach by our two governments to the U.S.A. and, to facilitate that, a visit to London immediately by a Canadian official who could work out the details with Whitehall. This suggestion was put in a personal letter from Norman Robertson, to which a personal and preliminary reply has been sent and is attached to this memorandum.

What will happen if the U.K. do not get some assurance from the U.S.A. of early and adequate assistance?

They have told us that in this contingency they might have to take the following protective measures:

- (1) Reduction of certain rations and maintenance of others, which it had been hoped to increase, at the present low levels.
- (2) Diversion of coal exports from Europe to hard currency countries like Argentina.
- (3) Reduction of purchases of raw materials, with harmful results to employment and recovery in the U.K.

This seems to be the picture, though very inadequately sketched. I am sure that you will agree that it is a sombre one, and throws its shadows directly over our own country.

L.B. P[EARSON]

588.

DEA/154 (S)

*Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures
High Commissioner in United Kingdom
to Secretary of State for External Affairs*

TELEGRAM 133

London, February 4, 1948

TOP SECRET. MOST IMMEDIATE.

Following for Pearson from Robertson, Begins: Reference your telegram No. 166 of February 2nd.

I have had a private word with Cripps and Liesching this morning on the subject of your message. The former feels it is important that United Kingdom and Canada should be very clear in their own minds as to what action they wish United States to take before any joint or separate démarche is made to Washington. There would

be little value in bringing our troubles there if we had not thought out first the measures which United States could reasonably be asked to take to help solve them. For this reason he renewed his hope that you might be able to come to London, or failing that, that I might return for a quick visit to Ottawa.

2. If at all possible, United Kingdom do not wish to send Minister to Washington while the ERP programme is before Congress. This is in line with the advice they have always received from Lewis Douglas, and is confirmed by their feeling that the continental countries would be upset by anything that looked like a special British effort to get in front of the queue. If, therefore, there were to be separate approaches to Washington by Canada and United Kingdom in the near future, the latter would almost certainly have to leave the presentation of their position to Inverchapel and Gordon Munro.

3. In the meantime the Chancellor is worried about the passage of time. He feels the problem must be solved during this month. He is sensitive to American criticism that matters in the past have been allowed to drag until it was too late to mend them before American advice and assistance was asked for. With these considerations in mind, he wondered whether our Government might wish to authorize Wrong to tell Lovett exactly where matters stood. He might, for example, say something like this: Canada and United Kingdom had both been giving a good deal of anxious thought to the situation that would develop after March 31st, we did not see how it could be met without positive United States cooperation, we had been considering both what we would have to ask for and how we should ask for it, the issues involved seemed to both countries of critical importance to the success of the ERP programme, we did not want to prejudice those chances by an approach that could be construed from one angle as a Commonwealth ganging up, from another as an attempt at outside pressure during the course of a great Congressional debate, or from a third as an attempt on the part of United Kingdom to claim a priority for her needs above those of the European countries with which she was associated in the 16 Nations Conference.

4. Such a preliminary approach from us, following on United Kingdom memo quoted in my telegram No. 113 of January 30th,† might get the Americans thinking at once about the implications of the Canada-United Kingdom exchange position which Deutsch, I believe, explained to Nitze after the conclusion of the Liesching talks, prepare them for a visit such as Mr. St. Laurent or Mr. Abbott might make, and give them the opportunity of suggesting the kind of consultations which would cause them the least embarrassment and promise the best hope of success. Ends.

589.

DEA/154 (S)

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

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

TELEGRAM WA-399

Washington, February 5, 1948

TOP SECRET

Following for Pearson from Wrong, Begins: With reference to your messages EX-281 of January 30th† and EX-329 of February 4th,† and your letter of January 29th† covering Robertson's letter to you of January 23rd, I have the following observations to offer:

(I) They seem to me to be taking in London too gloomy a view of the timetable for the passage of E.R.P. I asked Lovett yesterday when he expected the Bill to be adopted. He is usually not over-optimistic about Congressional behaviour, but to my surprise he answered that in his judgment it would be through by March 15th. This refers to the Authorization Bill which includes authority for the R.F.C. to advance funds (probably \$500 millions) to start the programme before the Appropriation Bill is passed. Lovett thought that the Appropriation Bill might be through by the end of April. Vandenberg yesterday predicted that action would be completed in Congress on the main Bill by April 1st. Of course there are many who disagree, and the House Committee is lagging behind the Senate Committee, which is expected to report the measure in about two weeks.

(II) If things move as fast as Lovett and Vandenberg expect, the central cause of Cripps' anxiety will be removed, since there would be at worst only a small gap between the termination of our financial agreement with the United Kingdom and the beginning of Marshall Plan aid.

(III) The administration is still pressing strongly for the full sum of \$6.8 billions for the first fifteen months, although the possibility of a cut in this remains. It is certainly their intention that the plan should take effect from April 1st; and I think it more likely than not that funds would later be made available to reimburse the cost of approved programmes from that date even if the passage of the Bill were delayed. In this connection, it is of interest that yesterday the French Ambassador received \$31.4 millions from the State Department described by the *New York Times* as "a refund to France for the money that Government had spent in cash for supplies covered by the Interim Aid Law but before it became effective."

(IV) Should the appropriation be cut, I doubt that the reduction would be applied wholly or mainly to sums proposed for purchases outside the United States, as is suggested in paragraph 3(c) of Robertson's letter. Complaints about short supplies in the United States and about pressure on domestic prices of exports are currently more appealing to Congress and the public than the normal incentives to "Buy American".

(V) With regard to France, I asked Bonnet last night what they would do when Interim Aid ran out in February. He said that there would have to be a further Interim Aid appropriation and seemed fairly confident of getting it, although he exuded gloom about the Marshall Plan timetable and possible cuts in the funds. I have no confirmation of the prospects of more Interim Aid.

(VI) With regard to British fears about the inflexibility of E.R.P. (see paragraph 3(b) of Robertson's letter), I think Cripps may have drawn too gloomy conclusions from the French experience in failing to get permission to substitute wheat for some coal under Interim Aid, although I know nothing about this particular instance. Wheat exports have been fully programmed in advance and an increase in United States supplies to France may have been ruled out on that ground alone. The British surely have no difficulty in disposing of their export coal to other European countries, which need both the British and the United States exports.

2. I share your doubts about the wisdom of a concerted approach here by the United Kingdom and ourselves at the present time. Such an approach may prove desirable if in three weeks or so it looks as though E.R.P. legislation will be delayed into May or June. It will probably turn out in any event that the British will have to run down their exchange reserves somewhat before the programme gets started. Alternatively we may be pressed to assist them, even by drawing on the Export-Import Bank credit for this purpose. The availability of this credit is one of the reasons why I hesitate to recommend a joint approach, as an easy answer might turn out to be that we should use part of it to help the United Kingdom meet their Canadian deficit, on the understanding that the State Department would endeavour to see that the legislation permitted a refund to us by the United Kingdom later on.

3. As you suggest in your telegram No. 166 of February 2nd to Robertson, the United Kingdom reply to the United States Embassy's aide-mémoire places the United Kingdom — Canadian financial problem squarely before the State Department, and reduces whatever force there was in the suggestion of a joint approach. I said to Lovett yesterday that I might want to discuss the matter with him, but did not go into any details. Most of the right people in the Departments here have a fairly good idea of the financial relations between Canada and the United Kingdom.

4. Some months ago I reported that in London they appeared to me to be taking altogether too optimistic a view of the difficulties in the way of E.R.P. Then in December they sought to disregard E.R.P. possibilities entirely during their negotiations in Ottawa. Now it seems that, while counting on E.R.P. aid, they have become too gloomy about the date of adoption and the length of time it will take to get the programme started after adoption. There are still plenty of obstacles, but opinion has solidified in favour of the general programme to a degree that seemed unlikely four or five months ago.

5. I shall send a further message after talking with Munro, who is laid up today. He is leaving for London on February 12th, and I hope to get from him the line which he will take in discussions there.

6. What do you think of suggesting to London that they might approach the United States on behalf of the Paris Committee rather than on their own behalf or

because specifically of the financial problem with Canada? All the participating countries will be affected if the programme is not dated to begin from April 1st should the appropriation be adopted considerably later. All will be concerned by the problem troubling Cripps, whether expenditures can be refunded for commodities included in the programme which they may have to pay for either because Congress fails to meet the target date or because the administrative machinery is slow in getting under way. Ends.

590.

DEA/154 (S)

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

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

TOP SECRET

[Ottawa], February 6, 1948

U.K.-U.S.-CANADIAN FINANCIAL DISCUSSIONS

I sent you a memorandum on this subject on February 3rd, giving the picture in respect of the United Kingdom dollar situation, and its effect on messages we had received. This memorandum, and certain points arising out of it, were discussed at the External Trade Advisory Committee meeting Thursday⁶ when the following conclusions were reached:

It is quite clear that the drain on United Kingdom reserves is serious, and that their situation will become impossible without timely ERP assistance. It is equally clear that the deterioration of the U.K. position has a very important bearing on our own economic position. We are, of course, not in the same situation as the U.K., for developments which would be disastrous for them would mean, in our case merely a readjustment of our trade and economic relationships. This would be, of course, very serious and of far reaching importance, but it is not a matter of life and death. As a result of this difference in our positions — and there are other differences — we should be careful in not assuming that the problem which the U.K. wish to bring to the attention of the U.S. is a British-Canadian problem. There are two separate problems, even though they are related, and this fact, to some extent, determines the procedure which we should follow in meeting them.

The Committee felt Thursday that, while it was essential that we should keep in close touch with the British in these dollar questions, this did not necessarily mean that a joint approach to the U.S. on this matter was desirable. The reasons for this conclusion were given to you in the earlier memorandum, and our meeting Thursday felt that those reasons were valid.

It was also felt that a separate Canadian approach to Washington would be useful in not only calling the attention of the Americans to our own difficulties, but in emphasizing that those difficulties affect our relationship to the British European

⁶ Le 5 février/February 5.

problem, and that there is only one satisfactory method of solving this whole position, through timely and adequate ERP action. It had been thought earlier that a mission to Washington, on a high political level, at an early date, would be useful, to go over the whole Canada-U.S. financial picture. The Government may, of course, desire to take this course, but we felt yesterday that such a mission would, in the circumstances, be somewhat premature, and might cause undesirable speculation. We felt that it would probably be better, at this stage, if no special approach were made from Ottawa to the U.S. Government, but that our Ambassador in Washington might be instructed to take this matter up with the Secretary of State, using for that purpose a brief which would be very carefully prepared in Ottawa. Sir Stafford Cripps has already indicated to our High Commissioner in London that a Canadian approach of this kind, to tell the State Department exactly where matters stood, might be of very considerable value to the U.K., as well as to ourselves. What he had in mind was that Wrong, in putting the Canadian position to the Americans would be able to touch on the U.K. difficulty as well. This he could do, of course, providing it were merely an incidental part of his Canadian message. It would have this value that it might help to ensure that there would be no misunderstanding in the minds of the Americans that our situation was either the cause of, or too closely connected with, U.K. difficulties.

If, on the other hand, the U.K. made their own démarche at Washington prior to ours, they might be tempted to put undue emphasis on the Canadian dollar difficulties as an important contributing factor to their own.

Telegram No. 133 of February 4th from the High Commissioner in London to me, a copy of which is attached for convenience, gives some interesting views from London on this procedural aspect of the question.

It had previously been suggested that a Canadian official might fly to London to discuss matters with the U.K. authorities, prior to any approach by either Government to Washington. We felt at our meeting that this was unnecessary and possibly undesirable. However, we did think it would be most useful if our High Commissioner in London could fly to Ottawa for a few days, so that in any discussion in which he participates in London he will have the latest Canadian information and be made aware of the Canadian position in a way which cannot be so effectively done by correspondence. If Mr. Robertson could be authorized to return, at once, Mr. Wrong could come to Ottawa for a day or so from Washington, and they could join the Canadian officials concerned in discussing the whole position, with a view to making a report to the Government. It might also be useful if Sir Alexander Clutterbuck, who is returning to London shortly for consultations, could sit in on some of these discussions, so that he also would be made familiar with the Canadian viewpoint.

L.B. P[EARSON]

P.S. After your telephone message yesterday afternoon, I telephoned Mr. Robertson in London and asked him to come by the first available plane. He should be here early next week.

L.B. P[EARSON]

591.

DEA/154 (S)

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

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

TELEGRAM WA-425

Washington, February 9, 1948

TOP SECRET

Following for Pearson from Wrong, Begins: In continuation of my message WA-399 of February 5th about financial problems between the United Kingdom, Canada and the United States, after further reflection on Robertson's reports from London I have come to the following conclusions:

(a) Cripps and his advisers tend to over-rate the importance of the timing and method of an approach to the United States authorities on the Canadian-United Kingdom position. If it were possible to secure a binding promise from the Administration here on the refunding of United Kingdom expenditures for E.R.P. supplies from Canada incurred between April 1st and the effective beginning of E.R.P., and also on the amount of E.R.P. dollars which the United Kingdom might spend in Canada in the first 15 months, the timing and method of the approach would be of great importance. All that the Administration can now undertake is to use their best endeavours to persuade Congress that the legislation should be adopted in a form satisfactory to the United Kingdom on these points. In London they still do not fully appreciate the difference between the value of assurances from a Government with a Cabinet system and those that can be given here, especially those given when Congress is controlled by another party.

(b) It is likely that they could get an assurance on the first point (i.e. that relating to refunding) without much difficulty, for what it is worth. On the second point (the amount of dollars available for Canadian purchases) the answer must depend on the size of the appropriation and on the decision of the Administrator when appointed; and the Administration here would be loathe to suggest a specific sum.

2. Probably our end of the matter can be handled effectively here by my seeing Lovett, perhaps accompanied by someone from Ottawa who has the latest information about our exchange position and our estimated deficit in United States dollars for the balance of the year. This could be followed by a detailed discussion with the Interdepartmental Group under Tyler Wood which considers Canadian problems. The British could make their case by parallel methods. Munro is advising London against a concerted approach.

3. It looks now as though there would be some compromise over the E.R.P. funds to be appropriated. A possible compromise is that the Authorization Bill should include the \$6.8 billions for the first 15 months but that the Appropriation Bill should only contain \$4.5 or \$5 billions, with the understanding that the Administrator would come to the new Congress for further funds in January, 1949, if it was then apparent that a larger sum would be needed before the end of the fiscal year.

The introduction of a Chinese aid programme has complicated the situation and reduced the chances that the full \$6.8 billions will be voted. Ends.

592.

DEA/154 (S)

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

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

TELEGRAM WA-457

Washington, February 12, 1948

TOP SECRET. IMPORTANT.

Following for Pearson from Wrong, Begins: With reference to my message WA-425 of February 9th, I secured last night some further information about ERP prospects in Congress which you may think it well to circulate in Ottawa to those who will be taking part in the meetings next week which will be attended by Robertson and myself. This information comes from an authoritative source in the Administration who asked me not to use his name. He is very closely in touch with the thinking in Congress.

2. He considers Lovett's estimate that the Authorization Bill should be passed by March 15th is a little too optimistic, but believes it can become law by April 1st. Efforts are now concentrated on getting a workable bill before the Senate, and the Committee draft is nearly complete. Vandenberg is standing firm that the Bill should authorize the expenditure of the full \$6.8 billions sought by the Administration during the first 15 months of the program from April 1st. Vandenberg is ready to compromise on non-essentials, but does not intend to yield on what he regards as essential to make the program work.

3. My informant considers that the actual appropriation, however, will fall short of the \$6.8 billions. What is most likely to happen, according to him, is that the sum of \$4.5 billions will be appropriated to cover the period April 1st, 1948, to March 31st, 1949. If the \$6.8 billions for 15 months was reduced to fit a 12-month period, the total would be \$5.44 billions; expenditures, however, would probably be higher in the last three months, so that the actual cut suggested seems somewhat less than \$940 millions. Later he said that the initial appropriation might be \$5 billions. The suggestion is that appropriations for later years should not be voted on the basis of fiscal years, but for years beginning on April 1st, so that the 1949-50 vote would be considered immediately the new Congress convenes in January, 1949. Senator Bridges, Chairman of the Senate Appropriations Committee, is understood not to be opposed to a plan on these lines, and to be disinclined to yield to more drastic reductions which may be approved by the House.

4. Up to the last few days, the off-shore purchase aspect of the program had lost none of its popularity in Congress. The break in commodity prices, however, unless checked very soon, may have some effect on these provisions of the Bill.

5. I raised the question of the possible refund to the United Kingdom and other countries of expenditures for ERP supplies incurred between April 1st and the effective beginning of the program. I received a curious answer, which I do not profess to understand. It was that under the rules laid down by the Bureau of the Budget such refunds would be possible provided that the total amounted to more (repeat more) than \$600 millions. I am trying to find out what this means. In addition, it is contemplated that after the Authorization Bill is passed, payment should be promptly undertaken for existing approved contracts, and the United Kingdom food contracts with Canada (or the more important ones, such as the wheat contract) would almost certainly be eligible. Such payments could be made even before the individual agreements with recipient countries have been negotiated. In short, the Administration and the Senate Foreign Relations Committee, at any rate, are conscious of the dangers of a long gap before the dollars begin to flow and expect to find ways of reducing it. Payment for new projects, however, may be subject to considerable delay, since they could not be undertaken until the administration of ERP was set up and the agreements with participating countries concluded. I think that most of our exports to the United Kingdom and other participating countries are covered by contracts which might be eligible for prompt approval. Ends.

593.

DEA/50091-C-40

*Procès-verbal de la réunion du Comité du Cabinet
sur la politique du commerce extérieur*

*Minutes of Meeting of Cabinet Committee
on External Trade Policy*

TOP SECRET

Ottawa, February 17, 1948

A meeting of the Cabinet Committee on External Trade Policy was held in the Privy Council Chamber on Tuesday, February 17, 1948, at 11:30 a.m.

Present:

The Secretary of State for External Affairs, (Mr. St. Laurent), in the Chair,
The Minister of Reconstruction and Supply and Trade and Commerce, (Mr. Howe),
The Minister of Agriculture, (Mr. Gardiner),
The Minister of Finance, (Mr. Abbott),
The Minister of National Revenue, (Dr. McCann).

Also present:

The Under-Secretary of State for External Affairs (Mr. Pearson)
The High Commissioner for Canada in the United Kingdom (Mr. Robertson)
The Canadian Ambassador to the United States, (Mr. Wrong),
The Secretary to the Cabinet, (Mr. Heeney),
The Deputy Minister of Finance, (Dr. Clark),
The Deputy Minister of Trade and Commerce, (Mr. Mackenzie),
The Deputy Minister of National Revenue, (Mr. Sim),
The Deputy Governor of the Bank of Canada, (Mr. Gordon)
The Secretary (Mr. Baldwin), Privy Council Office.

1. *The Under-Secretary of State for External Affairs* on the invitation of the Chairman, reported that the Interdepartmental Committee on External Trade Policy had discussed the Canadian position in regard to the European Recovery Programme and the continuation of U.K. purchases in Canada during 1948 and had subsequently met with U.K. representatives for a general exchange of views.

It had been made clear that, while the United Kingdom had not requested any further financial assistance from Canada during 1948, none should be expected.

Consideration had also been given to a joint Canada-United Kingdom approach to the U.S. government, to clarify the position of both countries in the hope of receiving some assurance that E.R.P. would be effective from April 1st. As a result of the discussions it had become apparent that a joint approach would serve no useful end at this stage; each country should, however, continue to keep its position before the U.S. authorities.

One problem that had been considered was the effect of the continuing demands of the sterling area (other than the United Kingdom and South Africa) on U.K. dollar reserves. This drain would not be covered by E.R.P. and would continue to be a serious factor in the U.K. reserve position.

2. *The Deputy Governor of the Bank of Canada* pointed out that, leaving E.R.P. out of consideration, it was expected that the U.K. dollar deficit for 1948 would be about £285 million. The deficit for the rest of the sterling area, not including South Africa, would be about £75 million and U.K. dollar payments to other countries would be slightly over £55 million. Taking into consideration certain offsetting gold payments the overall drain on U.K. dollar reserves would be about £405 million during the year. Reserves at January 1st stood at about £678 million.

Since E.R.P. would only cover the dollar requirements of the United Kingdom, the additional drain on U.K. reserves would be serious. In this connection the figure of £75 million for the sterling area, (covering India, Pakistan, Ceylon, Burma, Iraq, Palestine, Australia, New Zealand and Ireland) had been determined after offsetting expected dollar earnings (of £75 million) from the colonies; the actual requirements of the area would be about £150 million, an amount not substantially different from requirements during 1947.

3. *The Canadian High Commissioner to the United Kingdom* reported that the U.K. authorities were seriously concerned by a substantially increased rate of decline in dollar reserves over recent weeks and had been considering what action might be required.

Further reductions in imports, additional diversion of sterling area products to the dollar areas, added emphasis on U.K. exports and the possibility of obtaining the assurances in Washington to which Mr. Pearson had referred, were being considered.

The dollar losses of the United Kingdom to the sterling area described by Mr. [Donald] Gordon represented in large measure a stabilizing factor of political significance which could not easily be reduced although responsibility for meeting these demands might, in the course of time, be shifted.

4. *The Canadian Ambassador to the United States* reported on the progress of U.S. congressional discussions in regard to E.R.P. It seemed generally accepted that the programme, when approved, would cover purchases from April 1st onward. The necessity of providing immediate and urgent aid to certain European countries might, however, mean that reimbursements to the United Kingdom would be delayed until some action had been taken in regard to these urgent situations.

Rather than take over the purchasing of items for the United Kingdom of the type presently covered by the Canadian food contracts, the United States would probably provide the United Kingdom with funds to cover purchases of this type. In all likelihood the food contracts and Canadian base metals and lumber for the United Kingdom would present no difficulty as far as inclusion in E.R.P. was concerned.

5. *The Chairman*, referring to the financing of U.K. purchases in Canada after April 1st suggested that in view of Mr. Wrong's report the United Kingdom should assume responsibility for the financing in the expectation that in due course reimbursement would be made under E.R.P.

6. *The Deputy Minister of Finance* pointed out that while it had been made clear in London and Washington that Canada should not be counted on for further direct financial assistance to the United Kingdom and other European countries, U.S. authorities appeared willing to consider the difference between the prices charged for Canadian supplies and higher world prices as a Canadian contribution to the recovery programme. This situation would become more difficult if world price levels dropped substantially.

7. *Mr. Pearson* suggested that in the circumstances the only action required in Washington at present would be a full explanation of the Canadian position by the Canadian Ambassador to the appropriate U.S. authorities.

8. *The Committee*, after further discussion, agreed that the course suggested by the Under-Secretary of State for External Affairs appeared desirable.

594.

DEA/265 (S)

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

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

TELEGRAM EX-488

Ottawa, February 21, 1948

TOP SECRET. IMMEDIATE.

For Wrong from Moran. Your WA-528† concerning the line you should take in your discussions next week with Lovett.

2. It was not considered necessary to convene a meeting of the full Interdepartmental Committee on External Trade Policy to discuss this matter, but yesterday Norman Robertson, Clark, Towers, Gordon, Baldwin, and myself met to consider the points which might be covered by you. Set out in the following paragraphs is

the text of a memorandum for your guidance which has now been approved by all those present at yesterday's meeting.

TELEGRAM TO THE CANADIAN AMBASSADOR IN WASHINGTON

Your discussions with Lovett are not of course intended to cover any detailed description of what Canada expects the United States to do. Rather it was felt that you might proceed with some general discussion of the position in which Canada now finds itself and the problems which are causing us concern. It might be in order to commence with a general inquiry regarding the progress of the plans for E.R.P., to pass from that to some comments on the Canadian position and as a natural extension of this line, our relationship with the U.K. and its reserve position with particular reference to the sterling area demands.

Your remarks might be along the following lines:

Canada has been giving further thought to its position with regard to supplying of goods under E.R.P. and the extent of the assistance which is in its power to provide towards the recovery of Western Europe. Unrequited exports from Canada, mainly to the United Kingdom and western Europe were \$860 millions during 1946 and \$601 millions during 1947. This drain contributed in large measure to our adverse U.S. dollar position compelling us to adopt corrective measures in the form of widespread restrictions on imports.

While it is early yet to assess the results of our programme for conservation of exchange, it would now appear on the basis of a preliminary statistical study that, apart from drawings on credit, the severe restrictions which we have imposed will at best prevent further drain on our reserves which as you know are already at an unsatisfactory low level. We are about to begin drawings upon the \$300 million loan from the Export-Import Bank which was arranged last autumn.

In this connection, after thorough review of all the factors involved, it would appear that Canada may find it possible in 1948 to permit other countries to go as high as \$100 million in drawing upon credits already authorized. (This contribution to the recovery of western Europe would be additional to any recognition which we might get as a result of sales at prices lower than world levels.) Of this sum \$45 million is represented by the \$15 millions which we agreed to release monthly for use by the United Kingdom during the first three months of 1948, at the time when they agreed on the Canadian food contracts for the balance of the year. The remaining amount represents the extent to which we think the unused balances of credits granted by Canada to other countries might be allowed to diminish. (Complete information with regard to tentative estimates of our balance of payments for 1948 has been taken to Washington by John Deutsch who is in a position to brief you fully regarding the basis upon which it was prepared.)

We have considered the U.K. position and our relationship thereto informally in Ottawa with U.K. representatives. The United Kingdom is fully familiar with our position and we do not believe that any misunderstanding will arise with regard to the extent of our financial capacity to provide assistance during 1948. In these circumstances you will have in mind the importance of the situation which will emerge after April 1st when the U.K. will have used up the \$45 millions of credit can not be overlooked.

We are at the same time gravely concerned over the general position of U.K. reserves. The depletion of these reserves which took place during 1947 is a matter of serious consequence. While their forecasts for 1948 are somewhat better they still leave grounds for anxiety and moreover it is quite possible that these forecasts may not be realized. In particular we have been concerned by a sudden increase over recent weeks in the drain on U.K. dollar reserves. (Tentative figures on this are available to you in the minutes of the Cabinet Committee on External Trade Policy.)

The large continuing drain of the sterling area ex United Kingdom and South Africa on U.K. reserves, will not be eased by E.R.P. We realize that this is a burden which the United Kingdom must for the present, at least, continue to assume and that it would be extremely difficult for the United Kingdom to achieve any radical reduction. The maintenance of general political stability and security in important large areas in both the Middle and Far East is related directly to this problem. Nevertheless, if this drain continues, the United Kingdom may at the end of E.R.P. be in a much worse reserve position than at present.

At the same time it is quite clear that E.R.P. will not be fully effective unless it operates in an atmosphere of confidence. It is apparent that a situation in which U.K. reserves continue to deteriorate and in which the position of sterling and the sterling areas becomes more dubious would be a very large obstacle to the development of that atmosphere of confidence which western Europe needs and which E.R.P. requires.

Even with E.R.P. becoming effective on April 1st there will, as the figures on the U.K. reserve indicate, be a substantial drain on U.K. reserves during 1948. While this is primarily a matter for the United Kingdom to discuss with the United States, it is a feature which we consider to be of considerable importance, bearing directly as it does upon the ability of the United Kingdom to maintain its own reserve position and that external confidence in its position which is necessary for a successful atmosphere in western Europe for the recovery programme. It would not be appropriate for us to suggest any specific course of action which either the United States or the United Kingdom could adopt in the face of this difficulty. Nevertheless it continues to cause us anxiety.

In this connection you may wish to mention in the course of the conversation if an appropriate opportunity presents itself that the decision with regard to allocation of any surplus dollar earnings from the U.K. colonies will be of some importance. If they must be credited against the United Kingdom's own dollar deficit the drain of the sterling area will be that much larger, while the assistance granted under E.R.P. will be proportionately smaller. On the other hand if they can be credited against the sterling area drain they will reduce somewhat the dimensions of that problem.

595.

DEA/154 (S)

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

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

TELEGRAM WA-612

Washington, February 27, 1948

TOP SECRET. IMPORTANT.

As agreed last week in Ottawa, I discussed our financial problems this morning with Lovett. Deutsch accompanied me, and Wood, Nitze, and Foster were with Lovett.

2. I began by talking on the lines of your message EX-488 of February 21st, seeking particularly to bring out the difficulties of the United Kingdom's financial position in the second quarter of this year and our own inability to extend credit during 1948 in excess of \$100 millions. At the conclusion of my exposition, Lovett remarked that he could give me "little current comfort", and he later said that our talk had at least had the effect of sharing our misery with them. The results, in short, were depressing.

3. We explained fully the Canadian reserve position and the achieved and anticipated effects of the restriction program, emphasizing that our reserves were precariously low, even taking into account the Export-Import Bank credit, and that a poor crop this year might wipe out our estimated current account surplus for 1948 of \$130 millions, which we counted on to balance our shipments on credit.

4. We then went into the United Kingdom position and the estimated drain on United Kingdom reserves in 1948 without allowance for ERP aid. We specially stressed the problem in the second quarter before ERP can begin to operate fully. Lovett said that if the R.F.C. clause stayed in the Bill, he thought little of the billion dollars would be used by the Administrator for the United Kingdom, since several other countries had no means of payment whatsoever and would have first call on this fund. It would be for the Administrator to decide and to weigh the disadvantages of a possible decline in confidence in sterling through a fall in the United Kingdom's reserves against the necessity of maintaining the flow of supplies to the countries without dollar resources. We then asked about replenishment of the United Kingdom's reserves for expenditures within the ERP program which they would have to make between April 1st and the passage of the full appropriation. We had previously formed the impression from other sources that the refunding of such expenditures was likely to be contemplated. Lovett, however, said that he greatly doubted whether Congress would pass legislation authorizing re-payment for supplies actually delivered and paid for. He added that even if this was feasible, the Administrator might not see his way to furnish funds for this purpose. Wood and Nitze both agreed that ERP funds were unlikely to be used for anything actually delivered before the funds were voted by Congress.

5. I may add that Donald Gordon yesterday got a more cheerful account on the prospects in this respect from Southard of the Treasury. I think that the Treasury is a good deal more sensitive than the State Department to the need for maintaining adequate reserves in London and probably also in Ottawa.

6. I remarked that this was primarily a question between the United States and United Kingdom, but Lovett said that it was really a tripartite matter in view of our deep interest. We also went into continuing drain on the United Kingdom reserves of the rest of the sterling area, saying that this might run to over 200 millions pounds during the lifetime of ERP, and that even if ERP operated to meet the entire dollar deficit of the United Kingdom, they would end up with seriously depleted reserves because of this drain. Lovett agreed that this was the case. We did not go further into this aspect, since it is a matter on which the United Kingdom can best take the initiative.

7. Nitze at one stage remarked that the extension by Canada of \$100 millions of credit in 1948 was below their own estimates of the share that we could carry, quite apart from the indirect contribution contained in the lower prices in our United Kingdom food contracts. Although Lovett said nothing, I am not sure that we satisfied Nitze and Wood that it would be too risky for us to give a further credit to the United Kingdom. They pointed out that the United Kingdom would probably have to run a large risk in depleting their reserves at this time and that we might be expected to take a smaller risk, perhaps by continuing to make \$15 millions monthly available for a period. We sought to counter this by emphasizing our precarious reserve position and our expectation that the restrictive measures would do no more than maintain this position. We shall, however, probably hear more of this suggestion.

8. Deutsch forestalled any mention of the possibility that we might improve our position by further restrictive measures by explaining the difficulties which were being encountered in giving effect to the November decisions and the conclusion that further restriction of imports would at once reduce our productive capacity. Lovett asked some questions about the United States dollar content of our current exports of manufactured goods to Europe, and he appeared satisfied with Deutsch's explanation of the composition of our export trade.

9. In conclusion, Lovett said that he was more optimistic than he had been last month about the passage of ERP, the timetable, and the sums that would be provided. He had no suggestions to offer, however, for meeting the United Kingdom's problem in the opening stages of ERP or coping with the continuing drain of the rest of the sterling area on the United Kingdom's reserves.

10. Will you please repeat this message to Norman Robertson in London, as he said yesterday that he hoped a report of this discussion would be there on his return.

596.

DEA/50091-B-40

*Note du Comité interministériel sur la politique du commerce extérieur
pour le Comité du Cabinet sur la politique du commerce extérieur*

*Memorandum from Interdepartmental Committee on External Trade Policy
to Cabinet Committee on External Trade Policy*

CCETP DOC. 3

[Ottawa], March 12, 1948

TOP SECRET

CANADA-U.K. FINANCIAL ARRANGEMENTS; E.R.P.

I. *E.R.P.; Canadian Relationship and Participation*

The Committee has already received a report on recent conversations in Washington regarding certain features of the European Recovery Programme. The State Department officials were inclined to be pessimistic about the possibility of E.R.P. aid to the United Kingdom being retroactive to April 1st, and about the speed with which dollars could be made available to the United Kingdom after April 1st. They also suggested that rather more should be expected from Canada in the way of independent aid than we have contemplated. It may be that this pessimism was deliberately designed to push Canada to do more in the way of making Canadian credits available. Much more optimistic views, however, prevailed in Treasury quarters with regard to assistance to the United Kingdom. While there is still divergence of views among administration officials on these matters in Washington, on the whole the preponderance seems to be in favour of the less pessimistic approach.

U.S. estimates are that about \$2 billion of E.R.P. funds are likely to be used during the twelve months commencing April 1st for purchases in the western hemisphere outside the United States. A substantial amount of this will be spent in Canada. The same figures indicate that \$700 millions for assistance to the programme is expected from other countries in the western hemisphere. Canada as the most important is expected to make the most substantial contribution. Fuller explanation of the basis on which the \$700 million was determined has been sought but has not yet been received, although it has been learned that U.S. sources in making this calculation expected that Canada would allow the United Kingdom to continue to draw on the Canadian credit after April 1st (about \$240 millions).

It was earlier expected that the difference between Canadian export prices and higher world price levels, if accepted by the United States as a Canadian contribution to E.R.P., would be a substantial amount. At the peak prices of some weeks ago it might have reached \$300 millions or more but that figure has substantially decreased as a result of the recent drop in U.S. commodity prices and will probably be further reduced or even wiped out. The International Wheat Agreement, for one thing, will eliminate the largest single figure, the allowance which we would have received for sale of our wheat at lower than world price levels.

The general view taken in Ottawa has been that the most that Canada should do in the way of direct foreign assistance during 1948 would be \$100 millions. This

would include the \$45 millions made available to the United Kingdom during the first three months of the year (special arrangements with the U.S. may be required if we are to get allowance for this \$45 millions as a parallel to E.R.P., which does not begin until April 1st). Of the remaining \$55 millions the greater portion is already committed on contracts for France and other countries.

About \$370 millions of the foreign credits extended by Canada remain unexpended and unencumbered; roughly two-thirds of this amount is in the U.K. credit. The credits extended to other countries expire at varying times during 1948. The use of all these credits has been virtually frozen by the present arrangement with the United Kingdom which permits drawings of \$15 millions a month up to March 31st only, and by the Canadian policy of requesting dollars from the other countries in payment for any commodities which could normally be sold for U.S. dollars.

II. *The U.K. Contracts*

Directly related to the availability of E.R.P. funds after April 1st is the U.K. financing of Canadian contracts. U.K. officials have been informed that the pessimistic State Department indications described should not influence the United Kingdom to any course of action without further and much more definite confirmation. Nevertheless the United Kingdom is seriously concerned over these possibilities and is somewhat reluctant to proceed on the fixed assumption that funds to cover its needs will be made available on a retroactive basis to April 1st under E.R.P., both in time and quantity adequate to meet the U.K. situation.

The Chairman of the Cabinet Committee at the meeting on February 17th suggested that the United Kingdom should assume full responsibility for financing its Canadian purchases after April 1st in the expectation that in due course reimbursement would be made over E.R.P.; and that if E.R.P. should fail to meet the situation it would be time enough then to reconsider the position. These views have been made clear to the United Kingdom on a number of occasions. It has been indicated as well that, for the present, we neither expect nor consider necessary the despatch of a special U.K. mission to Ottawa to discuss this and the United Kingdom have accepted this position.

Nevertheless they now state that they do not wish to make full payment to Canada from their dwindling dollar reserves, and have requested that the present arrangements permitting them to draw to the extent of \$15 millions per month on the Canadian credit be extended for one month to April 30th on the understanding that this amount will be repaid should E.R.P. assistance be made retroactive to April 1st.

Acceptance of this request would mean modification of the firm stand which Canada took in the last discussions, that \$45 millions represented the limit to which Canada could go at present. Moreover, it seems very unlikely that E.R.P. assistance to the United Kingdom would permit the \$15 millions to be repaid; the proposed E.R.P. legislation would not cover this sort of arrangement and in any event the United States would be unlikely to approve it. Finally, if provision of E.R.P. funds to the United Kingdom is further delayed after April 30th the United Kingdom might well request a further extension of the present arrangements beyond that date.

On the other hand a case may be made that our interest in the success of E.R.P., in maintenance of the U.K. financial position and in continued sale of our foodstuffs to the United Kingdom justifies Canada in taking this risk at the present time. There is always the possibility that the United States might enter the picture and exert considerable pressure on Canada.

The United Kingdom have not raised the question of revision or reduction of present contracts, which need not be considered in Ottawa unless there is some definite benefit in it for Canada (for example the scheme which has been discussed on some occasions previously for the diversion of beef to the U.S. market at an appropriate time).

Another alternative which has of course not been mentioned is cancellation of all the contracts. This was rejected in the course of the year-end discussions as being a drastic course which might produce unfortunate consequences both domestic and international. It could create additional inflationary pressures in Canadian domestic prices for some of the commodities unless some special device could be worked out for government-controlled export marketings; other of the foodstuffs might not easily find a market. Moreover the very announcement of cancellation, even though mutually agreed, would have unfortunate repercussions on the Congressional discussions of E.R.P. in Washington.

The possibility of cancellation of the wheat contract along with the other contracts in the last discussions proved of basic importance for the United Kingdom and played a major part in the solution which was eventually accepted. This situation may not be repeated since the acceptance of an International Wheat Agreement with long term guarantees of both price and supply means that the wheat contract with Canada becomes far less important; in fact the international agreement constitutes an alternative broader guarantee.

The Committee, after further discussion, agreed to suggest to the Cabinet Committee on External Trade Policy:

(1) that both the U.K. and U.S. governments be informed that the Canadian government did not find it possible at the present time to extend further assistance to the E.R.P. during 1948, and did not, accordingly, propose to authorize further extensions of credit;

(2) that since it would be much easier to assess Canadian ability to assist in this connection when the prospects for the 1948 Canadian crops were known, the Canadian government proposed to review the position in September with a view to deciding what further assistance, if any, could be made available by Canada; and

(3) that in the event that a better-than-average crop made it possible at that time, the assistance granted to the United Kingdom would cover the \$15 millions now requested, and any additional amount that conditions made possible.

III. Machinery for Coordination

The problem of coordination in Ottawa of departmental activities relating to E.R.P. has been growing. To avoid overlapping, to ensure integration of various departmental activities and to provide a central office where all information can be collected, where planning can be carried on, and where responsibility rests for rais-

ing policy questions requiring decision, the Interdepartmental Committee has agreed that a single official be designated to act for this purpose; and that C.M. Drury of External Affairs be made available for this duty. He will be assisted by an appropriate interdepartmental committee which will operate as a sub-committee of the Interdepartmental Committee on External Trade Policy.

This action is reported for approval.

J.R. BALDWIN
Secretary

L.B. PEARSON
Chairman
Interdepartmental Committee

597.

DEA/154-A (S)

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

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

TELEGRAM 336

London, March 16, 1948

SECRET AND PERSONAL

Following for Pearson from Robertson, Begins: Thank you for your telegram No. 361 of the 15th March⁷ with information concerning the current financial discussions.

2. In the meetings with Bridges⁸ and the other Treasury advisers before Cluttbuck returned to Canada, I outlined forcibly the reasons why it was highly improbable that any of the Canadian credit over and above the 45 million dollars released during the first three months of this year would be made available to the United Kingdom after the end of March. In particular, I stressed that it was our view that, if reserves were to be run down during the period between the date on which the Administration had originally hoped Marshall aid would begin and the date on which it would in fact become effective, it would be much easier for the United Kingdom to recoup a drain on its reserves from funds appropriated under E.R.P. than for us to do so.

3. It seems to me, however, that the situation has now altered materially since I presented that case to Treasury officials here. The change of Government in Czechoslovakia and Masaryk's suicide have emphasized the gravity of the political dangers within which these financial problems must be considered. They have also produced a much higher temperature in the United States, I gather, which is likely to ensure a more rapid passage of the E.R.P. legislation than would have seemed likely even a fortnight ago.

⁷ CH/Vol. 2079; ce message transmettait les opinions du Comité interministériel.

CH/Vol. 2079; this message conveyed the views of the Interdepartmental Committee.

⁸ Sir Edward Bridges, secrétaire permanent, ministère des Finances du Royaume-Uni.
Sir Edward Bridges, Permanent Secretary, Treasury of United Kingdom.

4. In this altered setting, I feel strongly that it would be a mistake for us to urge too far our unwillingness to advance even a comparatively small amount of further credit. At a time when the United States is in a temper to grant aid to western Europe on such a large scale and when determined efforts are being made on this side of the Atlantic to make a western association a reality, I think that we have much to lose by an excess of financial caution. I can even imagine that reluctance to grant some small further credit accommodation to the United Kingdom might have an adverse effect on our chances of supplying a large volume of supplies to be paid for by E.R.P. funds. I realize the necessity of building up our reserves in order to provide us with some margin of safety and to regain some freedom of action. On the other hand, I believe that there are circumstances in which prudential calculations can be carried too far and that this is one of them. By September, when, according to your telegram, our decision will be taken, the dangers and uncertainties of the present situation will have been largely resolved for good or ill and we are likely to gain little credit or thanks for a belated gesture after the crisis has passed. In comparison either with the scale of the aid which the United States is now urgently preparing to grant or with the importance of the issues which face the whole eastern world within the next few weeks, I feel that what is being asked of us is not immoderate. I very much hope that those who are properly anxious about our financial position will feel at this critical moment that it is possible for us to share in this additional but comparatively modest way in the risks involved in attempting to safeguard western Europe from further encroachments and infiltration. Ends.

598.

DEA/50091-C-40

*Extrait du procès-verbal de la réunion du Comité du Cabinet
sur la politique du commerce extérieur*

*Extract from Minutes of Meeting of Cabinet Committee
on External Trade Policy*

TOP SECRET

[Ottawa], March 16, 1948

...

III. CANADA-UNITED KINGDOM FINANCIAL ARRANGEMENTS; EUROPEAN RECOVERY PROGRAMME

7. *The Chairman*, referring to discussion at the meeting on March 2nd, reported that the United Kingdom government had requested an extension for one month, to April 30th, of the present arrangements under which it was permitted to draw \$15 millions monthly from the Canadian credit. A report had been circulated describing the factors involved.

Acceptance of the United Kingdom request would require modification of the stand which Canada took in the last discussions, that \$45 millions represented the limit to which Canada should go at present. Moreover, it seemed unlikely that E.R.P. legislation would permit the \$15 millions to be repaid to Canada; it would not cover this sort of arrangement. Finally, should provision of E.R.P. funds to the

United Kingdom be further delayed after April 30th, the United Kingdom might well request extension of the present arrangements beyond that date.

On the other hand a case could be made that our interest in the success of E.R.P., in maintenance of the United Kingdom financial position and in continued sale of our foodstuffs to the United Kingdom justified Canada in taking some risk at the present time. There was also the possibility that the United States might enter the picture and exert considerable pressure on Canada to satisfy the United Kingdom request.

(Report, Chairman, Interdepartmental Committee, March 12, 1948, CCETP Document No. 3).

8. *The Under-Secretary of State for External Affairs* reported that the Interdepartmental Committee on External Trade Policy after consideration of these issues had recommended:

(i) that both the United Kingdom and United States governments be informed that the Canadian government did not find it possible at the present time to make any decision on further assistance to the E.R.P. during 1948, and did not, propose to authorize now any further extensions of credit;

(ii) that since it would be much easier to assess Canadian ability to assist in this connection when the prospects for the 1948 Canadian crop were known, the Canadian government would review the position in September with a view to deciding what further assistance, if any, could then be made available by Canada; and

(iii) that should a better-than-average crop make it possible at that time, further assistance granted to the United Kingdom would cover the \$15 millions now requested, and any additional amount that conditions then made possible.

Certain of the members of the Interdepartmental Committee, however, felt some concern over the possible results of this course and were inclined to feel that it might be wise for Canada at this point to meet the United Kingdom proposal and extend present arrangements for a further period of one month.

9. *The Deputy Minister of Finance*, referring to the figure of \$100 millions in the circulated report, representing the extent of the credit which might be granted by Canada during 1948, reported that present commitments together with future commitments which it might be necessary for Canada to accept in the event of a reasonably good crop year indicated that this figure would be somewhat higher. Estimates of a very tentative nature showed that perhaps \$75 to \$125 millions should be allowed in this connection, in addition to the \$45 millions already made available to the United Kingdom.

10. *The Minister of Agriculture* inquired whether the United Kingdom and United States would be likely to agree with the course recommended by the Interdepartmental Committee. Already substantial quantities of beef and bacon were gathering in Canadian storage because of the reluctance of the United Kingdom, based on financial uncertainties, to accept advance deliveries during the first quarter of the year against subsequent quarters.

Should this situation deteriorate further, and should any interruption in supplies to the United Kingdom take place, consideration would have to be given to opening

the United States market. In this event it would be difficult to single out commodities; Canadian agricultural produce generally would have to be permitted to move freely to the United States.

11. *The Committee*, after considerable further discussion, approved the recommendations of the Interdepartmental Committee, it being understood that a reference to a better-than-average crop involved the assumption of disposal at reasonable prices.

599.

DEA/154-A (S)

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

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

TELEGRAM EX-708

Ottawa, March 17, 1948

IMMEDIATE

With reference to my teletype No. EX-488 of February 21st, the United Kingdom High Commissioner in Canada has recently returned from London and has informed us that the United Kingdom has been persuaded not to send any special mission to Ottawa at this time for discussion of financial arrangements after March 31st. It has, however, requested an extension for one month, to April 30th, of the present arrangements permitting drawings of \$15 millions monthly from the Canadian credit; this additional \$15 millions would be repaid to Canada if and when E.R.P. came into effect and was made retroactive to April 1st.

In effect this proposal involves sharing with the United Kingdom any risk in regard to the availability of E.R.P. funds on a retroactive basis. Should the provision of funds to the United Kingdom be substantially delayed they would probably request that the present arrangement be extended further to cover May or June as well.

We see serious difficulties in the U.K. undertaking regarding repayment of the funds provided by Canada after April 1st. The proposed E.R.P. legislation does not appear to cover repayment of this sort. The chances of getting E.R.P. funds to cover in full U.K. purchases in Canada during this period would be better if the purchases were completely financed out of U.K. reserves.

At the same time there has been no fundamental change of our own financial position since the end of 1947 when the last discussions with the United Kingdom took place. At that time it was felt that the agreement to extend \$15 millions monthly to the United Kingdom for three months represented a risky undertaking on our part, the outside limit to which we should go at the time. Nevertheless, we are fully aware of the Canadian stake in E.R.P. and in the maintenance of the U.K. position and anxious to do what we can. Our ability, however, is dependent upon the position of our reserves and our balance on current account; in this connection the only substantial variable is the 1948 crop. It will be much easier for us to

estimate what additional assistance we can provide when the prospects for the crop year are known.

Accordingly the government has decided that, while it does not find it possible at the present time to authorize further extensions of credit, since assessment of the Canadian position will be easier when prospects for the 1948 crop are known, the government will review the position in September with a view to deciding what further assistance may be made available generally as part of E.R.P. by Canada; should a better-than-average crop make it possible, (assuming, of course, reasonable prices), further assistance granted to the United Kingdom would cover the \$15 millions now requested as well as any additional amount that conditions then made possible.

It was also agreed that in view of the direct interest of the United States in this matter to E.R.P. it would be desirable for us to bring this decision to the attention of the U.S. authorities ourselves. Please arrange to do this.

You will not need to present them with any further figures or information on the Canadian position generally since that has already been done. In informing them of our decision it should be emphasized that this, in the opinion of the Canadian government, represents the wisest course from the point of view of providing the maximum Canadian assistance to E.R.P. It is not a rejection of the U.K. proposal; it is, rather, decision on our part that in September, when crop prospects and our financial position will make it possible, we will reach a general decision on direct aid to the E.R.P. which we can not make at the present time. Underlying this decision is the intention of the government to do the most that it can at that time — as is indicated in the specific undertaking in regard to the United Kingdom.

600.

DEA/264 (S)

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

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

TELEGRAM WA-818

Washington, March 18, 1948

SECRET

Towers and I lunched with Douglas today and explained to him the decision of the Government against any further extension of credit to the United Kingdom until our position can be reviewed in September when crop prospects are known. Douglas asked a number of questions about the basis for this decision, but made no suggestion that the United Kingdom should be permitted to draw further on the Canadian credit while E.R.P. is getting under way.

2. Pearson informed me yesterday by telephone about information received by Clutterbuck from London concerning the prospects of early assistance from E.R.P. to the United Kingdom. We raised with Douglas the various points about the prospect of refunding to the United Kingdom the cost of approved supplies delivered

before funds were available, and the possible share of the United Kingdom in the billion dollar advance from the R.F.C. to get the program started. He certainly did not take nearly as gloomy a line as that reported to Pearson by Clutterbuck.

3. As to retroactive payments, Douglas said that they could not pick up the cost of supplies delivered between April 1st and the passage of the Authorization Act. The present timetable, however, provides for passage somewhere around April 5th so that this interval will be briefer than was feared. The Administrator, however, (who, so far as Douglas knows, has not been selected) will take some time in building up his organization, during which he cannot be expected to deal with other than the most urgent needs. Douglas thinks it possible that refunds can be made for expenditures during this interval, which, in his judgment, might last from 60 to 90 days. No one can promise what the Administrator will do, but Douglas himself is well aware of the seriousness of a big drain on United Kingdom reserves on this count.

4. As to the availability to the United Kingdom of funds from the R.F.C. advance, Douglas said that the most needy countries would have first call, but that a substantial sum should be left for the United Kingdom. The United Kingdom should not expect to get its full proportionate share of the billion dollars, but Douglas intimated that it would be suggested to the Administrator that he should see that any early deficiency was later made up, so that the United Kingdom would secure its full measure of aid during the whole year.

5. It must be remembered that Douglas is only expressing an informed opinion on the matters mentioned in the previous two paragraphs. Neither he nor anyone else can give any undertaking on how the Administrator will act.

6. Douglas expressed great concern over the problem of the continuing sterling area drain on the United Kingdom's reserves. He thinks that the United Kingdom will have to be tougher with some members of the sterling area, notably South Africa and Australia, in order to abate this drain.

7. He thinks the chances are good that in one way or another the full amount of \$5.3 billions will be both authorized and appropriated. He agreed with what Senator Lodge told me on Tuesday — that there should be little difficulty in the Senate Appropriations Committee.

8. I am seeing Tyler Wood of the State Department tomorrow, and I shall explain also to him the Canadian decision set forth in your EX-708, so that there should be no misunderstanding in the State Department of what we can be expected to do by way of financial aid during the next few months.

9. Munro also saw Douglas today. I have read him most of this message, and he says that Douglas spoke to him on identical lines.

601.

DEA/50091-C-40

*Extrait du procès-verbal de la réunion du Comité du Cabinet
sur la politique du commerce extérieur*

*Extract from Minutes of Meeting of Cabinet Committee
on External Trade Policy*

SECRET

[Ottawa], March 23, 1948

CANADA—UNITED KINGDOM FINANCIAL ARRANGEMENTS

3. *The Chairman* referring to the decision at the meeting of March 16th reported that the U.K. High Commissioner to Canada had, at the instructions of the U.K. government, presented certain communications dealing with the financing of Canadian supplies to the United Kingdom after April 1st and with export of livestock to the United Kingdom during the first quarter of 1948.

(U.K. High Commissioner's memoranda; Financial arrangements after April 1st, 1948; † Exports of livestock products to the U.K.; March 22nd, 1948.) †

4. *The United Kingdom High Commissioner to Canada* explained that previous discussions with Canadian representatives had been based on the assumption that the United Kingdom would be able to obtain reimbursement from E.R.P. funds for expenditures after April 1st but before the date of the passing of the Act. It now appeared that this expectation would not be realized and that E.R.P. funds would be made available only for deliveries after the passage of the Act.

While it was hoped that the E.R.P. legislation would be passed by the U.S. Congress, early in April, the United Kingdom was concerned over the continued drain on its reserves between April 1st and the passage of the Act. It wished to draw on the Canadian credit at a rate of \$3½ millions a week during the period from April 1st to the date of the passing of the E.R.P. legislation.

Moreover, the U.K. government wished to raise the question of the drain on U.K. reserves created by unusually high deliveries of Canadian livestock during the first quarter of 1948.

During the discussions in December, 1947, U.K. and Canadian officials had estimated that \$30 millions would meet requirements for livestock deliveries during this quarter. In fact this figure would be exceeded by almost \$23 millions in view of unexpectedly large deliveries, some \$20 millions of which represented deliveries on uncompleted 1947 contracts.

5. *Mr. St. Laurent* pointed out that while the Canadian government might be prepared to consider the special circumstances resulting from the fact that E.R.P. funds would not be available on a retroactive basis, to April 1st, and resulting from the high level of livestock exports, nevertheless it was the Canadian government's understanding that any adjustment related to these special features would not involve change in the general arrangements for the 1948 contracts agreed during the December discussions.

6. *The Minister of Agriculture* pointed out that the large livestock supplies had resulted from heavy slaughtering during the period in question. While previous calculations with regard to the availability of hogs during 1948 now appeared to be conservative and supplies might remain rather above the figure originally estimated until mid-summer, the peak period with regard to beef slaughtering had now been passed and a substantial drop in supplies might be expected.

In view of this situation it was unlikely that the quantity of livestock provided to the United Kingdom over the whole of 1948 would be in excess of contract figures; rather it might easily be below estimates.

7. *The Committee*, after further discussion agreed that without affecting in any way the basis of the general arrangements which had been agreed between the United Kingdom and Canada in December 1947, in view of the special circumstances described by the United Kingdom High Commissioner and the Secretary of State for External Affairs the United Kingdom should be permitted to draw on the Canadian credit at the rate of \$3½ millions a week during the first two weeks of April. It was understood that approval by the United States Congress of E.R.P. legislation prior to April 15th would not in any way effect this undertaking which would, however, be based on the assumption that no special discussions on livestock exports were necessary.⁹

602.

DEA/154-A (S)

*Le gouverneur de la Banque du Canada
au sous-secrétaire d'État aux Affaires extérieures*

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

SECRET AND PERSONAL

Ottawa, March 24, 1948

Dear Mike [Pearson],

I have read Norman [Robertson's] cable No. 336 with interest and sympathy, but not with full agreement. The thought that immoderate prudence in financial matters on our part may keep us from making our proper contribution to the battle is, of course, a distressing one. But I wonder if Canadian policy can fairly be described in that way. I do not think that anyone would say that our actions in the past had been timorous from a financial point of view. Indeed it is likely that both the English and the Americans would agree that if we have erred it has been on the side of boldness.

What is the situation at present? We have been urged to make a further \$15 millions available or, failing that, \$3½ millions a week at a time when the United Kingdom knows that even after ERP commences to operate they have a continuing problem running into vast amounts which can only be solved — if it is solved at

⁹ Approuvée par le Cabinet le 24 mars./Approved by Cabinet on March 24.

all — by one country. It seems to me that the importance of Canadian aid in April is being greatly exaggerated.

When we were having the talks in Ottawa before Clutterbuck and Munro took off for the United Kingdom, you will recall that we stressed the cost to the United Kingdom of supporting the sterling area in 1947, and referred not only to a dollar drain in that year but also to the quite substantial amount of unrequited exports. We then turned to the prospects for 1948, and were told that the dollar drain in respect of sterling area (ex U.K. and South Africa) dealings with the Western Hemisphere was expected to be of the order of £75 millions. No mention was made of the assistance which the United Kingdom expected to give in the form of unrequited exports although the "Economic Survey for 1948", which appeared not long after, assumes that such exports will be very substantial. The Research Department of the International Monetary Fund, in a recent study of the external accounts of the United Kingdom, estimates that between unrequited exports and dollar payments for account of the sterling area (ex U.K. and South Africa) the burden on the U.K. in 1948 may be the equivalent of about \$1 billion. I believe that the Fund has taken the U.K.'s own estimates for the first half of the year and approximately doubled them to cover the twelve months period. This situation is so alarming that I feel somewhat reassured. It reminds me of the latter half of 1940, and that in turn calls to mind the fact that the U.S.A. did not weigh in from a financial point of view seven years ago until U.K. reserves had disappeared. I do not suggest that the same procedure will be followed on this occasion if some help is to be provided in the end. But I am inclined to think that any small chips which we toss into the current at this time will vanish from sight before you can say "Jack Robinson" and make no difference whatever in the eventual position of the United Kingdom. I should feel happier about the whole thing if the U.K., in their talks with us, had been more forthcoming about their prospective position and plans, and in the light of those facts had told us why they felt it essential to keep up the pressure for additional amounts from us.

I sent you a copy of some notes I made on recent conversations in Washington.¹⁰ These notes should be read in conjunction with this letter if you can find time to do so.

Yours sincerely,

GRAHAM [TOWERS]

¹⁰ DEA/264(S): [Towers], 'Notes on Certain Conversations in Washington,' le 22 mars/March 22. Les discussions avec les fonctionnaires américains et britanniques ont eu lieu du 16 au 18 mars. Towers était accompagné de Louis Rasminsky (Banque du Canada) et de Wrong. The discussions with American and British officials took place from March 16 to 18. Towers was accompanied by Louis Rasminsky (Bank of Canada) and Wrong.

603.

DEA/154-A (S)

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

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

TOP SECRET

Ottawa, March 25, 1948

Dear Sir Alexander [Clutterbuck],

The Canadian Government has reviewed the memoranda dealing with financial arrangements after the first of April, 1948, and with the export of livestock products to the United Kingdom which you left with the Acting Under-Secretary of State on March 22nd. Subsequently, you had the opportunity of discussing these matters with the Ministers directly concerned.

The Government has now agreed that in recognition of the special circumstances which are set forth in those memoranda, notably the fact that any assistance provided under E.R.P. will apply only to deliveries after the date of the passage of the Act and the unusually high level of exports of livestock products during the early months of 1948, the United Kingdom should be permitted to draw on the Canadian credit at the rate of \$3½ million a week for the first two weeks of April. This arrangement will not in any way be affected should the U.S. Act be passed prior to April 15th. Nor does it in any way alter the general basis of the agreements reached last December between our countries on these matters.

Canada's financial position has not changed since the discussions in December and the drawing of an additional \$7 million from the credit to the United Kingdom will represent an added and unforeseen drain on our resources. We do not find it possible to go further at the present time. We believe that it will serve to tide both of us over immediate difficulties and we have therefore agreed to this additional drawing, without condition as to the date on which the United States Act may be passed, on the understanding that it will not be necessary to pursue further the questions dealt with in your memorandum on the export of livestock products.

It remains our intention, as you were informed previously, to review our whole position in September when crop prospects for 1948 will be known and will make it possible to assess more clearly our own role in relation to E.R.P. and Canadian cooperation in regard thereto.

Yours sincerely,

LOUIS S. ST. LAURENT

604.

DEA/154-A (S)

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

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

TOP SECRET

Ottawa, March 25, 1948

Dear Mr. St. Laurent,

I thank you for your letter of the 25th March dealing with the financial matters raised in the two memoranda which I presented on the 22nd March and subsequently discussed with Ministers on the 23rd March.

Immediately after the meeting with Ministers I reported to London the very helpful offer which you authorized me to convey, and which is now confirmed in your letter, viz. that the United Kingdom Government should be permitted to draw on the Canadian credit at the rate of \$3½ million a week for the first two weeks of April irrespective of the date on which the E.R.P. Act may be passed by the United States Congress.

I have now been asked by my Government to convey to you their acceptance of this offer, which they warmly appreciate. I confirm also the understanding between us that this offer, and its acceptance, will now make it unnecessary to pursue further the questions raised in my memorandum on the export of livestock products in the current quarter.

I note the statement in the second paragraph of your letter that this arrangement does not in any way alter the general basis of the agreements reached last December between our two countries on these matters. This also is my understanding. But I feel I should make it clear, in order to protect my Government's position, that just as the arrangements agreed in December did not commit the United Kingdom Government on the question of the financing of supplies from Canada after the 31st March, so the present interim arrangement does not commit them on the question of the financing of supplies after the 14th April and during the period in which it is hoped that E.R.P. will be in operation.

May I add in conclusion how much I appreciate what is said in the last paragraph of your letter? I reported to my Government the intimation conveyed to me by Mr. Pearson and Dr. Clark that the Canadian Government intended to review their financial position in the light of the outturn of the 1948 crop, with the hope that, given a crop higher than average, resumption of drawings on the Canadian credit from September onwards might then be arranged. My Government have received this intimation with great appreciation, and this further evidence of the uniformly helpful and constructive attitude adopted by the Canadian Government towards our mutual problems is warmly welcomed.

Yours sincerely,

ALEC CLUTTERBUCK

605.

DEA/264 (S)

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

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

TELEGRAM WA-1039

Washington, April 10, 1948

SECRET. IMMEDIATE.

European Recovery Program

I saw Tyler Wood, State Department, yesterday afternoon, to discuss with him (1) any developments in the preparation of their off-shore purchases program which would be of interest to Canada and (2) to make quite certain that the State Department officials fully appreciate the significance of the Canadian Government's decision on the extension of further credit at the present time.

Off-shore Purchases Program

2. Wood, who has been placed in charge at least temporarily of the State Department's planning for off-shore purchases and of the Western Hemisphere financial contributions, had nothing concrete to tell us at the present time on the off-shore purchases program. He and his assistants, particularly Spiegel, seemed to be exercising caution in making any commitments or even discussing the problems troubling them openly. Wood said that they are now just in the process of assembling all the facts on the basis of which they will soon have to prepare definite programs of off-shore purchases. Wood's idea seemed to be that when these programs were prepared the United States officials would, at that stage, wish to talk to us about the mechanics of the off-shore program. Wood said that they have practically no definite ideas on what procedures to follow and that on this count they would welcome our ideas. Later, when I said that Skelton and others who would be well prepared to discuss many of these details were anxious to come here as soon as possible, Wood said that their visit would be very welcome, but not for a few days yet. This weekend and the first few days of next week are ones which the ERP officials don't wish even to think about.

3. One of the very large problems which we gather is making life very difficult for the United States officials is that most of the countries have stated their full case right at the start. Just as the United Kingdom decided at the outset to throw in the sterling area and to make a determined issue of it, so, apparently, have other countries not been shy in finding ways and means of expanding their programs. Therefore, not only do the programs have to be understood and approved, they also have to be, in some cases, cut. There are also, in the sixteen countries many newcomers to the foreign assistance game who are having, for very understandable reasons, great difficulty in their home capitals in filling up form ERP-I.

Canadian Financial Contribution

4. We had heard that the Chairmen of the two Congressional Appropriations Committees have asked for a breakdown of the \$700 million estimate of other Western Hemisphere contributions and that although the State Department were very anxious not to be forced to give the breakdown of this figure, which was prepared so many months ago, they would almost certainly be forced to do so. I went over again with Wood the figures on our actual and anticipated credits to the United Kingdom and ERP countries this year, as well as the decision of the Government to review our credit policy in September when, after the size of the crop is known, we will know if it is possible to extend any further credit. I emphasized to Wood the resentment which would be caused in Canada if the Congress were given a figure on the possible Canadian contribution in excess of what we had told them on so many occasions we would be able to do.

5. Spiegel, who was present, took a long time to acknowledge that the problem of what to tell the Appropriations Committees on this score was bothering them a great deal. It is not only the figure of \$700 million dollars, since with a reasonable degree of frankness and ingenuity they should be able to have this figure dismissed and forgotten about. They have, however, to present to the Appropriations Committees the new programs showing, by commodity and by countries, what the United States intends to finance. It will not be possible to call these programs "illustrative" and ones containing "purely notional ideas". They do not intend in these programs to present to the Congress a breakdown of the financial contributions of other Western Hemisphere countries. Individual contribution figures, however, will have to be assumed in order to arrive at a total other Western Hemisphere figure.

6. The dilemma which confronts the State Department is that they have either to admit in a realistic way that the other Western Hemisphere countries will contribute very much less than they had been counted upon to do (and therefore submit a smaller total program) or go on pretending that they will eventually get some fairly large sized contribution (and, therefore, draw as large as possible a program). This same dilemma confronted the British in submitting their initial programs when they increased their initial ERP allocation from \$375 to \$420 millions, which, as escaped no one's notice, is \$45 millions or \$15 millions a month more than the United States said that they would approve. The United Kingdom's foot notes on the ERP funds which they propose to be expended in Canada describe the \$100 millions as "gap to be filled by ERP and Canadian credit of \$7 millions." If the gap is not fully filled by ERP then there will presumably be an attempt to have it filled by additional Canadian credit. Knowing as well as anyone should know that there is no further credit at this time from Canada, they either had to reduce their full programme accordingly or else transfer the additional sum to the United States. The United Kingdom clearly does not wish to admit now that they will get less than their \$420 — similarly, the United States does not wish to admit now that they will get less than the fullest possible amount from the other Western Hemisphere countries. I think that we have not seen the end of the manoeuvrings at this time to obtain some additional credit from Canada.

7. We have, however, obtained the assurances of Wood that at least as far as the Congressional Committees are concerned they will try not to go beyond the information which we have given them. The United States officials said it would be most useful to tell the Congressional Committee that the Canadian Government would review its position in September. I said that I did not think we would have any objection to this. Please let me know if there are any contrary views in Ottawa.

Please pass yellow copy of this message to C.M. Drury immediately on receipt.

606.

DEA/50091-B-40

*Note du secrétaire du Comité interministériel
sur la politique du commerce extérieur
pour le Comité du Cabinet sur la politique du commerce extérieur¹¹*

*Memorandum from Secretary of Interdepartmental Committee
on External Trade Policy
to Cabinet Committee on External Trade Policy¹¹*

CCETP DOC. 8

Ottawa, April 10, 1948

TOP SECRET

E.R.P.; U.K. IMPORTS AND BALANCE OF PAYMENTS

The Interdepartmental Committee on External Trade Policy has been giving further consideration to problems arising out of Canadian relationship with the E.R.P. programme and the countries receiving assistance under that programme.

In accordance with a request submitted some time ago the sub-committee on availabilities is forwarding to the U.S. government a statement of Canadian availabilities. This statement contains full information on commodities which could be made available from Canada during the second quarter of 1948 to E.R.P. recipient countries, prices, and an indication as to commodities and amounts already committed under government contracts or, where known, under private contracts. It indicates that supplies of all kinds to the extent of some \$461 million could be made available if required during this quarter. Some \$293 millions of this is already programmed under government or private contract.

The U.K. government has submitted to the U.S. government its proposed programme of imports for the second quarter of 1948, including imports from Canada, and statement on proposed methods of financing. Total U.K. requirements for financial assistance are indicated at \$420 millions (including the \$7 millions from the Canadian credit during the first two weeks of April) as compared with a suggested figure of \$375 millions which the United States had earlier suggested might be made available.

¹¹ Le Comité du Cabinet a indiqué son accord avec le contenu de cette note le 12 avril (DEA/50091-C-40)†

The memorandum was noted with approval by Cabinet Committee on April 12 (DEA/50091-C-40)†

The U.K. proposals cover some \$187.5 millions of imports from Canada during the second quarter and suggest that \$100 millions of this amount be financed out of E.R.P. with the balance to be financed by other methods.

Review by Canadian officials has indicated that there appears to be a serious discrepancy in the U.K. estimates. Estimates of receipts from Canada during the quarter are too high and estimates of required payments are too low with the net result that the deficit with Canada requiring E.R.P. or other special financing would be closer to \$150 millions than to \$100 millions. (First estimates here set it at between \$150 and \$160 millions). This is a serious matter; unless corrected promptly the United Kingdom and United States in the middle of the second quarter might, having proceeded on a mistaken estimate, find themselves either pressing curtailment of Canadian supplies to the United Kingdom or urging additional financial assistance from Canada. Attempts are now being made at the official level to find out why the U.K. figures given to the United States were out of line with Canadian estimates.

While the U.K. presentation to the United States generally puts foods under E.R.P. financing, in the table dealing with imports from Canada wheat, cheese, canned and dried milk and eggs are included under E.R.P. financing at a cost of some \$85 millions but meat, fats and oils are included under non-E.R.P. financing at about \$25.5 millions. Further, the report stresses that if the U.K. requests for E.R.P. aid during this second quarter turn out to be greater than can be provided, the United Kingdom would wish to eliminate items which would not support increased production; they would sooner sacrifice less essential foods than raw materials.

The Interdepartmental Committee has also been considering a report from the Canadian High Commissioner in the United Kingdom to the effect that the U.K. government is likely to propose in the near future the establishment of a Commonwealth Committee in London for exchange of information in regard to E.R.P. activities and the work of the C.E.R.C. (the Committee of European recipient countries). While there is little harm in Canada participating in such a Commonwealth Committee providing it was strictly limited to exchange of information, on the other hand neither is there any material advantage in membership. Canada as a dollar country and the largest source of supply outside the United States is in a very different position from other Commonwealth countries. It might be difficult, however, to refuse Canadian membership should an invitation be received.

In view of the special position of Canada as the main source of supply for E.R.P. outside the United States, and the main source of additional assistance, a strong case exists for the designation of a senior Canadian official to act as an observer in Paris at the C.E.E.C. and to maintain contact as well with the work of the official group working in Brussels on a Western European Customs Union.

The Committee also felt that it would be useful if Canadian observers could be attached to the main E.R.P. allocating committees working in Washington. This is something that could be discussed informally with the Administrator. At present the United States is anxious to have the European countries agree on at least an initial allocation among themselves and present a coordinated programme to Wash-

ington. The United Kingdom is strongly opposed to this approach. If, however, a coordinated programme should be worked out it would be done under the auspices of the C.E.E.C. in Paris. Even in that event, however, final decision would presumably be taken in Washington and allocation machinery will be established there as well.

The Committee believes that a senior Minister, for example, the Minister of Trade and Commerce might usefully visit Washington to establish direct personal contact with the Administrator.

607.

DEA/50092-40

*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-983

Ottawa, April 13, 1948

SECRET. IMMEDIATE.

Your WA-1039 of April 10, European Recovery Programme. The Interdepartmental Committee on External Trade Policy this morning¹² agreed that it would be useful to authorize the State Department to inform the Congressional Committees that the Canadian Government will review sometime in September its position regarding the possibilities of extending further credits to C.E.E.C. countries.

2. In doing this, two points should be made clear. First, the Canadian record of assistance to Europe to date should be adequate evidence of our determination to provide all the assistance that is within our power. If this point is grasped by the United States authorities it is hoped that there might be less importuning than would be the case if they felt that pressure was all that was required in order to secure the granting of further credits by us.

3. In the second place, it should be emphasized that our credit arrangements for the year 1948 have been based on the assumptions that we will be able to dispose of our entire export surplus by sale abroad, and that, further, we will receive either U.S. dollars or freely convertible currency for all such sales, with the exception of transactions carried out under the credits already extant. If either of these assumptions fails, which could happen if the Administrator should not be able to effect a sufficient volume of off-shore purchases in Canada, then we will be in a position of having already over-extended ourselves in granting the credits now outstanding.

¹² 12 avril. (la transmission fut retardée)
April 12. (transmission was delayed)

608.

DEA/264 (S)

Note du sous-ministre des Finances
Memorandum by Deputy Minister of Finance

SECRET

Ottawa, April 13, 1948

INTERVIEW WITH SIR ALEXANDER CLUTTERBUCK
RE ERP FINANCING OF U.K. PURCHASES IN CANADA

Sir Alexander called on me this morning to state that this afternoon Sir Gordon Munro expected to make representations, probably by letter, to Mr. Hoffman, Administrator of ERP, to the following effect:

(1) That the present U.K. financial arrangements with Canada will expire on April 14th.

(2) That any interruption of the supplies being purchased by U.K. from Canada would be very serious but that U.K. could not reasonably press Hoffman for a view before April 14th.

(3) The British are therefore continuing to get the supplies for the time being, even though they have to pay U.S. dollars until Hoffman has time to go into the matter.

(4) These supplies are covered by the European Recovery Programme which has been put to the U.S. Government and the British are hoping that the item suggested for ERP financing will be included in off-shore purchases and that they can look accordingly to the reimbursement of the U.S. dollars so expended.

Sir Alexander explained that they wished to make these representations in order that Hoffman later could not use as an excuse for reimbursement of such expenditures the fact that he was not familiar with the U.K.-Canada arrangements. I demurred to some extent in regard to the wording of item 3 but agreed that it was desirable to make these representations.

I also took advantage of the occasion to press the need for straightening out quickly the apparent inaccuracies and the limitations which we had pointed out in the figures which they had already presented to the U.S. Government in respect of their purchases in Canada and their deficit with Canada during the next quarter. Sir Alexander agreed with the urgency of making any required corrections in these figures and said he hoped to have a reply today to representations which both Munro and himself had made to their Government last Saturday.

W.C. C[LARK]

609.

DEA/264 (S)

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

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

TELEGRAM 550

London, April 19, 1948

SECRET AND PERSONAL. IMMEDIATE.

Following for W.C. Clark from Robertson, Begins: Reference my telegram No. 549 of today's date.†

After our talk with Goldman and Syers this morning about the revision of the United Kingdom estimate of its balance of payments with Canada for the present quarter, I saw Eady and put it to him that pending further reconciliation of the Canadian and United Kingdom estimates the United Kingdom should at once let the United States know that they now, from their own data, estimated their deficit with Canada at 130 million dollars instead of the 100 million dollars of which the United States had been advised. I also said that I thought it would be helpful if, in these circumstances, the United Kingdom took the initiative in asking if ERP finance could be found for meat imports from Canada, which item happened to be almost the size of the difference between the original and the revised United Kingdom estimates of their deficit with Canada. Both suggestions will be considered by the Treasury Policy Committee which is meeting later this afternoon.

2. The United Kingdom have undoubtedly been close hauling their estimates of dollar expenditure and giving themselves the benefit of every permissible doubt in estimating their dollar earnings during the current quarter. I am of the opinion, however, after seeing Goldman and Eady, that the differences between their forecast and ours are essentially statistical and do not conceal the introduction of any new policy considerations which might result in a deliberate curtailment of imports from Canada.

3. I believe that we can rely on the United Kingdom taking and paying for the quantities of agricultural products covered by the intergovernmental contracts. They will not, however, be in a position to take up the options contained in those contracts for deliveries in excess of their firm commitments. They will also, during the next few months at any rate, have to hold themselves and us to a pretty close maintenance of scheduled rates of delivery by weekly or monthly periods. This may make from time to time for inconvenient accumulations in Canada of some commodities, but in present straitened circumstances I do not see how this can be avoided and feel we should make every effort to see that it does not lead to complaints and recriminations.

4. In explaining and regretting their inability to square their balance of payments estimate with ours before communicating it to the United States, Eady complained that it was practically impossible to make any respectable estimate of earnings and requirements on the quarterly basis that the United States had requested. He appre-

ciated that the ERP Administrator had to make his initial plans for a quarterly period, but he was very worried by the prospect of having to submit new and independent estimates for each successive quarter, which he understood was what Hoffman wanted. He hoped very much that when our Ministers were in Washington this week they might find it possible to put in a word for a long planning period which would permit both closer financial budgeting and some assurance of continuity of supply. Ends.

610.

DEA/50091-B-40

*Note du Comité interministériel sur la politique du commerce extérieur
pour le Comité du Cabinet sur la politique du commerce extérieur*

*Memorandum from Interdepartmental Committee on External Trade Policy
to Cabinet Committee on External Trade Policy*

SECRET

[Ottawa], April 22, 1948

U.S. ECONOMIC CO-OPERATION ADMINISTRATION;
U.K. PROGRAMME OF IMPORTS

The Interdepartmental Committee on External Trade Policy has been giving further consideration to the programme submitted by the United Kingdom to the U.S. Economic Co-operation Administration for imports into the U.K. during the second quarter of 1948 and methods of financing.

Original U.K. estimates were for a deficit of \$100 millions with Canada during this period. Canadian estimates placed the deficit at a much higher figure, a fact which was brought to the attention of the U.K. authorities who subsequently reviewed their estimates and have revised the estimated deficit upward to \$130 million. Further study of these later figures by Canadian officials has led them to the conclusion that the deficit for this quarter should be set at \$157 million. This difference is chiefly attributed to a U.K. under-estimate of cost of imports (\$8 million, chiefly wheat), and a U.K. under-estimate of the sterling area drain (\$7 millions) and U.K. over-estimate of receipts from invisibles (\$12 millions).

This discrepancy is a serious matter, particularly in view of the fact that there may be pressure on Canada from U.S. quarters to do more in the way of granting credits. While the Canadian decision that we cannot go beyond our present commitments although we would be prepared to review the position in September has been brought to the attention of the U.S. authorities on more than one occasion, it remains a matter of importance that this be accepted by the top U.S. authorities.

The Interdepartmental Committee also wishes to draw the attention of the Cabinet Committee to the following considerations:

(1) The U.S. Administrator in allotting ECA funds for financing import programmes of recipient countries may exercise a firm control over their total programme of imports including those imports which they finance with non-ECA funds. The reason for this is to limit the use of dollars by those countries to essentials in order to make E.R.P. go as far as possible. This type of control applied to

both quantity and price might create a serious problem for Canadian exports to the United Kingdom.

It becomes all the more important, therefore, that the original programmes submitted by recipient countries be as accurate as possible. The difference between the Canadian and U.K. estimates should be brought by the United Kingdom to the attention of the U.S. authorities.

(2) A recent press conference given by the U.S. Administrator and his two principal assistants indicated that ECA funds are likely to be available only for programmes approved by the Administrator and may not include reimbursement for supplies delivered prior to the Administrator's approval. Delays in receiving this approval for the U.K. programme could raise serious difficulties for the United Kingdom in financing Canadian imports during the present quarter although there are indications that the U.S. authorities are aware of this situation and hope to act quickly so that early discussions may be held with the United Kingdom covering, among other things, the position of existing contracts.

(3) The original U.K. programme placed the Canadian egg contract under ECA financing and the meat contracts under non-ECA financing (to be financed out of dollars available to the United Kingdom from other sources). At U.S. request the egg contract has been shifted to non-ECA financing (the U.S. has a substantial surplus of eggs and would find it difficult to justify off-shore purchases). It is understood also that the bacon contract is to be shifted to ECA financing. This may, however, leave the egg contract in a vulnerable position in the event of any concerted attempt to curtail commitments to Canada.

(4) Quantities of meat available in Canada which are substantially greater than expectations, and particularly prospects for a considerable surplus of bacon during 1948, have led to certain forward deliveries to the United Kingdom against later quotas. This development could lead to serious difficulties, in view of the points outlined above, unless there is a clear understanding as to how such forward deliveries are to be paid for. The United Kingdom has already informed us that they will not have funds to pay for extra shipments. Without a clear understanding the result would probably be that Canada would have to advance credit to cover them.

(5) In the event that substantial quantities of Canadian foodstuffs are sold under ECA donations other than the United Kingdom, the question arises as to the price which should be charged, i.e., whether the world price or the U.K. contract price which in a number of cases would probably be somewhat below the world price. At the present it would appear that bacon is the only commodity likely to be involved in substantial quantities.

611.

DF/3617

Note du chef des recherches de la Banque du Canada
Memorandum by Chief of Research, Bank of Canada

SECRET

[Ottawa], April 26, 1948

U.K. BALANCE OF PAYMENTS DISCUSSIONS IN WASHINGTON,
 APRIL 22 AND 23, 1948

It was felt desirable to see what turned up at the Thursday morning meeting with Bissell et al before contacting the British, so that the Embassy did not call Figgures¹³ until noon on Thursday. We were told that Figgures was away ill but that he would probably be available after lunch on Friday, which Murray¹⁴ had arranged for him to have with us. I heard later that Figgures had seen Bissell on Thursday afternoon.

Jones¹⁵ called during the afternoon to ask if he could substitute for Figgures. I left seeing him late enough so that only half an hour was available, and did not attempt to get down to details. However, in the course of a general conversation the question of the "Rest of Sterling Area" deficit with Canada came up. After looking up their record, which showed a deficit of 18 for January plus February, Jones agreed that their estimate of 8 for the second quarter was too low and said he would go back to London on it. I asked Jones specifically if the Americans had been informed of the British revision of their balance of payments estimate from 100 to 130. He said he had written to Lindeman (State Department) advising him of the revision. I also asked whether there had been any change in the allocation of 100 of ERP funds to Canada. Jones said the allocation of ERP funds to Canada remained at 100, after removing 11 for eggs and adding 11 for meat. Jones gave me a copy of the revised U.K. "Thirty Day Estimate" which showed 57.2 of ERP funds allocated to Canada for that period.

When we saw Spiegel (with Rosenson (State) and Delaney (Treasury)) next morning, he exhibited great interest in our balance of payments with the U.K. and did everything but ask us directly what the Canadian estimates were. I asked him if he had been informed by the U.K. of any revisions of the originally estimated balance of payments deficit of 100. Spiegel said he had not heard of any revisions (and in view of his interest in the subject and his position in the Department it is very unlikely that he would have failed to hear of any information the Department had received). I said we were certain the figure of 100 was far too low and were trying to reconcile our estimates with the British as rapidly as possible.

¹³ F.E. Figgures, directeur britannique pour le commerce et les finances, OECE.
 F.E. Figgures, United Kingdom Director of Trade and Finance, OEEC.

¹⁴ J.R. Murray, deuxième secrétaire, ambassade aux États-Unis.

J.R. Murray, Second Secretary, Embassy in United States.

¹⁵ G.L. Jones, deuxième secrétaire, ambassade du Royaume-Uni aux États-Unis.
 G.L. Jones, Second Secretary, Embassy of United Kingdom in United States.

After this meeting I phoned Deutsch and suggested that we should give our estimate to the Americans late that afternoon almost regardless of what progress was made with Figgures. Since Spiegel was going to be away on Saturday it was desirable to provide our estimate in time for him to pass it on to others, and particularly to ECA, before the weekend. I said I would phone Ottawa for an answer after seeing Figgures.

The discussion at lunch and after was not very satisfactory. Figgures insisted on talking in terms of strategy and policy while I kept trying to bring him back to consideration of the facts with respect to the balance of payments between us.

Figgures said that beyond a certain point there was no use in increasing their estimated deficit with us because it could not increase their allocation of ERP funds from ECA. I said that that was presumably a matter for the Americans to decide, but that I could not see how either the British or ourselves could gain by failing to give ECA the most realistic appraisal of the facts. In any case, I said I assumed the U.K. would want the best possible balance of payments estimates as a basis for allotting their total ERP funds among supplying countries. Figgures agreed.

He then suggested that it would be dangerous for us to get too big an allocation of the U.K.'s ERP funds because in order to make up a total of 130 or more the U.K. would have to include all meat under ERP financing and that might preclude them taking any surplus meat which might be available. I pointed out that there were other bulk commodities which were eligible if the 100 was to be increased, and that in any case the 100 figure already included 11 for meat — if the inclusion of any commodity under ERP financing meant that it was also frozen with respect to non-ERP financing then we were already bound on meat. Figgures agreed.

He then said that we had no reason to worry about their estimate of the gap — if it turned out to be too low they would use their reserves if necessary to pay us.¹⁶ I said that was indeed our understanding but that we could not see any advantage to the U.K. or ourselves in starting with any but the best possible estimate of what the deficit was in fact going to be. Figgures agreed.

Although Figgures agreed each time with the objections I raised to the above-mentioned lines of argument, he kept coming back to them (with other more or less irrelevant subjects interspersed) and did not seem interested in getting down to detailed consideration of the estimates. I raised the question of the "rest of sterling area" on which Jones gave Figgures the evidence supporting our estimate vs. the U.K. estimate. I also attempted to get some discussion of their "interest and dividends" and "oil" figures. It was clear, however, that Figgures did not feel it was

¹⁶ Le document comprend le renvoi suivant :

The document contains the following footnote:

On the point of looking after Canada in case the gap was under-estimated, Figgures later contradicted himself. He was stressing the desirability of Mr. Howe getting the matter of Canadian credit settled so that the U.K. could either go ahead and place orders, or cut their program. It seemed clear that the U.K. had taken the various State Department documents allocating the Western Hemisphere financial contribution by commodities and by participating countries as proof that Canada would be expected to extend appreciable credit to the U.K. in the present quarter, and were expecting the actual allotment of ERP *cash* to Canada would be considerably less than 100.

worthwhile to go back to London on anything but "rest of sterling area" and when I asked how long he thought it would take to clarify the latter point he said "perhaps the end of next week."

Several times during the conversation I mentioned that we were all puzzled by the sharp change in the distribution of the dollar drain on U.K. reserves between the first and the second quarter. The U.K. estimates indicated a very sharp drop in the gap vs. Canada and only a small reduction in the gap vs. the rest of the American account area. This was all the more surprising in view of the fact that the U.K. ascribed a large part of the total drop to two factors (India's drawing on IMF and unusually favourable colonial trade) which would have no appreciable effect on the gap with Canada. Figgures admitted each time that this was puzzling and then changed the subject.

In the end Figgures agreed, though without enthusiasm, that the occasion might arise when we would have to give the U.S. people our own estimates of the gap as compared with the latest U.K. estimate. He suggested that if this occurred we should lump the invisible items, presumably because they do not wish to spell out the amount of capital or quasi-capital payments included in what might well be taken to be a current account figure.

During the course of the conversation I asked specifically about circulation of the U.K. estimates. Figgures said that the original balance of payments estimate had gone to Lindeman (State) with a copy to Wayne Taylor of ECA and that the revision to 130 had been sent to Lindeman. When I said presumably a copy of the revision had also gone to Taylor, Figgures said "yes".

Obviously, the discussion with Figgures only served to strengthen the impression that the U.K. were employing evasive tactics, and were seeking to minimize the allocation of ERP funds to Canada so as to maximize the amount of credit which we might be forced to extend in order to keep exports flowing. It may well be that the U.K. would look after Canada this quarter, out of reserves if necessary. They would indeed be foolish to do anything which would jeopardize several months of wheat deliveries at \$1.55 per bushel. As July 31st approaches, however, we will lose a substantial amount of bargaining power, and the existence of an unjustifiably low ERP allocation in the past might be a serious handicap to us.

When I got through to Deutsch just before 5 o'clock he said Dr. Clark had decided we should give our estimates to the Americans immediately. I called Spiegel and gave him our figures as per the attached table. I said that apart from wheat, where there was room for legitimate difference of opinion, we were confident that we had, if anything, underestimated the gap.

Spiegel was pleased to get the figures and said he would pass them on at once to Lindeman and to Van Hyning, who is Bissell's chief assistant. Keith¹⁷ was to confirm in writing and see that Treasury got a copy.

In the course of discussion with Figgures I referred to the U.K.'s confidential balance of payments estimates of last January which showed an over-all drain on their reserves in 1948 of £406 million. Figgures said that this had since been increased substantially but that they did not have any figures in sufficiently satisfactory shape to give us. We should probably ask Clutterbuck for their latest revision.

Figgures confirmed our impression of the way they intended to finance the "rest of the sterling area" deficit. After getting their ERP allocation they would cut U.K. imports enough to save the amount necessary to cover the deficit. If ECA then correspondingly reduced their allocation of ERP funds, the U.K. would again cut its imports, and so on until the United States acquiesced in the policy or the British starved!

J.R. B[EATTIE]

STERLING AREA BALANCE OF PAYMENTS WITH CANADA
APRIL-JUNE 1948

(Payments and Receipts in Millions of Dollars)

	Final U.K. <u>Estimate</u>	Final Can. <u>Estimate</u>
1. U.K. Imports from Canada		
(a) Bread Grains	72	83
(b) All Other	<u>120</u>	<u>117</u>
Total	192	200
2. U.K. Exports to Canada	70	70
3. U.K. Invisible Items	—	12
4. Rest of Sterling Area Deficit with Canada	8	15
5. Gap to be Covered	<u>130</u>	<u>157</u>

¹⁷ R.M. Keith, deuxième secrétaire, ambassade aux États-Unis.
R.M. Keith, Second Secretary, Embassy in United States.

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DEA/264 (S)

*L'ambassadeur aux États-Unis
au sous-secrétaire d'État aux Affaires extérieures*
*Ambassador in United States
to Under-Secretary of State for External Affairs*

SECRET

Washington, April 30, 1948

Dear Mr. Pearson:

We have not attempted to prepare a general report of the discussions which took place during the visit to Washington this week of Mr. Howe and Mr. Mackenzie or of the preliminary discussions in the latter part of last week in which some or all of Messrs. Skelton, Deutsch, Drury, and Beattie took part. We have passed on already various pieces of information secured in the course of these discussions. I understand, however, that those from Ottawa who participated are themselves reporting on what transpired. It may be useful for purposes of record if I give you an account of the arrangements and my own conclusions on the value of these talks.

Our first direct contact with the Economic Co-operation Administration was at a meeting arranged by Tyler Wood on the morning of April 22nd, at which Deutsch, Skelton, Drury, and Beattie were present as well as Murray, Keith, and myself. We had been nervous about this meeting on the ground that it might prove to be premature. In the event, however, it turned out to be very satisfactory, largely due to Bissell of E.C.A. He came with a personal assistant, and the rest of those present were from the State Department. Bissell made a very good impression on all of us. He is frank, able, and articulate. Deutsch has already reported on the proceedings,[†] so I need say no more about what happened.¹⁸

At the meeting several further discussions were arranged for the next day. I have seen Beattie's report¹⁹ of the financial talks which he had with the Americans and the British. Drury accompanied him for part of the time. On Canadian availabilities, Drury, Skelton, Murray, and Paterson²⁰ represented us at a long meeting that afternoon at which the Canadian estimates were discussed in some detail and requests were made for further information, which are, I think, being looked after by those who have returned to Ottawa.

Drury established some contacts with the British on shipping aspects of E.R.P., and also on Monday last he and Paterson had [Dennis] Fitzgerald, now head of the Food Division of E.C.A., to lunch.

Mr. Howe and Mackenzie arrived on Sunday afternoon, and the Canadians concerned met after dinner to go over the ground with them. Mr. Howe spent Monday morning at the Chancery and held a small press conference, to which were invited only those who had made enquiries about his visit. Your acquaintance, du Pury, as

¹⁸ DEA/264-B(S), WA-1224.

¹⁹ Le document précédent./The preceding document.

²⁰ G.R. Paterson, conseiller (Agriculture), ambassade aux États-Unis.
G.R. Paterson, Counsellor (Agriculture), Embassy in United States.

usual made a nuisance of himself at this conference by persistently asking silly questions.

On Monday afternoon, Mr. Howe, accompanied by Mackenzie, Stone, and myself, saw Foster, the Under-Secretary of Commerce, and Bruce, the Assistant Secretary, for a general discussion of export control. They were not able to give us details of the new policy they are adopting in order to permit them in effect to discriminate against the Eastern European countries. Foster emphasized the great complexities of the problem and said that their policy would have to be approved by the Cabinet. We now learn that it is to be taken up next week in the Cabinet by Sawyer, the new Secretary of Commerce.

We learned incidentally that both Foster and Bruce are moving to E.C.A. Foster is expected to become deputy to Harriman in Paris and Bruce is to be the representative of E.C.A. to the French Government. The representative in London had not been selected up to a day or two ago. I am not sure whether you know Foster. He is a very attractive person and most frank and friendly towards Canada. He told me later that day that Hoffman had wanted him as his deputy in Washington, but it is almost certain that he will be going to Paris instead.

Mr. Howe and the others from Ottawa who still were here attended a party late on Monday afternoon which we had arranged some time ago for the joint committee maintained by the U.S. and Canadian Chambers of Commerce. They were fresh from a discussion of the economic relations between Canada and the U.S. which had taken place at their meeting at Hot Springs.

To my surprise I succeeded in securing all the top people in E.C.A. for a small men's dinner at the house that evening. We had Hoffman, Harriman, Bissell, Foster, and Wayne Taylor, together with Mr. Howe, Mackenzie, and Stone. The occasion went very well. They were in no position to make any commitments. Mr. Howe had a long talk after dinner with Hoffman, Harriman, and Bissell, in the later stages of which I joined. He received most cordial assurances of their desire to work very closely with us. He was advised to make arrangements for effective Canadian representation in Paris to maintain contact with Harriman and the O.E.E.C. They are all emphatic on their desire to centre as much as possible of the task of allocation and programming in the O.E.E.C., while recognizing that during the current quarter and probably the third quarter of 1948 the decisions will have to be reached in Washington. They advised a delay before reaching any conclusions about the manner in which we should be associated with E.C.A. in Washington.

At this dinner the opportunity was taken of briefly reviewing our own financial position. At no time in the course of these meetings was any suggestion made that we should extend further credit to the United Kingdom unless we turned out to have a substantial increase in our current account surplus resulting from an unusually good crop. In short, all the senior people with whom we have dealt during the last two or three months in various departments and agencies appear to have accepted our own conclusions. I think that any impressions to the contrary which have reached Ottawa arise from the arguments of Figgures of the British Treasury Mission, and I am pretty sure that Gordon Munro does not support him.

We have written separately about various questions that arose in the course of Mr. Howe's appointments last Tuesday, April 27th. He met at 10 a.m. a delegation urging the relaxation of our restrictions on the importation of fruits and vegetables. At 11 he went with Stone to see Barrows, the Under-Secretary of the Air Force, to impress on him our interest in securing a contract for Canadair for the overhaul of DC-4's. The State Department gave him a luncheon at Blair House at one, at which Willard Thorp acted as host. Garrison Norton, Wood, Hickerson, Foster, and Southard of the Treasury were present. In the afternoon before leaving I went with him to see Lovett and Garrison Norton, and I have written you separately about these calls.

On the whole, I think it was a useful visit and established the right sort of atmosphere at this end. There was no attempt on either side to secure commitments; and the effect will be, I hope, that our relations with E.C.A. will be cordial and understanding. Certainly the Canadian interest in E.C.A.'s operations should be uppermost in the minds of the Administrator and his senior assistants. Incidentally, we were, I believe, the first foreign government with which Hoffman had any direct contact. Lord Inverchapel, who for some time was seeking an appointment with him, only succeeded a couple of days ago.

Yours sincerely,
H.H. WRONG

613.

CH/Vol. 2079

Note du chef de la Direction économique
Memorandum by Head, Economic Division

CONFIDENTIAL

[Ottawa, May 5, 1948]

REPORT ON CONVERSATIONS IN WASHINGTON REGARDING THE EUROPEAN
RECOVERY PROGRAMME

The purposes of the recent trip to Washington by Messrs. A. Skelton, J.R. Beatie and C.M. Drury, were three in number:

(1) To lay before the Americans, Canadian estimates of the balance of payments forecast for the second calendar quarter of 1948 as between Canada and the United Kingdom.

(2) To present to the Americans, with suitable verbal comments, a list of Canadian commodities and services which would likely be available for purchase by the O.E.E.C. countries during the four months April-July, 1948.

(3) To endeavour to develop some concrete form of association between Canada and the United States on E.R.P. matters.

Rather than deal with the visit under the headings of discussions in chronological order, an outline will be given of the information and impressions gathered in respect to each of the main topics discussed.

Direct Canadian Financial Assistance To O.E.E.C. Countries

As has been done continuously in the past, it was again made clear to the Americans that direct Canadian financial assistance to the O.E.E.C. countries in 1948 could not exceed our estimated surplus on current account, which was now forecast at about \$150 million, but that this forecast and the whole position would be reviewed when the crop returns had been examined. Mr. Spiegel of the State Department provided us with a copy of a statement which had been made to Mr. Taber's²¹ committee, outlining the Canadian position in this regard for 1948 in unexceptionable terms. It is now, therefore, in the Congressional record that, unless Canada realizes a better than average crop this year, no more than \$150 million of credits will be forthcoming. However, at the same time, Mr. Spiegel had presented to this committee an estimate of possible non-U.S. grants and credits to O.E.E.C. countries from other Western Hemisphere countries during the fifteen months April, 1948 — June, 1949, totalling \$700 million. Of this amount Canada is put down for \$150 million, which would represent a rate of \$10 million a month, whereas we now anticipate granting credits from April 1 for the remainder of the calendar year at a rate of about \$8 million per month. Spiegel admitted that their estimate might have perhaps been optimistic, but it was hoped that it would be realized.

Also under the heading of credits from "other Western Hemisphere countries" is an item of \$150 million entitled "Other" (in other words — unspecified). Mr. Spiegel indicated that this would include miscellaneous hoped for credits from other Latin American countries, Brazil, Uruguay and Cuba in particular. He also hinted that perhaps Canada might be able to cover a small part of this sum. It was of interest to note that Argentina was to put up \$400 million, of which \$300 million represented the credit to the United Kingdom arising out of the sale of the Argentine railways. It seems reasonable to argue now that our figure of \$150 million for 1948 is now pretty generally accepted, although undoubtedly United States officials hope that in September or thereabouts more credits will be made available.

There was in this exposé to Mr. Taber's committee no figure set for the Canadian contribution as a result of sales abroad at less than world prices. However, the State Department intend to compute the figure which this represents, and to make use of it when any suggestions are made by Congressional or other people that either the United States is carrying too high a proportion of the load, or that Canada is not doing her share. This seems to be the form in which we will get "credit" for this action on our part, as it is clear that in the computations establishing the anticipated balance of payments deficits of the O.E.E.C. countries with the Western Hemisphere, the Canadian special contractual prices had already been discounted.

Second Quarter Balance of Payments Position With the United Kingdom

The U.S. representatives expressed great interest in our forecast of the second quarter balance of payments position with the United Kingdom, but unofficially were told that, while there was a difference of opinion as to the U.K. deficit, we did not feel entitled to reveal the figures until there had been further discussions with

²¹ John Taber, président/Chairman, House Appropriations Committee.

the U.K. representatives. Mr. Beattie did not succeed in arriving at an agreed deficit with the U.K. representatives, and our estimates were given to the U.S. authorities following this inconclusive discussion.

Supply of Commodities

At a meeting attended by representatives of the State Department, Agriculture and Commerce, Mr. Skelton went through the Canadian table of availabilities for the first four months of the Programme, and compared them with the figures shown against Canada in the Brown Book. Apart from demonstrating that Canada would have available a substantial unused capacity for the production of manufactured items, the major difference disclosed was a failure to take into account our availability of some \$40 million worth of coarse grains. Mr. Craig of the State Department said that no mention of Canadian coarse grains had been made in the Brown Book because of higher Canadian prices. We are to elaborate on our availability of coarse grains and to examine the possibility of offering at prices more in line with United States prices. It was also disclosed that in some instances Newfoundland production had been included under the heading "Canada".

In regard to unused Canadian manufacturing capacity, Mr. Skelton stated that a study of the Brown Book showed clearly a tendency to allocate to the United States a high proportion of manufactured, and consequently high unit profit, items while the provision of raw materials and basic commodities was left to Canada and the other Western Hemisphere countries. He suggested that it would be in the best interests of all concerned in the European Recovery Plan to keep the Canadian economy operating at a high level and to this end greater orders for manufactured items would be helpful.

There was considerable discussion regarding the provisions of the Economic Cooperation Act, which enjoined the Administrator from making use of E.R.P. funds to purchase abroad agricultural commodities which are in surplus in the United States. Mr. Craig indicated that not only would the Administrator not authorize such purchases, but that he might discourage the O.E.E.C. countries from making use of their dollar earnings or reserves, over which theoretically the Administrator has no control, to purchase outside the United States agricultural commodities which are in surplus there. The following day, however, Mr. Dennis Fitzgerald stated that Canada need not be seriously alarmed over the surplus clauses. In his view, the Secretary of Agriculture would be cautious in informing the Administrator that any particular agricultural commodity was in surplus supply in the United States, because, insofar as he, Fitzgerald, could arrange it, the Administrator would demand that the Commodity Credit Corporation make available to the E.C.A. any such surplus commodity at the 50% discount provided for C.C.C. regulations. Indiscriminate declaration of commodities to be in surplus would, therefore, result in a heavy drain on C.C.C. funds which the Secretary of Agriculture is desirous of conserving.

United Kingdom-Canada Food Contracts

During the course of a short discussion Mr. Drury and Mr. Murray had with Sir Gordon Munro, Mr. Lee²² and Mr. Figgures of the United Kingdom Embassy, Mr. Lee and Mr. Figgures expressed great interest in Mr. Howe's visit and its purpose, which they felt must be to persuade the U.S. authorities that Canada would not be able to make available any further credits to the United Kingdom. This, said Mr. Figgures, was in his view the most pressing Canadian problem. The Administrator, the U.K. authorities feel, was not coming to a final decision on the allocation of funds to the United Kingdom, as he was not satisfied that more Canadian credit to the United Kingdom was impossible. This was resulting in the United Kingdom having to continue to use their reserves in order to finance current purchases, and the British are fearful that at some future date the Administrator would not agree to reimburse them in the full amount spent. The British problem, therefore, was to force the Administrator to a decision. To a suggestion that a joint approach to the Administrator by Canada and the United States might be made, Mr. Drury replied that such an approach was not regarded with favour in Ottawa, and that we were not persuaded that it would be productive of a useful result. Mr. Lee then said that the United Kingdom was giving serious consideration to informing the Administrator that because of the uncertainty of the United Kingdom position, they would have immediately to revise their import programme, and eliminate some of the marginal items. As an example of a marginal item, Mr. Lee quoted meat. It was suggested by Mr. Lee that it is possible that the U.K. will find itself in a position where it is unable to accept and pay for any Canadian meat surpluses if, indeed, it is able to take the entire contractual amounts.

Canadian Association With E.C.A.

Following the lead given by Mr. Bissell of the E.C.A., it is now frankly admitted by nearly all United States officials that a close association between Canada and United States is desirable on E.R.P. matters. Mr. Bissell pointed out, however, that Mr. Hoffman's organization was still in the embryonic stage, and that they were not in a position to discuss with Canada even generalities. Mr. Bissell himself, although perhaps the one most directly concerned with the problem, had not yet been able to give any thought to the question of off-shore purchases. He hoped, however, that in about two weeks' time that they would be in a position to invite us to consider together specific problems. In the meantime, he welcomed any information regarding our financial and supply position which we care to make available. He emphasized that E.C.A. attached great importance to having as much of the planning and allocation of work as possible done in Paris, so that the Administrator's organization in Washington would merely act as an approving (or disapproving) body. In his view, it will be desirable for Canada to be strongly represented in Paris, if our interests were to be adequately put forward. As to the precise form of our association in Washington, he said that this question must be left until E.C.A. could see more clearly how they themselves were going to work.

²² Frank Lee, chef de la mission d'achat du Royaume-Uni aux États-Unis.
Frank Lee, Head, United Kingdom Supply Mission in United States.

Mr. Bissell also emphasized that from the United States point of view, the greatest problem would be reconciling and meeting the European deficit with the Western Hemisphere and that in the initial stages, at any rate, considerable energy would be devoted in Washington to consideration of the balance of payments forecasts of the various European countries.

It is understood that Mr. Hoffman, likewise, assured Mr. Howe that close cooperation between Canada and E.C.A. was desired by him, and that he suggested in the meantime the appointment of a good man to keep in touch with E.C.A. in Paris.

It would appear that it might be desirable for Canada to be represented in Paris insofar as E.R.P. is concerned by a fairly high level representative with ability to keep in touch with Mr. Harriman and the O.E.E.C. He might perhaps be supported by a financial man and a commodity man.

How E.C.A. Might Work

As far as can be gathered from the recent discussions and previous information, it is the intention of the Americans (a) to shift from Washington to Paris the center of gravity of E.R.P., and (b) to make use of private trade channels insofar as possible. To what extent these aims will be realized, it is now difficult to say.

It seems likely that O.E.E.C. will be able to prepare a consolidated European import programme on an annual basis, or perhaps even on a quarterly basis, although there have been suggestions that E.C.A. in Washington would undertake the quarterly breakdown of the annual programme. There is also little doubt that the Paris organization will be able to accomplish in a large degree the allocation as between European countries of items in short supply, particularly in collaboration with existing international organizations which now allocate specific commodities. However, it is doubtful whether the Paris countries themselves, without some form of United States intervention, will be able to agree on a division of the total E.C.A. funds available, and it is, therefore, not out of the question that the consolidated import programme will exceed the total funds available, and the onus will be thrown on the Administrator to cut down where he considers it most equitable. On the basis of previous United States practice, it is unlikely that the Administrator will make more than purely tentative allocations of funds on more than a quarterly basis, so that an annual programme for any one country must necessarily be likewise tentative.

Once either a quarterly programme or items within it are approved, requisitions will be prepared by the European governments for approval by the Administrator, showing the commodity, quantity, quality, price, source of supply and expected delivery date. This document will serve as a basis for claiming reimbursement by the importing country or for payment by the supplier.

A draft United States document outlining the procedure for settlement of payment for E.R.P. purchases was made available, and has been circulated to those concerned in Ottawa. The State Department representatives have undertaken to advise of changes made in this draft.

Shipping

Unfortunately neither Mr. Granville Conway nor Mr. McCullagh were in Washington. It appears that Mr. Conway has been asked by Mr. Hoffman to assist him in devising a shipping policy insofar as E.C.A. is concerned and that he and Mr. McCullagh are currently giving thought to this. It is, however, understood that Mr. Conway is not willing to give up his association with the Cosmopolitan Shipping Company and that consequently he will not be joining E.C.A.

Mr. Magann and Mr. Drury had a short discussion with Mr. Cross of the U.K. Embassy on the E.R.P. shipping question, in which Mr. Cross pointed out that until the large scale bulk movement of United States coal to Europe declined substantially, there was no reason to be apprehensive of the 50% rule contained in the European Cooperation Act. Mr. Cross said that at present 58% of cargoes from the U.S.A. were moving in U.S. bottoms owing to lack of European tonnage. It is, however, likely that there will be an important decrease in trans-Atlantic coal shipments even during 1948 and this will alter the situation to the disadvantage of Canada.

The British are endeavouring to avoid having the 50% rule applied except in the loosest manner, and have proposed a continuation of the present joint shipping committees which allocate tonnage on a basis of availability and convenience. Mr. Cross feels that, in the face of a British threat to employ British tonnage, made surplus in the North Atlantic as a result of the application of the 50% rule, in the South Atlantic and other dollar areas, in competition with U.S. lines, American shipping interests will not press too strongly for giving the rule its full effect.

Mr. Magann will endeavour to secure informally Mr. Conway's views on this whole range of questions.

C.M. DRURY

614.

CH/Vol. 2079

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

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

TOP SECRET AND PERSONAL

Ottawa, May 6, 1948

Dear Norman [Robertson],

You will be interested in the attached letter from Hume [Wrong] regarding the recent visit of Howe to Washington, which seems to have gone off very well. Consideration is now being given to representation in Europe of Canadian interests in E.R.P. It is, as you know, the policy of the Americans to move as much of their E.C.A. to Paris as possible and to make that city the center of their liaison and programming work with the European governments. As you have pointed out, they may not be successful in this, but they are certainly going to try. For that purpose, Harriman and many of the top people concerned will be moving to Paris shortly.

Mr. Howe, therefore, feels that our representation in Europe should be on a somewhat higher level than that visualized previously. He is anxious to have someone in Paris senior and experienced enough to talk with Harriman and the top Americans. Mr. Howe suggested that Syd Pierce would be admirable for that purpose, and of course we all agree with him. I am, therefore, getting in touch with Pierce at once, to tell him that he is to move to Paris. In some ways this will be a disappointment to him, as he is settling down in Mexico very well. It also confronts us with the problem of finding someone to replace him there. On the other hand, the Paris job may be of such importance that we should have someone there of his standing. If, later, the Americans should be unsuccessful in their efforts to transfer the major part of E.C.A. activities to Paris, and the center of gravity shifts back to Washington, Pierce may have to shift with it.

It has been suggested that, in order to maintain close connections between Pierce and his work and the Embassy, he should be appointed Minister in Charge of Economic Affairs, under the Ambassador. This has been mentioned to Vanier, who thinks it would be a good arrangement, though he does not know yet that we have Pierce in mind. If it were done this way, Pierce would naturally have the right to report directly to Mr. Howe.

However, it may be desirable, in the first instance, not to formalise Pierce's position, but to keep him as Ambassador to Mexico until we are a little more certain how the job in Paris will work out. If this could be done, he would go to Paris on leave from Mexico and, after a few weeks there, we could formalise his position as Minister, if that were desirable or, if the Paris job turned out to be less important than we had thought, the way would still be open for retreat to Mexico. There may be some technical and protocol difficulties in the way of acting in this fashion, but we are looking into the matter.

All this will alter [A.E.] Ritchie's work to some extent, in that he will not have to spend so much time in Paris, though he should, of course, keep in very close touch with Pierce and his work there. He might, in fact, look after the London end of these matters. I think this will satisfy Ritchie, and I think it will be more satisfactory than the previous arrangement from your point of view.

Yours sincerely,

MIKE [PEARSON]

615.

DEA/264 (S)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*
*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-1614

Washington, May 29, 1948

CONFIDENTIAL. IMPORTANT.

Economic Cooperation Administration. Our meeting yesterday morning with Bissell, Tyler Wood and Strange of ECA was a most useful one in giving us a good impression of how some phases of the European Recovery Programme will operate. Pierce and [A.E.] Ritchie, who accompanied me (together with English,²³ Keith and Murray) found it particularly gratifying to see the easy, straightforward and friendly way in which Bissell and his associates approach the problem of Canada's association with the European Recovery Programme. Following is a resumé of the questions discussed:

(1) *Canadian Budget and Canadian Financial Contribution.* We mentioned the absence of any important tax reductions in the Canadian budget as an important indication of the Canadian Government's willingness to take politically difficult measures in order to curb inflationary pressures, thereby helping to create an export surplus. There was no suggestion that anyone, either ourselves or the ECA, should examine the possibility of our extending further credits before September, when the size of our crop will be known. Bissell said that he was aware that when we knew the size of our crop we would then better be able to forecast what part of our export surplus we would be able to finance. He referred in passing to the possibility of a considerable break in wheat prices, and showed that he appreciated how this would influence our current account surplus. We pointed out, of course, that since our reserves are still at much too low a level, our financial officials had not and could not undertake to make any commitments to make available, in the form of loans or grants, any additional overall surplus which they might see in sight as the result of a favourable crop.

(2) *Programming.* Strange described the functions of the newly created and rapidly expanding Trade Division. Three weeks ago (WA-1439 of May 13th[†]), Strange arrived from Boston to become the first member of what was soon to be called the Trade Division. This division is now rapidly expanding in scope, personnel, and title. Its new title, which Bissell cited as an example of the horrors of Washington bureaucracy, is "Trade Policy and Programme Coordination Division." This division, which we will continue to call the Trade Division, is headed, for the summer months only, by Lincoln Gordon of the Harvard Business School. The division will consist of 9 branches, with 5 branches concerned with various countries — one senior official for the United Kingdom and Ireland, one for the Scandinavian coun-

²³ J.H. English, conseiller économique, ambassade aux États-Unis.

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

tries, one for Belgium-Luxembourg and France, one for the Mediterranean, and one for Germany, Austria and Trieste. There will be two area branches one dealing with intra-European trade and one with extra-European trade. There will also be two so-called staff branches, one dealing with the programming of capital goods, the other being responsible for programme co-ordination. This latter group will determine recommendations for the allocation of the ECA funds between the various countries and also the allocation of each country between food items on the one hand and industrial goods on the other. They are also to determine which commodities are put on a loan basis and which on a grant basis. The Trade Division, which is obviously much the most important division of the ECA will report to the Administrator through Bissell. It will be represented in Paris and in each of the ECA missions abroad.

In response to our queries about how far the ECA intended to go in examining into the numerous and complex private trade deals between a recipient country and a supplying country such as Canada, we received a somewhat vague reply that the ECA's aim is to "maximize" trade both ways between participating countries and supplying countries and that within two months the ECA will be able to make recommendations concerning "commodity flows and trade flows." One of the ECA's problems in this connection was described as "looking at total trade patterns." It would seem to be a fair conclusion, particularly as far as Canada is concerned, that the ECA could not and would not want to scrutinize every transaction between British and Canadian interests. The ECA must, however, reserve their right to look at the total programmes of the recipient countries with the Western Hemisphere countries; otherwise they could easily, in Bissell's words, "squander" ECA's money.

Strange and Wood both heartily agreed that there is no objection at all to getting any of the items on our availability list (provided that they are recovery items or essential food items) into the individual countries' programmes. With the example of mining machinery, which we mentioned, Wood said that this could be included in the recipient country's (say Sweden's) total programme. The Swedish importer could then go ahead and make the appropriate contract. If it turned out that the mining machinery is not financed by the ECA, then the Swedes could pay for it themselves out of their own resources. There appears to be absolutely no way whatsoever of obtaining any assurance, when a sale of Canadian item is being made in Sweden, or France, that it will eventually be financed by ECA funds. Wood and Strange were in complete agreement with Pierce's observation that a good deal will be left to the judgment of the recipient countries themselves; therefore, the course of action which we should adopt without delay is to make known our Canadian availabilities and get the country to nominate Canada as a source of supply in the development of their overall programme. Any such nomination having become part of the country's programme, would have to clear whatever obstacles might arise in Paris and later here. In programming the countries will be free to express their preferences. It is obvious that for certain classes of competitive goods it may be preferable for recipient countries when nominating Canada as a source of supply to indicate that financing will be achieved through earnings in Canada rather than placing dependency on ECA dollars for this purpose.

(3) *Canadian Availabilities List.* ECA officials will be eager to see our new list and will wish to have the Food Division (Fitzgerald) and the Industry Division (no one yet) make a thorough study of our list. Bissell suggested that it would be a good idea to have their officials in these two divisions separate the various items in our list into either food items or industry items. We said that someone from Ottawa would bring this list down, probably next week.

(4) *Shipping.* We expressed the concern which our shipping companies, Maritime Commission and Government officials feel about the possibility of a serious loss of business for the Canadian Merchant Marine as a result of the operation of the 50 per cent clause in the Foreign Assistance Act.

Bissell did not pretend to an intimate, first-hand knowledge of the shipping situation, and therefore could not discuss our particular problem in concrete terms. He did say, however, that he hoped we were "worried without good cause". He said it was his understanding from Conway that more than 50 per cent of the cargoes moving to Europe from the United States were now moving in United States vessels and that this should continue to be the case during the first programme year. Bissell suggested that we might find our merchant marine problem will be created much more by the shrinking of bulk movements than by the 50 per cent provision. He pointed out that if the European crops are as good as present indications suggest they will be and if the United Kingdom coal output continues to go up then bulk cargoes from the United States will fall off very sharply indeed. If the ERP is to succeed it is in these two items, particularly coal, that a great lessening of dependence on the Western Hemisphere must take place as rapidly as possible.

(5) *Documentation.* When we mentioned our concern with the documentation problem which seemed to be looming and which had already appeared in the case of Canadian bacon, Bissell said that he had been made well aware of the problem by Frank Lee. He said that he personally hoped that it would be possible to adopt the simple procedures which we had suggested. However, this was a question to be decided by the Comptroller in consultation with Howard Bruce, the Deputy Administrator. Further consideration of this problem will therefore be in the hands of the Comptroller and Tyler Wood as Bruce's Deputy.

(6) *Functions of the O.E.E.C.* Bissell told us of an important change in their thinking of the proper functions of the O.E.E.C. which has taken place since our first meeting with him a month ago. He said that they are now "increasingly of the view that the O.E.E.C. cannot go beyond programming in broad terms." It had become clear that the O.E.E.C. could not handle the volume of business which would develop if they had to come forward with very detailed commodity breakdowns etc. O.E.E.C. will be expected to deal in lists of broad commodities such as steel but they will not be required to go into the breakdown of scrap, strip, sheet steel and so forth. This change in their view (a change which he said is welcome by the O.E.E.C. countries, particularly the United Kingdom) did not represent any retreat from their oft-expressed view that "the basic economic decisions must be taken in Paris." (You will recall that this general point was made by Hoffman at his fourth press conference (WA-1520 of May 20th†). The presentation of ECA of actual purchase requests for the financing of specific commodities through ECA

funds will be done in Washington. Bissell said that this led him to suggest that ECA may need to maintain closer relationships with us here in Washington than he had thought would be the case a month ago. We consider that this shows the wisdom of the decision to make Pierce's mission to Paris an exploratory one instead of proceeding precipitately to establish an organization there. Harriman confirmed this later at a luncheon discussion.

(7) *Conclusion.* Although many of the ECA's ideas on how the ERP will operate are much clearer than they were a month ago they are still very far from being fixed. Even on the question of their own headquarters in Washington, where one might expect clearer and more definite ideas than on the whole ERP itself, Bissell said, in speaking of the new trade division, that they didn't have a full understanding of their own organization themselves but that he wished us to have as good an understanding of it as they themselves had. In a broad way, we may now expect the programme to develop somewhat as follows:

The European countries and Paris will remain the centre of the very important basic programme work. The countries will come to Paris with their individual programmes (we hope having as large a Canadian content as we and the country can manage). There the great squeeze will take place as all the countries try to have the largest possible programme receive the concurrence of their fellow members on the O.E.E.C., and the blessing of roving Ambassador Harriman. In Paris we will be able to provide most useful information to the Americans on our availabilities so that problems arising from countries' programming say four times our nickel output could be quickly eliminated. When the Paris programming has been completed, the decision on the allocation of ECA funds will still very definitely remain in Washington with the Administrator. When he has allocated the ECA funds, it will then be the individual country's mission in Washington which will have to fill up the "Programme Requisition and Authorization Form." This is the step which produces ECA dollars. Individual countries will, of course, have different procedures in Washington leading up to this final step.

How Frank Lee, Head of the British Supply Office has handled the \$300 million dollar grant and expects to handle future sums shows, in the United Kingdom case at least, how slender the connection is between the programming which has so far been done in Paris (and in the "brown books") and the translation of these programmes into ECA dollars. Having received the \$300 million dollars, the British have put up for ECA financing those commodities on which the documentation hurdle would be the easiest. (Of the \$300 million, they have asked ECA to finance purchases in Canada to the extent of \$131 million dollars.) Ends.

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DEA/264 (S)

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

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

TELEGRAM WA-2017

Washington, July 13, 1948

CONFIDENTIAL

Economic Cooperation Administration. Following for Pearson from Wrong, Begins: The question of how Canada should be more closely associated with the European Recovery Programme and with ECA will almost certainly be raised with us in the near future. The problem of fitting Canada into its proper place in the European Recovery Programme is one which is almost as old as Secretary Marshall's speech at Harvard. Last fall, when the State Department were working at full speed to draw up the European Recovery Programme, the question of Canada's association with ERP was brought up several times both by ourselves and by the officials from Ottawa who came here to discuss Canadian availabilities. At that time, about all that was required from Canada was information, so that there was no pressing concrete need for close association with the United States officials.

2. In the first three months of this year when this question was put to the State Department they were able to shy away from it, particularly when it became clear that the State Department would not be allowed to run the programme. They were able to say quite properly that this would be a question to discuss with the ECA. When Mr. Howe and Mackenzie saw Hoffman, Bissell and Harriman three months ago the problem of associating Canada with the ERP and ECA was postponed on the sensible ground that there was no need to rush into any precipitate action during the early days of ECA. The idea at that time was that there was no need to "formalize" Canada's association with the ECA. Bissell, in expressing this thought, did say that some time at a later stage they would undoubtedly wish to discuss this question. I understand that the ECA officials consider that the time for such discussions is rapidly approaching.

3. A memorandum is now being prepared in the Trade Division for Bissell, setting forth the reasons why, from the ECA point of view, it would be desirable to have Canada more formally associated with the ECA. The memorandum will suggest that talks be entered into with the Canadians as soon as possible preferably in July. It is realized in the ECA that it would be a disadvantage to have these talks before the annual programme has been presented to the ECA. We have, in informal discussion, reminded the ECA officials of our policy of reviewing in September the possibility of extending further credits, at the same time pointing out that it would be unsatisfactory to discuss this particular question before that date.

4. The question, however, which is uppermost in the minds of ECA officials such as Bissell and Strange is not how large a financial contribution they can get out of Canada and when — rather these officials are concerned with the difficulties which will face them if they continue to spend such a high proportion of ECA off-shore

dollars in Canada (a proportion which is now in the neighbourhood of 50 per cent) without having some more formal agreement with Canada. We will find, I think, that they wish to fit us into the picture in order that we may be better able to continue to play a leading role in the European Recovery Programme. These officials already are entertaining fears that the provisions of the ECA Act on off-shore purchases, which are at present comparatively free of restrictions, may well become less and less liberal as United States surpluses of various commodities grow. If, at the same time, the total amount of funds available to the ECA is reduced, then the squeeze on the dollars available for off-shore purchases in Canada will be great.

5. The ECA may very well have other reasons in mind for wishing to move now to consider a formal and active association of Canada with the ECA. The closeness of the association which some of the ECA officials now have in mind is illustrated by Strange's comment that if a new association were to be worked out we would have officials working in the ECA headquarters who would participate in the work and decisions of the ECA.

6. As this will clearly be a most important question in our economic and political relationships with the United States, I am sending you this advance word on what the ECA officials have in mind before they request talks on this point with us. We do not know what ideas the ECA officials may have in mind on the mechanics of associating Canada with the ECA; all that we know they have in mind is the desirability of the principle of such an association. If the reaction in Ottawa is one of opposition to the principle of a formal association of Canada, we might be able to suggest the postponement of any talks until after September, when our credit position will have been reviewed. An additional reason for asking for the postponement of such talks could be the busy political situation in Ottawa next month, which would make it difficult to give adequate consideration to this question. If the ECA officials ask to have a meeting for this purpose we would, of course, have to meet with them. When we have their suggestions we could, if we so wish, ask to postpone fuller talks until later this year. Ends.

617.

DEA/264 (S)

*L'ambassadeur aux États-Unis
au sous-secrétaire d'État aux Affaires extérieures
Ambassador in United States
to Under-Secretary of State for External Affairs*

CONFIDENTIAL

Washington, July 16, 1948

Dear Mr. Pearson:

A few days ago I sent you a message about ideas floating around in E.C.A. looking to the closer association of Canada with the operation of the Economic Recovery Program. It is impossible to say what, if anything, will come of this in the way of an approach to us. In the record of E.C.A. so far we have been well treated, and there is a very friendly attitude toward Canada on the part of the officials there. It is very important that we should preserve this position as best we can.

In this connection we are committed to review our own dollar position when the outturn of the grain crop is known in late September. I am aware that the crop prospects at present are no better than indifferent. On the assumption, however, that our position when the review is made will be considerably better than the forecast of last spring of our current balance of payments for 1948, because of improvement in crop prospects or for other reasons, we should give consideration now to the line which we should take.

Mr. Abbott's review of the increase in Canadian reserves which he gave in the House of Commons on June 25th has led to expectation here that we shall be able to make a further contribution to European recovery in one way or another. Also Mr. Howe said in the House on June 17th that in the first five months of the year the anticipated export surplus of \$150 millions for the whole year had been already achieved. It appears from the figures given by Mr. Abbott that up to June 23rd, and leaving out capital transactions such as the drawings of \$140 millions on the Export-Import Bank loan and certain non-recurring receipts amounting to \$60 millions, our reserves increased from the low point on December 17th by about \$80 millions despite the fact that drawings on the U.K. loan and other export credits amounted to \$186 millions.

The statements made by Mr. Howe and Mr. Abbott are known to the people here who deal with the Canadian dollar position and are undoubtedly being taken into account by them. Using Mr. Abbott's figures alone, these people might make a calculation on the following lines:

	Millions of \$
Reserves on June 23rd, 1948	742
Reserves on December 17th, 1947	<u>461</u>
Improvement	281
Deduct: Drawings on Export Import Bank loan	140
and	
Certain non-recurring items	<u>60</u>
	<u>200</u>
	81
Add: Drawings in period by U.K. on 1946 loan	112
and	
Drawings in period from other Canadian export credits	<u>74</u>
	<u>186</u>
Apparent change omitting government borrowings and non-recurring items	267

I am sure that, if this result were to be interpreted as meaning that we had acquired from the low point of December until June 23rd an additional store of \$267 millions through normal visible and invisible transactions, the interpretation would be far from accurate. It might, therefore, be well for us to be put in a position in which we could correct any false impressions or expectations that might be derived from Mr. Abbott's figures. It will still appear, however, that we are now better off by a substantial amount than we expected to be.

The successful private borrowing in New York announced this week of \$150 millions for fifteen years at 3% will also be noted here as evidence of a marked improvement.

We have not been under any pressure to resume a direct contribution to European recovery, but that is mainly because of our pledge to review the situation in late September. The suggestion for a closer association of Canada with the operations of E.C.A. (sometimes referred to by E.C.A. officers as a "partnership") has not been put forward in conversation with members of the Embassy in terms of Canadian financial participation. Other grounds have been adduced, mainly that the establishment of a more intimate relationship with Canada will help E.C.A. to resist pressures, such as demands from the farmers to force on Europe with E.C.A. funds surplus U.S. foodstuffs which receiving countries may not want, or may not want nearly as much as other goods. I have doubts whether any form of partnership with Canada would abate such a pressure as this. I cannot myself think up any practical scheme for such a closer association which would be politically defensible here and of direct advantage to us, unless we became again a financial contributor in one way or another to European recovery. I think that at the very least we should have to pledge ourselves more concretely than hitherto to make as large a financial contribution as we could just as soon as our reserve position permitted.

If our exchange position does turn out to be better than our forecast, there are, of course, various things that we could do. These include some measure of relaxation of our import and travel restrictions, the increase of our reserves, the resumption of drawings on the U.K. loan, and the extension of grants or of new credits to some of the countries in O.E.E.C. These are in part alternative courses, although they could be followed simultaneously if we had the wherewithal.

With regard to the relaxation of restrictions, Mr. Hoffman remarked to Mr. English a few days ago that he hoped that because of the improved dollar position we would be able to ease the restrictions somewhat by the end of 1948; he added that such an action would, in his judgment, be helpful in Congress when next year's E.C.A. appropriation comes up for discussion. As I was surprised that he should express this view, we have made inquiries in E.C.A. to find out whether it was a considered judgment. We have learned that Mr. Hoffman's remarks were casual and were inspired by a discussion which he had had with an old friend of his shortly before he saw Mr. English. This incident, which Mr. English has reported to his own Department, should not therefore be taken as an indication of policy in E.C.A., since Mr. Hoffman had not considered the relative advantages of other possible courses.

Some relaxation of import restrictions is, I judge, in prospect especially with respect to vegetables and fruits in the winter and spring, and this would, I believe, cause no serious criticism here. The producers in this country are one group that does not benefit directly from E.C.A. dollars; and they would readily appreciate the argument that E.C.A. dollars spent in Canada should be used in part to re-open their Canadian markets. In my own view, however, — and I am sure that this view is widely shared in Ottawa — it would be a mistake to concentrate on the easing of the restrictions to a degree which would permit the entry to Canada of prohibited or

restricted imports in substantial dollar volume from the United States. This would also apply to any considerable relaxation of the travel restrictions.

I think that use of all or most of any unforecast surplus to increase our reserves would, if the amount were substantial, be open to the same type of objection — that Canada, though in a position to resume some financial part in promoting European recovery, was devoting her resources to domestic uses, while continuing to benefit largely from E.C.A.

In my opinion, therefore, we are left with the renewal of some financial contribution as the best use to which we might put additional resources, except for minor relaxations in the import restrictions. The easiest way would be to concentrate on the U.K. by agreeing on a resumption of the drawings on the loan at whatever rate may be feasible. In the first instance it would doubtless have to be done in this manner, since no new legislation would be required. Alternatively we might devise some new means of giving financial aid by grant or credit, geared with the operations of E.C.A., and related to any project of closer Canadian association with E.C.A. which might emerge. It would help here in maintaining the volume of off-shore purchases in Canada if, in these circumstances, we were to substitute grants for loans, at least in part.

I should perhaps mention another factor as influencing our policy in these respects. As you know, hitherto Argentina has not received any E.C.A. dollars in payment for her exports to Western Europe, and it has been stated that she will not figure in the E.C.A. program before the last quarter of this year at any rate. This has not caused difficulty to the U.K. as yet because of the agreement whereby Argentina is paying for part of the British interest in the railways by her exports of meat and other essentials. It will, however, soon become important to the U.K. as well as to Argentina that E.C.A. should finance a considerable part of Argentine exports to the U.K. I suspect that, unless E.C.A. changes its policy of its own volition, we shall before long find that the British are bringing pressure to bear for the adoption of a more lenient attitude towards Argentina. The U.K. undoubtedly has to have Argentine meat, and, if they can only get it by using their reserves or by reducing other imports or by E.C.A. financing, it is in our interest that E.C.A. should carry the load. Canada may, therefore, be joined by Argentina as a major supplier in the Western Hemisphere of E.C.A. financed foodstuffs. However necessary this may be in the general interest, the financing by E.C.A. of a large volume of Argentine exports would be quite likely to produce a squeeze on purchases in Canada, since otherwise the proportion of off-shore purchases in the total program would rise substantially. A renewal of Canadian financial aid would help in coping with this.

It may, of course, turn out that we shall have so little to play with that we shall have to go on as we are far into 1949. That would, I expect, be the result of a really bad crop. Also as the summer is the season of heavy imports, especially of fuels, the satisfactory results of the last six months may not be maintained.

I should be glad to receive comments on the contents of this letter in order to guide us in our discussions with officers of E.C.A. As the staff there is built up and as the veterans in the organization (i.e. those who have been there for longer than three or four weeks) move from post to post, the education of those concerned with

the Canadian aspects of the program is a constantly recurring problem. There is nothing novel in the suggestions put forward in this letter, but I have thought it well to set forth at this stage my point of view on how we can best maintain our favourable position.

Yours sincerely,
H.H. WRONG

618.

DEA/264 (S)

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

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

TELEGRAM EX-1835

Ottawa, July 20, 1948

CONFIDENTIAL

Your WA-2017 of July 13, regarding discussions with E.C.A., and further EX-1790.†

You will readily appreciate that whether or not to engage in discussions with E.C.A. officials on the question of a more formal liaison between Canada and the United States regarding the operation of E.C.A., gives rise to a conflict of interest. From the strictly commercial point of view, every opportunity should probably be seized to establish and renew contacts with E.C.A. officials as a means of furthering the sale of Canadian products. On the other hand, such discussions might lead to pressure for the giving of financial undertakings by Canada, which would be difficult to resist.

With this in mind, our attitude to the American proposals to enter into discussions at this time would be governed by the nature of such discussions. If they are to concern merely the formulation of a declaration of joint intent to aid European recovery during the next three or four years, but without any specific commitments being given on either side, as was done in the case of the Hyde Park Declaration, there would be no objection in principle to commencing such talks immediately. If, however, it is the intention of the Administration to involve Canada in the assumption of defined commitments during the current and future years, then we would prefer that such negotiations be postponed until September, and form part of the review of our financial position at that time.

Regardless of the nature of the proposals, the timing of the letter I understand Mr. Hoffman is about to send to you is unfortunate in that nearly all those most concerned with E.R.P. will be out of Ottawa on holidays for two or three weeks more. These include Dr. Clark, Mr. Mackenzie and Mr. Towers. It is unlikely, therefore, that an early definite reply will be possible.

619.

DEA/264 (S)

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

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

TELEGRAM WA-2104

Washington, July 21, 1948

SECRET. IMPORTANT.

Reference my WA-2017 of July 13th and my letter of July 16th — Question of the "Association" of Canada with ECA.

2. Yesterday, we were shown a draft of a proposed letter from Hoffman to myself, to be signed immediately, stating that the ECA believe the time has come to begin discussions with the Canadian Government, looking toward a "permanent contributing partnership" in the European Recovery Programme. The letter which the ECA officials had in mind would have become a public document. In substantial part, therefore, it was designed with a view to explaining to the United States public the merits of having Canada as a partner in the ERP. Accordingly, there were references to Canada's great interest in European recovery and to the extent and spirit of our assistance extended to Europe in the recent past, as well as a summary of the importance of our trade with the OEEC countries.

3. If this letter had become a public document, undoubtedly there would have been the undesirable reaction in Canada that we were receiving a gratuitous lecture from our neighbours on what was important to Canada. The suggestion was made to the ECA officials and accepted by them that it would be infinitely preferable, if a letter from Mr. Hoffman had to be sent, to receive one which was brief and which confined itself to suggesting conversations with Canadian Government officials to discuss any or all ERP or ECA problems of mutual concern. The position at the present moment is that, fortunately, Hoffman left Washington yesterday for Europe before the new brief letter could be sent in to him for signature. Hoffman will, however, be returning at the end of next week so we may expect to receive the "invitation to the waltz" not later than the first week in August.

4. Quite apart from the very important points of substance involved, there are also some rather important points of procedure in this matter which are, to our knowledge, by no means clearly straightened out. Section 116 of the Enabling Act, entitled "Western Hemisphere Countries", says: "The President shall take appropriate steps to encourage all countries in the Western Hemisphere to make available to participating countries such assistance as they may be able to furnish." The move which the ECA officials now have in mind seems to be much more than a step — It is a plunge into a full working, contributing partnership in the European Recovery Programme. In a matter of this nature and importance it is obvious that the State Department, which has been relegated to a back seat in the administration of the recovery programme, should play a leading role. Paul Nitze (who is at the moment, in the absence of Thorp at Geneva, the senior official on the economic side of the State Department) is, we understand, familiar with and in favour of the ECA's

ideas for a Canadian partnership in the ERP. This is not at all surprising since Nitze has always been a great one for programming and planning. We told the ECA officials of the importance of seeing that the political side of the State Department, in particular, Hickerson, was consulted as well as the economic side.

5. In talking to the ECA officials we are taking the line that we are entirely willing to discuss with them any ideas or proposals which they may wish to put forward. We have, however, at the same time pointed out the very great attractions from the Canadian point of view of having informal working arrangements with the United States. The fact that the arrangements might be informal does not in any sense mean that the closeness and effectiveness of our association would be diminished. The main ECA argument which has been advanced, so far, of the importance to Canada of being a definite partner in this operation is that if we are not partners the amount of off-shore purchases in Canada will inevitably drop off a great deal. We gather that United States commodities are forcing their way to the front in such a manner and at such a pace that those who are concerned with the long-term outcome, as well as the more immediate problems of the programme, fear that Canada will be more and more left out. They would argue that if we are not fitted into the picture as a partner it will be next to impossible to protect our legitimate trade interests. We cannot, however, begin to assess the seriousness of the prospect of a sharp dropping off of ECA dollar expenditures in Canada until we have had thorough conversations with all the United States officials concerned. On page 2 of the report of the meeting of the Trade and Commerce representatives with Pierce in Paris it is stated that: "The point which, above all else, must be remembered was that the ECA itself gave complete freedom to ERP countries to nominate Canada as a source of supply if price and other conditions of sale were comparable. The *practice* of the ECA administration gave countries the same complete freedom." It is this "practice" which some ECA officials suggest is now in jeopardy unless we are able to proceed on a partnership basis.

6. Our dilemma, the importance of which we cannot fully estimate unless we have had official conversations with the ECA, is whether we would get more burned by going in than frozen by staying out. Ends.

620.

DEA/264 (S)

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

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

Ottawa, July 26, 1948

My dear Colleague:

Mr. Hume Wrong's letter to Mr. Pearson of July 16, and his telegrams WA-2017 of July 13 and WA-2104 of July 21, which have been referred to my Department, indicate that the Economic Cooperative Administration in Washington is

endeavouring now to press us into some degree of "contributing partnership" with them in their program of aid to Europe, and to secure some undertakings or at least indication of view from us before the review of our own position and policy which we told them we have planned to make in September when our situation can be better appraised.

I continue to believe we should not enter into any undertakings in this field, however informal or tentative, until we have been able to review the situation in September. If our officers in Washington must discuss the matter with Mr. Hoffman on his return early in August, it would seem to me at present they should simply point out the necessity of Canada being able to review the outlook after the crop is known and to decide upon what can be done at a time when Ministers can give proper consideration to the matter. However, the appropriate attitude to be taken in such talks early in August is a subject that should be discussed carefully here early next week by both officials and Ministers concerned, preferably in the Interdepartmental and Cabinet Committees on External Trade Policy. I would prefer such discussion next week, as Dr. Clark and Mr. Towers will not be back until that time.

The considerations which Mr. Wrong raises in his letter regarding the policy that should be followed in deciding whether and to what degree we can provide further credits or grants to European countries are, of course, some among the various questions which must be carefully considered by the Government before any statement of our views on the matter is given to the United States or other countries. His arguments must be considered in the light of the best forecast that can be made of our situation, and in the light of what the Government feels can reasonably be done in regard to consumption and capital investment in Canada, as well as in regard to exports and imports.

I must confess I find it hard to understand the reasons Mr. Wrong has transmitted for the American desire to have us associated in partnership with them, apart from the contribution we might make to the financing of the program (or the provision of items in short supply). How does it help them resist pressures urging the concentration of more European purchases in the United States to have Canadian officials working in their own organization? Surely it would be just the reverse; the Canadians would be accused of lobbying from within. Mr. Wrong himself expresses doubts as to whether such an association would abate the pressure, and indicates that the only real point in a partnership such as the E.C.A. is proposing would be a Canadian financial contribution to the program. It is wholly understandable that they should press us to share the cost of the scheme; indeed, they have a legislative direction to do so. I think we should assume, even if they do not tell us, that this is the real purpose of any partnership they propose.

I think the Ambassador and his staff did well in heading off the letter which the E.C.A. were proposing to send to us, urging Canada to participate. I hope they can continue this good work in persuading Mr. Hoffman and his officers that August will not be an appropriate time for us to come to any decisions on this matter. If the American authorities feel they must divert trade away from Canada unless we can agree in August to enter into a partnership, which they have apparently indicated to our Embassy is a possibility, then we shall have to consider the matter seriously in

August, but it will clearly not be under circumstances likely to bring about the best decision. I find it hard to believe they will wish to force matters in this way. We are not asking or expecting favours from them, or assistance for ourselves. All we ask and expect, as I understand it, is that Canada be used as a normal source of supply for European trade under ERP, where and to the extent that we can supply on competitive terms or better. The high proportion of "off-shore" E.C.A.-financed purchases going to Canada may focus attention on us and create the impression that we are being favoured, but our share of total European purchases is much more modest and not the result of any special favours granted to us. In helping Europe, the United States inevitably helps Canada indirectly, but surely this fact is not justification for putting pressure on us to do more than our circumstances warrant in adding to the large-scale assistance we have already provided.

I would be glad to know if you yourself feel it important to adhere to our original decision to review this whole matter in September, and not to enter into any understandings or partnership until that time (except, of course, the usual technical cooperation in furnishing information and assistance in regard to Canadian supplies).²⁴

Yours very truly,
D.C. ABBOTT

621.

DF/Vol. 3617

Note du deuxième secrétaire de l'ambassade aux États-Unis
Memorandum by Second Secretary, Embassy in United States

CONFIDENTIAL

[Washington], July 30, 1948

CONVERSATION WITH ECA OFFICIALS

The Ambassador, accompanied by Murray, saw Richard Bissell, Assistant Deputy Administrator, ECA on Thursday afternoon, July 29th. The meeting, which took place in Mr. Bissell's office, lasted forty minutes. ECA officials present in addition to Bissell were: Arthur Smithies, Acting Director of the Fiscal and Trade Policy Division and Robert Strange, the official in Smithies' division who deals with extra-European trade problems.

2. The Ambassador opened the conversation by noting that he would be in Ottawa for a few days next week, at which time he thought it would be useful if the Canadian officials concerned with financial and economic matters could have as precise information as possible on any questions concerning Canada's relationship with the ECA and the ERP which the ECA officials might have in mind. The Ambassador said that we were aware from reports of Bissell's recent conversation with Pierce in Paris and from informal discussions in Washington that the ECA wished to arrange to talk to us at an early date on certain important points.

²⁴ Note marginale :/Marginal note:
I do St. L[arent]

3. Bissell replied that he welcomed the opportunity of telling us in broad outline some of the general policy considerations which they have in mind and which they would wish to discuss with our people more fully in the near future. Bissell began by saying that we should consider whatever approaches they made to us in this context in the light of ECA's general policy to encourage other countries supplying goods and services to the ERP countries to supplement whenever possible and to the extent possible the aid being supplied by the United States. He readily acknowledged that since the ECA were still in the early stages of their operations and had had so many pressing problems of organization and programming to attend to they were only just now getting around to working out their plans on this particular point. Bissell noted that although they had not yet entered into any agreement with other supplying countries on the question of contributions, nevertheless, from the beginning they had asserted their right to be able to look into the foreign exchange position of any supplying country before they approved the expenditure of ECA dollars in that country. He said that, to his knowledge, there had been only minor exceptions to this rule.

4. On this point the Ambassador recalled that we had from the outset expressed our willingness to provide the ECA with the information on our financial position and prospects as well as the availability of Canadian supplies. The Ambassador further recalled our undertaking to review our financial position in September, at which time, when the size of the crop was known, and the effect of other important factors such as the disturbing downward trend in the price of certain of our exports and the rising prices of imports could be better assessed, it would be possible for us to make some kind of a realistic forecast for the ensuing year.

5. Bissell, who had, of course, remembered our commitment to review our position in September, appreciated that it was quite impossible for us to make this review at an earlier date. He clearly wanted to dispel any fears which we might have that the ECA would wish in any way to "exert pressure on us" to make financial commitments of any kind before we had had a full opportunity to assess our own position.

6. Bissell did not hint at the idea that the ECA might set up an objective which they would ask us to agree to fill. There was no suggestion from him that we might carry a certain proportion of the load nor that there might be any predetermined ratio between the amount of ECA dollars spent in Canada and the amount of assistance which we extend. We may, however, expect to hear some suggestion of establishing a ratio between off-shore dollars and supplying countries' contributions from Smithies.

7. Bissell, several times, used the expression, "if, as, and when" we extend further financial assistance. His main concern seemed to be that if and when we were able to "supplement" the assistance being given by the United States, we should coordinate our efforts with those of the United States. He explained that the ECA would be concerned with programming and timing problems in connection with any assistance which we or other supplying countries might extend. The Andes Agreement was cited as an example (not as an example to be followed since Bissell who rarely allows his mind to be diverted from what is immediately at hand was, however, as

usual, eager to take out a few minutes to let his very low opinion of the Argentine Government's practices be clearly known) of one type of credit or assistance extended by a supplying country which necessarily affects the amount of ECA aid which the United Kingdom receives. From the point of view of programming, since work on the first annual programme is now going on in Paris, and since the decisions of other supplying countries on the amount of financial assistance which they might extend materially affects this programming work, it is, from the ECA's point of view, very important to know in as much detail as possible and as far in advance as possible, the assistance plans of the important supplying countries. The Ambassador noted that if as a result of our review in September it was decided our financial position permitted the extension of further assistance (and there were many indications, e.g. the extremely small wheat crop; downward trend of prices on certain exports; upward trend of import prices; increase of demand generally as a result of the depletion of inventories accumulated before restrictions were imposed, which all pointed to the improbability of being able to extend further assistance this year) the most we could do without parliamentary approval would be to permit the renewing of the withdrawals on the British loan. Bissell said that any information of this nature which we could give them would be useful to them in their planning now and in the next few weeks. For instance, if they knew that there would be no Canadian assistance for any OEEC country except possibly the U.K., then their programming for these countries for the rest of this year could be done on a more intelligent basis.

8. Bissell never once referred to "partnership". Perhaps, as Mr. Pierce reported from Paris he slowed down Bissell on the partnership idea. If so, all that remains or, at least, all that was visible Thursday was the question of a contribution. Although Bissell did not mention formal partnership nor "close association", he readily agreed with the Ambassador that our joint war-time committees had been very useful and efficient in handling various problems, many of which were not unlike the ones facing ECA today. Although Bissell did not expand on the idea of a joint committee himself, it is fair to conclude that he would be receptive to the idea of establishing such a joint committee.

9. Strange, who must have been one of the principal proponents of the idea of a close working partnership, did not mention this idea yesterday when he was asked if he wished to expand on the remarks made by Bissell. Strange limited himself to saying that in his purely personal opinion it would be a disappointment if when we were in a position to grant further assistance we were to limit ourselves to renewing the withdrawals on the U.K. credit. Strange is definitely one of those persons who believe that a great deal of imagination and daring are essential in the other supplying countries as well as in the ERP countries and in the United States if the programme is to succeed. It was more natural, therefore, for someone like Strange to see, from an imaginative point of view, the advantages which would be gained by having us as a partner in the recovery programme.

10. Bissell, however, who is both fair-minded and very practical, seemed to be concerned in the first place with a contribution and thereafter with cooperation with ECA in the manner and timing of the contribution. He said that the cooperation required might well be limited to merely informing the ECA of what we were

doing. The ECA could then act, in his words, as "the residual legatee", i.e., if we gave \$100 million dollars to the U.K. they would take that into account and give correspondingly less to the U.K. Bissell also thought that it would be useful from our point of view, before we began appraising our position in September, if our officials knew in some detail of the problems which the ECA had in financing purchases in other supplying countries as well as some of their views on the form in which assistance supplied by the other supplying countries might be extended.

11. He said he would not be frank if he did not admit the ECA's definite interest in the amount and form of financial assistance extended by a supplying country if its foreign exchange position had been "significantly aided" by the expenditure of ECA dollars in that country. Since the ECA have spent something like half of their off-shore dollars in Canada, and since our exchange position has improved no matter how slowly nor how perilously, there can be no doubt but that they will regard Canada as a country whose foreign exchange position has been "significantly aided" by the ECA off-shore purchases. Bissell, who is obviously very hopeful that we will be able to resume extending further credits (including grants) and yet does not wish to give any appearance of trying to press us into taking any action, would warmly welcome any renewed assistance which we might extend for the affect which it would have in the United States quite apart from the material help which it would have in the recovery programme. Bissell said that a contribution from Canada, even though a modest one, would be "enormously helpful" in combating, to some extent the unfortunate opinion which is gaining ground here that the United States alone is carrying all the economic burdens. Bissell again showed his knowledge of the assistance which we have extended in the past by confirming what the Ambassador had said earlier, namely, that with Congress it is present virtue and not past performance which counts. He said he was well aware that on any basis which one might choose, we were well ahead of the United States in the aid which we had extended to Europe in the postwar period. This was so, he said, not only in the past but he imagined it would also easily be true until the end of this year.

12. Bissell and Smithies came out with one specific reason which explained their wish to have talks with us as soon as possible and their hope to get a commitment from us in September. They have had some very stand-offish negotiations with the Argentine. They realize, however, that they will have to solve this problem some time before the end of the year. They have had some talks and will be having others with Australia. Their position has been that they will not spend ECA dollars in these countries until they get some sort of contribution or agreement out of these countries. Since we are far and away the largest supplier of goods to Europe next to the United States, and are by all odds the largest recipient of ECA dollars, it causes the ECA some embarrassment in their talks with these countries not to have any agreement with us. On the question of which other supplying countries could be expected to "supplement" United States assistance with contributions of their own, Bissell noted that there were, in fact, only a very few countries which could be expected to make any such contribution. Only countries which had a standard of living equal to or higher than that prevailing in most areas of western Europe could, from a realistic political point of view, be expected to make a contribution.

Bissell noted that only Canada, the Argentine, the southern Dominions and possibly South Africa came within this category.

13. What Bissell undoubtedly wants to see from us more than anything else is a financial contribution. He is now satisfied that we cannot consider making any commitments in this direction until after the middle of September. Therefore, in the meantime he is content that we should have a day or a day and a half's discussions with some of their officials such as Smithies and Strange. There was some enthusiasm from Smithies and Strange that these talks should take place in Ottawa, perhaps in the second week of August, after the Liberal Convention is over. There was no disagreement that these discussions would be anything other than informative and exploratory. No commitments could be made by our side nor would they be expected.

14. Whatever it was that cooled Bissell's ardour from wishing to have a partnership to wishing merely to have the money we do not know; perhaps his recent talks with the wiley Europeans have made him realize that it would be prudent, before offering us marriage, to see how large a dowry we could promise.

J.R. M[URRAY]

622.

DEA/264 (S)

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

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

TELEGRAM EX-1943

Ottawa, August 5, 1948

SECRET. IMMEDIATE.

Economic Co-operation Administration. At the meeting of the Inter-Departmental Committee this afternoon the question of Canadian association with E.C.A. was examined at length, and the general conclusion reached that the present relationship was satisfactory and required no change. In view of the difficulties which might arise out of a more formal relationship, it was not felt that such should be embraced with enthusiasm unless new factors came to light. However, a joint committee or committees were not ruled out for the future, if the U.S. pressed for this and if it could be worked out in a way agreeable to both governments.

2. Although it is appreciated that E.C.A. is not endeavouring to have us advance the time of the review of our financial position, it is nevertheless evident that financial considerations play a major role in this matter and, therefore, in the absence of decisions in this field, any discussions with E.C.A. officials could only be informal exploratory and inconclusive. We would, however, be glad to have a visit from Messrs. Smithies, Strange and Tyler Wood. In suggesting such a visit, it should be made quite clear that, while we will give them a cordial welcome, no one in Ottawa will be in a position to discuss our prospects in relation to further direct financial

assistance to Europe, and that we will not be able to anticipate the review which is now planned for September.

3. It is hoped to learn from Smithies and Strange, E.C.A. policy, both short and long range if any, with regard to offshore purchasing and thus gain some indication of the significance and possible consequences of the mooted "joint approach".

623.

DEA/264 (S)

*Le sous-secrétaire d'État aux Affaires extérieures
à M. S.D. Pierce à l'ambassade en France*

*Under-Secretary of State for External Affairs
to Mr. S.D. Pierce at Embassy in France*

CONFIDENTIAL

Ottawa, August 6, 1948

Dear Mr. Pierce:

You will have seen from the copies of telegrams forwarded to you how talk of a partnership which was mentioned by Bissell to you in Paris and earlier discussions on a lower level to members of our Embassy in Washington has dissolved into a desire on the part of E.C.A. to learn what our intentions for the future are, and also of the proposal that E.C.A. representatives might come to Ottawa for exploratory discussions. Telegram No. EX-1943 to Washington, repeated to you as No. 336 of August 6 sets forth the conclusions on this question reached at a recent meeting of the Interdepartmental Committee, but it may be helpful to you to have in greater detail a summary of the deliberations of that meeting.

Mr. Wrong, who was present for the occasion, gave a short exposé of his views. He stated that it was important that, regardless of what decision was reached on the question of closer association, we should not in any way give offence to the E.C.A. by appearing to be standoffish and unwilling to enter into discussions. Since the inception of E.C.A. we, at all levels from Mr. Howe down, have represented to the Americans our desire for the most intimate collaboration possible and a reversal of attitude at the precise moment when offers of closer collaboration were being made could only lead to a loss of present goodwill which, to date, has stood us in excellent stead. He said that he was not sure what had prompted E.C.A. to propose at one point a "partnership". The offer might have been dictated partly by financial considerations and partly by idealistic ones. He pointed out that there were in E.C.A. a number of extremely capable, but at the same time idealistic, individuals who felt that an imaginative approach to the question of European recovery was essential if it were to succeed — an imaginative approach not only on the part of United States citizens but also on the part of the governments and peoples of other supplying countries. He had not been able to reach any definite conclusions as to the advantages which might accrue to Canada from a partnership with E.C.A. but was quite sure that if such a relationship with E.C.A. might be difficult, a partnership with the United States Congress would be impossible. Although it is impossible to compute statistically, Mr. Wrong was of the opinion that the goodwill and friendly relationship that we enjoyed with E.C.A. had resulted in a higher propor-

tion of offshore purchases than would otherwise have been the case and that it would be entirely feasible for E.C.A., should they so wish in the event of our seriously displeasing the administration, to reduce very substantially the amount of E.C.A. money spent in this country. Although he admits that our more attractive prices, delivery dates and quality is a primary consideration in securing orders for Canada, there is no doubt that the willingness of E.C.A. to believe in and trust us has made the approval of purchases in Canada much more easy to obtain. Mr. Wrong also mentioned that E.C.A. officials have expressed the hope that a part at least of any further financial assistance that Canada might be able to provide would be in the form of grants as distinct from long term credits. Such action would serve to counter growing talk in the U.S.A. that Uncle Sam is carrying the entire burden of European aid.

Although the meeting reached no conclusions as to the motives which might have inspired E.C.A. at one time to have proposed a partnership with Canada, it was generally agreed that no definite arrangement could be concluded until the Canadian financial position and prospects for the future were ascertained. In this regard we should not allow the Administration to precipitate either the financial review or financial discussions until the date to which they had already agreed had been reached. There was some apprehension felt that, as soon as the Americans had obtained from us financial commitments to assist Europe in the future, their interest in Canada and a closer association with Canada might evaporate. This might well be the case if their sole purpose in making approaches was to secure from us the largest possible financial contribution. Some of the members of the committee also felt that association with E.C.A., no matter how close nor how formal, would not be of any use to this country when commodity surpluses in the United States began to accumulate and to exert pressure. If this is true we would have nothing to gain and everything to lose by a closer, more formal relationship.

Uncertainty as to the consequences of a more formal relationship in lieu of the present satisfactory arrangement tends to discourage the welcoming of any initiative leading towards a new setup. There is little doubt that a formal agreement entered into would limit seriously the freedom of action which we now enjoy.

One interesting point was made with regard to the possibility of our re-opening the United Kingdom credit. As things now stand, any credit which we provide directly to the United Kingdom would be almost automatically subtracted from the E.C.A. allocations to Britain. The net result of this would be to make Canada alone powerless to better the economic situation of European friends. Mr. Donald Gordon felt that in these circumstances the United Kingdom would probably not be at all keen on seeing drawings on this credit resumed at this time, but would probably prefer to allow the credit to stand as at present until the termination of E.C.A. Before deciding on such a course of action, however, the U.K. would have to consider whether or not the credit would still be a Canadian obligation so far in the future.

The meeting agreed that we should respond to the E.C.A. suggestion and consent to exploratory and non-committal talks in Ottawa. Ottawa is preferred to Washington for climatic reasons. While a visit here by E.C.A. officials will be

welcome, it is being made quite clear to them that no one in Ottawa will be in a position to comment in any way on our financial situation.

As to the future, it was felt that the establishment of a joint committee or joint committees should not be ruled out as a possibility if the U.S. pressed for this and if it could be worked out in a manner satisfactory to both governments. It was agreed also that it may be necessary at some future date to indulge in window dressing if such be the desire of E.C.A. in order to assist them in their relations with Congress.

I am enclosing for your information a copy of a memorandum prepared by Drury for circulation to the members of the Interdepartmental Committee, in advance of this meeting.†

Yours sincerely,
C.M. DRURY
for Under-Secretary of State
for External Affairs

624.

DEA/264 (S)

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

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

Ottawa, August 13, 1948

My dear Colleague:

I refer to your letter of July 26 regarding the proposals of the Economic Cooperation Administration in Washington to formalize their relationship with this country and to secure from us an indication regarding possible future direct Canadian financial assistance to Europe.

Although financial considerations probably loom large in E.C.A. thinking, I do not think that it would be correct to say that we are being pressed by the Americans either for a change in relationship or for financial commitments in advance of the agreed September review of our financial position. Since the despatch of Mr. Wrong's letter and the telegrams to which you have referred, there has been no further suggestion from E.C.A. that we should enter into a partnership either as a permanent contributor or otherwise. I am not aware at the moment of the reasons why this has not been again mentioned.

As far as I am able to learn, the purpose behind the recent approaches by officials of the Economic Cooperation Administration has not been to endeavour to secure from us, in advance of September, any financial commitments, but rather to endeavour to gain some inkling as to our possible intentions. There are, from the American point of view, good reasons for this. Decisions on the O.E.E.C. annual programme, which is expected to be received from Paris shortly, will have to be made and if they are to be soundly based, account should be taken in reaching such

decisions of what, if any, Canadian participation can be expected. I understand that the Administration is also in the course of preparing their presentation for the next session of Congress and for this document also an indication of what it may or may not be possible for Canada to do would be most useful.

As you proposed, this question has been examined by the Interdepartmental Committee on External Trade Policy at a meeting at which Mr. Wrong was present. The Committee fully shares the view that it is important not to anticipate the review of our financial position planned for September and not to enter into any financial discussions with United States officials before that review is completed. It was also felt by the Committee that our present relationships with E.C.A. were satisfactory from our point of view and required no change at the moment, but that if E.C.A. desired to have informal non-committal talks with Canadian officials now, these overtures should not be rejected as such action on our part would be liable to lead to a dissipation of valuable goodwill. In accepting the suggestion that two or three E.C.A. officials pay a visit to Ottawa during the month of August, it will be made clear that any discussions which take place will be informal, exploratory and inconclusive and that no one in Ottawa can be expected to comment on our financial prospects.

The Committee felt that such talks, rather than being to our disadvantage, might enable Canadian officials in Ottawa to ascertain more of the intentions and policies of E.C.A. with regard to off-shore purchasing, and in view of its importance to the Canadian economy, it is desirable that as much as possible be learned in this regard.

Yours very truly,
L.S. ST. LAURENT

625.

DEA/264 (S)

*Note**Memorandum*

CONFIDENTIAL

[Ottawa, September 2, 1948]

REPORT ON VISIT TO OTTAWA OF E.C.A. OFFICIALS

Following an E.C.A. suggestion, Mr. Arthur Smithies, Director of the Division of Fiscal and Trade Policy in E.C.A., accompanied by his assistant, Mr. Robert Strange, Mr. D. Glendinning of the Commonwealth Division of the U.S. Treasury, and Mr. W. Willoughby of the Economic Division of the State Department, visited Ottawa on August 16 and 17, for the purpose of exchanging views on the role Canada might play in the operations of E.C.A.

It was made clear to the Americans before their arrival that the talks would be exploratory and non-committal, and that we would not be in a position to discuss questions relating to the financial position of Canada or the possibility of future financial assistance. From the outset, however, it was clear that the intention of the Americans was to do as much preparatory work as possible in clearing the way for

further Canadian financial assistance to Europe. Mr. Glendinning had been added to the party at the last moment. On the Canadian side those who took part at various times were Mr. Pearson, Mr. Drury and Mr. [P.M.] Towe of External Affairs, Dr. Clark, Mr. Deutsch and Mr. Perry of Finance, Mr. Skelton, Mr. Heasman and Mr. Beaupré of Trade and Commerce, Mr. Taggart and Dr. Richards of Agriculture and Mr. Beattie of the Bank of Canada.

During the discussions Mr. Smithies, who acted as spokesman for the U.S. group, pointed out that it was the fixed policy of E.C.A. to encourage all non-participating nations who could, to provide financial assistance to the O.E.E.C. countries, and indeed the Foreign Assistance Act enjoined the Administration to do this. He recognized, however, that it would not be realistic to expect many countries, other than the British dominions and perhaps Argentina, to be able to help. When other countries were able to render direct financial assistance, the role of the United States, which should not be expected to carry the entire load, would become that of financier of residual requirements. E.C.A. would not propose in any way to dictate the terms, mode or conditions of our direct aid to Europe; indeed they would not disapprove of arrangements similar to tied loans or grants, but they would like to be informed of any such action contemplated. If this were done, it would be possible to coordinate the total effort so as to achieve the maximum of effectiveness.

Mr. Smithies felt that there would be criticism in the United States of the off-shore purchasing programme in any instance where it could be shown that the result had been to augment the dollar receipts of a country to a point where its dollar reserves were unduly large, or where the importation of a large volume of luxury items from dollar areas had thereby been made possible. There should therefore, he felt, be a relationship between the volume of off-shore purchasing in any given country and its reserve position and dollar import programme. E.C.A. recognized that a certain volume of dollar imports were necessary in order to maintain productivity at a level sufficient to produce a surplus to meet European needs, and that E.C.A. should endeavour to stimulate the production of surpluses in supplying countries through the mechanism of off-shore purchases, provided that these surpluses were directed towards Europe. He felt that it would even be justifiable for E.C.A. to make off-shore purchases in higher-priced areas if the final result would be a net gain to the O.E.E.C. countries.

To achieve this would be not too difficult under the allocating and programming procedure now proposed. Although O.E.E.C. has been given responsibility for allocating the total available E.C.A. money amongst the O.E.E.C. countries on the basis of annual programmes prepared in broad outline, E.C.A. intends to programme specific shipments on a quarterly basis in consultation with the foreign missions in Washington. It seems to be intended that E.C.A. will do the actual programming and that the national missions will merely be asked for advice. Indeed it is entirely possible that little regard will be had for the desire of the importing country concerned to avail itself of a particular source of supply, if such happens to run counter to E.C.A. plans.

Mr. Smithies avoided suggesting that E.C.A., in authorizing large-scale off-shore purchases in Canada, had in any way been conferring a favour on this coun-

try. At the same time, he was not, however, prepared to accept the thesis that the bulk of Canadian exports financed by E.C.A. could easily have been sold for dollars in any event. He did think, nevertheless, that good relations with E.C.A. were of some value to this country, and conversely that it would be possible for E.C.A. to make serious difficulties for us if it wished.

During the talks it was emphasized that the rate of improvement of our financial reserves which had occurred in the first quarter of the year and to some extent in the second quarter had not by any means been maintained in the third, and that in fact our present holdings of gold and dollars was not substantially larger than the figure of \$742 million announced by Mr. Abbott towards the end of June. An examination was made of a draft revision prepared by E.C.A. of our forecast of balance of payments, and although no specific figures were cited by the Canadian representatives, it was made clear in a general way that the U.S. forecast was altogether too optimistic. It was pointed out that no serious work had yet been done to review our financial position and prospects or, in fact, could be done until the outcome of the crop was ascertained. We did not expect to have this completed until towards the end of September. It was also pointed out to the Americans that, even should this review disclose a favourable financial outlook for Canada, the most that we would be able to accomplish at that time in the way of providing direct aid to Europe would be a reopening of the British credit. Until further authority from Parliament was received, no fresh credits or grants could be arranged, and Parliament would not normally be expected to meet again until sometime in January.

Mr. Smithies, at the final meeting, in summing up the E.C.A. position, said that he felt E.C.A. could with advantage explore the possibility of reaching some sort of understanding with Canada regarding future contributions. He regarded agreement as useful for the following reasons. Intimate cooperation in the matter of contributions would ensure maximum effectiveness in their application, and steps could be taken to ensure that full effect was given to the intentions of the Canadian Government. In the absence of full knowledge of our plans and intentions, E.C.A. policy might tend to render nugatory our specific aims. An agreement regarding a specific volume of off-shore purchases as a counterpart to a contribution would serve as an assurance regarding our reserves, and would enable us to set a lower figure as a safe minimum. On the Canadian side it was pointed out that agreement as to the volume of dollars for off-shore purchasing alone would not be entirely satisfactory. There would also have to be agreement covering the assured purchase of certain categories of marginal commodities. Reserves were in part necessitated by doubts regarding the likelihood of selling for dollars these marginal commodities, and not because of doubts regarding our ability to sell such basic commodities as wheat and base metals. Mr. Smithies thought that our contribution could be so arranged as to provide through it for the sale of these marginal items. Mr. Smithies was of the opinion that such an agreement would be good business for Canada in that it would help E.C.A. resist domestic United States pressure for the use of E.C.A. funds to finance large U.S. surpluses which were already looming in the agricultural field. He did not, however, contemplate seeking any amendments in this regard to the Foreign Assistance Act. Finally, it was clear that such agreement would be most helpful to E.C.A. in its future dealings with Congress and in negotiations with other

supplying countries for direct contributions. He felt that in the event of any such agreement being reached, it should be publicly announced as a statement of policy.

It was agreed on both sides that these discussions had been useful. However, before any further action can be taken, it will be necessary to await the completion of the review of our financial position.

626.

DEA/264 (S)

*Note pour le Comité interministériel
sur la politique du commerce extérieur*
*Memorandum for Interdepartmental Committee
on External Trade Policy*

CONFIDENTIAL

[Ottawa], September 24, 1948

FORTHCOMING E.C.A. TALKS

Starting Monday next, discussions will be held with E.C.A. concerning further Canadian financial assistance to O.E.E.C. countries and the relationship of such assistance to the volume of off-shore purchasing in Canada.

Contribution by Canada

The Americans will expect us to be able to indicate how much further direct financial assistance we will be able to provide and to whom, it being understood that the choice of recipient lies entirely with Canada. From what has been learned from previous discussions, it is fairly certain that, if we are to avoid a deliberate endeavour to reduce purchases in Canada, we should be able to show a direct connection between financial assistance and our trade position and dollar reserves, both present and forecast. Related to future assistance is, of course, the direct financial assistance already rendered by Canada since April 1, 1948, both in the shape of financial credits and sales of commodities under contract at less than world prices.

It can be argued that the period for which undertakings by Canada may be given is that between now and June 30, 1949, the end of the U.S. fiscal year, at which time the current E.C.A. appropriation legally comes to an end. On the other hand, the Americans undoubtedly would like to have a commitment by Canada covering a longer period, as this would assist them in securing their next Congressional appropriation.

There have been strong indications that E.C.A. will press for future Canadian contributions to be all or at least partly in the shape of grants rather than loans, on the grounds that it is not realistic to expect repayment of further large loans to Europe. The view is also advanced in the United States that other countries, who are able, should not only render assistance, but should follow the U.S. practice of making a gift of at least part of the sum contributed. In view, however, of the conditions beneficial to the U.S.A. which are attached to their grants, this argument is not as persuasive as might first appear.

Is it desired to attach any conditions to be fulfilled by the recipient of a Canadian contribution, as a pre-condition to a loan or grant? In the exploratory talks

conducted here with E.C.A. officials in mid-August, Mr. Smithies indicated that E.C.A. would not be opposed to the attachment of conditions, or even the tying of a grant or credit to certain commodities, by Canada.

Commitments by E.C.A.

In return for a contribution which will assist the United States and E.C.A. as well as the recipient, what commitments or assurances are desired from E.C.A.?

In the recent talks referred to, the American officials suggested that it might be possible to assure a certain volume of off-shore purchasing in Canada. Up to September 22, the total of authorized off-shore purchases in Canada is \$224.6 millions which represents 14% of total E.C.A. authorizations of \$1,576 millions, or 39.5% of total off-shore authorizations. In addition to receiving assurances regarding a dollar volume, are there certain marginal commodities, the sale of which we would wish to have guaranteed through the off-shore mechanism?

Procedure

As to the actual conduct of the talks in Washington, Mr. Wrong has suggested that Monday and Tuesday might be taken with talks at the official level and devoted to statistical comparisons, and perhaps some consideration of the suggestions E.C.A. might have to make regarding off-shore purchasing in Canada. The meeting between Mr. Hoffman and Mr. Abbott might take place Wednesday or Thursday. He thinks that the outcome of the top level meeting might require further talks at the official level.

The Americans, it seems clear from previous discussions, will expect the Canadian side to discuss in detail the forecast of the Canadian balance of payments, and probably expect some indication of the state of our dollar reserves. If we are unable to give them any information on either of these scores, they will probably feel that we are not being as co-operative as we have been in the past.

If our plans for future financial assistance can be determined in fairly precise terms before Mr. Abbott's departure to Washington, there might be some merit in having the conversations open with a meeting between him and Mr. Hoffman, at which Mr. Abbott would announce the Canadian plans and in broad outline the reasons why we are unable to do more. This meeting could be followed by discussions at the official level, in which detailed information could be exchanged and an examination made of the possible consequences of failure on the part of the United States to fulfil the assumptions on which our assistance is predicated. This approach would have the advantage of avoiding bargaining at the top level, and permitting the Americans to try and assess us for what they considered, in the light of information obtained, to be reasonable for Canada to contribute.

627.

DEA/264-C (S)

*Note du sous-secrétaire d'État par intérim aux Affaires extérieures
pour le premier ministre par intérim*

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

TOP SECRET

[Ottawa], September 24, 1948

VISIT OF SIR STAFFORD CRIPPS AND
MR. ABBOTT'S MISSION TO WASHINGTON

In the light of the discussions during the past week, I have prepared the attached memorandum of September 24. In this memorandum I try to set forth in a very tentative and provisional way the draft of an outline of a program which relates to the various subjects which have been discussed during the past week.

2. Since I was not able to prepare this until last night, I have not had an opportunity to show it to Mr. Pearson. However, from the talks which I have had with him, I think it would be reasonable to assume that he would be in general agreement with most of the views set forth in the memorandum.

3. In view of the very considerable External Affairs interest in the issues to be discussed by Mr. Abbott in Washington next week, Mr. Pearson may try to have a word with you before tomorrow's meeting of the Cabinet.

4. As soon as Mr. Pearson returns to Ottawa tomorrow, I shall draw his attention to the attached memorandum and this covering note.

E[SCOTT] R[EID]

[PIÈCE JOINTE/ENCLOSURE]

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

TOP SECRET

[Ottawa], September 24, 1948

Summary

1. This is a tentative and provisional outline of a programme relating to Canadian credits to the U.K. and to E.C.A. offshore purchases in Canada. It also makes some suggestions on measures which might be taken to reduce the vulnerability of the Canadian economy. The various parts of the programme and the various suggestions are for the most part interdependent and should not therefore be considered in isolation.

Drawings on the U.K. Credit

2. The Canadian Government would inform the U.K. Government that a regular drawing of \$10 million a month for the calendar year 1949 had been granted on one assumption and two conditions. The assumption would be that the U.K. Government would use its best efforts to increase to the greatest possible extent the flow to

Canada during 1949 of exports from the United Kingdom and the rest of the sterling area. The first condition would be that a satisfactory token import scheme was continued in the U.K. and that a similar satisfactory scheme was adopted in U.K. colonial areas. The second condition would be that a satisfactory percentage (say 15%-20%) of Canadian exports to the U.K. was carried on Canadian ships.

3. The U.K. would also be permitted, during the last six months of 1949, an extra drawing to enable them to purchase surplus Canadian foods which they needed. A limit of \$25 million would be placed on this extra drawing. This extra drawing would be granted on the following conditions:

(a) The U.K. Government would spend in Canada, during the calendar year 1949, on foods (other than wheat) \$25 million more than contemplated in the programme presented by the U.K. on September 21, 1948. ("Foods other than wheat" include bacon, eggs, cheese, salmon, other fish, and apples.)

(b) The U.K. food purchases would be at the market price in Canada and the Canadian Government would permit the free flow of these commodities to the U.S.

Canada and E.C.A.

4. In return for this credit of up to \$145 million during the calendar year 1949 (and for other assistance Canada has given to the reconstruction of the O.E.E.C. countries in the E.C.A. year of 1948-49), Canada would try to secure from the U.S. Government a promise (a) to make total "offshore" purchases in Canada during the year 1948-49 of not less than \$ ___ million; and (b) to include in this total \$ ___ million on ___, \$ ___ million on ___, etc.

5. Canada would also try to secure from the U.S. Government an assurance that it would recommend to Congress that Canadian aid extended during the year 1949-50 would not diminish the aid to be granted by the U.S. under E.C.A. but would be additional to that aid.

Comments on the Above Proposals

6. In making commitments extending six months beyond June 30, 1949, Canada would be running the risk that its economic and financial position during the last six months of the year would not warrant its extending credits of up to \$85 million during this period. For the following reasons, this would appear to be a calculated risk which it would be in Canada's national interest to take, in the light of the circumstances existing at present in Canada and abroad:

(a) The extension of the credit would increase our chances of getting satisfactory assurances from the U.S. Government on their offshore purchasing programme in Canada during the year 1948-49.

(b) The extension of the credit would enable the U.K. to continue throughout the whole of 1949 to take off the Canadian market surplus foodstuffs which could not otherwise be disposed of.

(c) The extension of the credit by Canada would strengthen the hand of the U.S. Government when it requests the second E.C.A. appropriation from Congress in January, 1949. If this appropriation does not go through, our economy would receive a staggering blow and our security against the threat of the Soviet Union

would be gravely diminished by the shock to the political and economic stability of the O.E.E.C. countries.

(d) The extension of the extra credit of up to \$25 million would enable the U.K. Government to secure bacon and eggs which are much needed by the people of the U.K. This supplement to their diet would improve their health, their productive capacity and their morale, and, since the people of the U.K. are our allies against the Soviet Union, this would indirectly strengthen our own security.

The Vulnerability of the Canadian Economy

7. The adoption of the proposals outlined in paragraphs 2 to 5 would help the Canadian economy in the fifteen-month period from now until the end of 1949. The Canadian economy would, however, remain extremely vulnerable. To reduce this vulnerability, the following measures could be taken:

(a) A continuing joint committee could be set up by the U.K. and Canada, charged with making recommendations from time to time to the two governments on the measures which each might take to increase the volume and improve the character of trade between the two countries, and to avoid, so far as possible, sudden or violent changes in the pattern of such trade. It would be hoped that, as a result of the establishment of this continuing committee, the two governments would be able to take steps to increase the flow of United Kingdom exports to Canada well above the figures given in the memorandum presented by Sir Stafford Cripps. A tentative goal might be set of an increase of the 1952-53 figure from \$365 million to \$465 million. It would be understood that measures would be taken by *both* governments. The Canadian Government might, for example, request the competent Canadian officials to study the effects on U.K.-Canadian trade and on the Canadian economy of a substantial lowering, or even an abolition, of the Canadian tariffs against United Kingdom imports. On the basis of the report of these officials, the Canadian Government might consider whether Canada's interest would be served by putting United Kingdom goods on the free list for a trial period of six months, and this period might be renewed from time to time.

(b) In order to increase the flow of Canadian exports to the United States, the Canadian Government could, as soon as possible, negotiate with Washington for a new long-term trade agreement which would substantially reduce the present United States barriers against the importation of Canadian goods.

(c) In order further to diminish Canada's vulnerability, the Canadian Government could announce, after thorough examination on the expert level, a two, three or four-year National Development Plan, the main purpose of which would be to develop within Canada sources of supply of goods which Canada now has to import from the United States — in particular, steel, coal and oil.

8. The effect of measures along the lines set forth in the preceding paragraph would reduce Canada's vulnerability by

(a) lessening Canada's requirements of U.S. dollars by substituting for imports from the U.S., imports from the U.K. or goods produced in Canada;

(b) increasing Canada's intake of U.S. dollars by increasing Canada's exports to the U.S.

The North Atlantic Community

9. The Canadian Government has been conducting a crusade for a North Atlantic Treaty of Defence, in the belief that the conclusion of such a treaty would increase Canada's security since it would enable the North Atlantic nations to create and maintain (a) an overwhelming preponderance of force over the Soviet Union and (b) the necessary unity for its effective use. The Canadian Government has stressed that this overwhelming preponderance of force cannot be built up unless all those concerned constantly remember that the force must be economic and moral as well as military. The Canadian Government has hoped that the North Atlantic Treaty would be the first step towards the creation of a real North Atlantic Community.

10. If the United Kingdom and the other O.E.E.C. countries find themselves compelled to adopt the kind of policy forecast in the United Kingdom memorandum, there will be a conflict between the trend which is now setting in towards the political and military unification of the North Atlantic countries and the trend towards the division of the North Atlantic countries into two groups economically — the North American group and the Western European group, with the European group building up a closed economic system. Clearly, in the long run it would be extremely difficult, if not impossible, for a North Atlantic community to develop if it is split economically. There seems to be little hope for a continuance of civilized life unless a strong and united North Atlantic community develops over the next decade. It is therefore in the national interest of Canada to do everything it can to diminish the possibility that economic developments in the North Atlantic countries may in the long run make impossible the success of those political and military developments which are today the main goal of Canadian foreign policy.

11. The proposals set forth in this memorandum would do something to diminish this danger. Canada would, economically speaking, be keeping one foot in the U.S. camp and one foot in the Western European camp; this would help to blur the sharp edges of the division between the two groups. Moreover, the greater the volume of U.K. exports to Canada, the less the danger that the U.K. would be able to make uneconomic bilateral deals with other members of the bloc. This would help to keep U.K. production costs down and thus bring nearer the day when the U.K. will be able to compete with the dollar countries on a multilateral trading basis.

ESCOTT REID

628.

DEA/264-C (S)

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

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

TOP SECRET

[Ottawa], September 24, 1948

DISCUSSION IN CABINET ON MR. ABBOTT'S VISIT TO WASHINGTON

As you know, the principal item on the agenda of the Cabinet meeting tomorrow, Saturday morning, September 25, is the visit of Mr. Abbott to Washington. The Interdepartmental Committee met this afternoon for an hour in order to draw up a brief memorandum on the questions which Cabinet will wish to consider. Mr. Baldwin is preparing this memorandum. There are some seven points.

2. In your absence I sent direct to Mr. St. Laurent today the attached memorandum of September 24 setting forth some suggestions on a possible outcome of our discussions with the United Kingdom and the United States on E.C.A., U.K. credits and related problems.

3. I think it would be useful if you could have a word with Mr. St. Laurent before the Cabinet meeting.

4. It seems to me that the chief obstacle which Cabinet will encounter in trying to decide what is in Canada's national interest is the insistence of Finance and the Bank of Canada that the question of the extent of the credit which we can extend in 1949 must be determined *solely* on our estimate of our reserve position in United States dollars.

5. This is clearly based on the erroneous assumption that government policy on so important a matter ought not to take into account other factors, some of which I have sketched in paragraph 6 of my attached memorandum.

6. I must say, after my experience this week with the Interdepartmental Committee on External Trade Policy, that I prefer the Chiefs of Staff Committee. The Chiefs of Staff Committee, when they are giving advice to the Government, are careful in their memoranda to make it clear that they are putting forward strategic considerations but that they do not assume that the strategic considerations are the only considerations which the Government must take into account. The Department of Finance and the Bank of Canada, on the other hand, seem to assume that the financial considerations which they put forward are the sole determining factors.

7. This hardly fits in with the remark made to you a few days ago by Mr. Donald Gordon that the Department of External Affairs was the Department primarily concerned in the discussions in Cabinet Committee with Sir Stafford Cripps.

E[SCOTT] R[EID]

629.

DEA/50092-G-40

*Procès-verbal de la réunion du Comité interministériel
sur la politique du commerce extérieur*

*Minutes of Meeting of Interdepartmental Committee
on External Trade Policy*

TOP SECRET

Ottawa, September 25, 1948

A meeting of the Interdepartmental Committee on External Trade Policy was held in Room 123, East Block, on Friday, September 24th, 1948, at 2.30 p.m.

Present:

The Acting Under-Secretary of State for External Affairs (Mr. Reid), in the Chair,
The Deputy Minister of Trade and Commerce (Mr. Mackenzie),
The Deputy Minister of Finance (Dr. Clark),
The Deputy Minister of National Revenue (Mr. Sim),
The Deputy Governor of the Bank of Canada (Mr. Gordon),
The Chairman, Tariff Board (Mr. McKinnon)
The Secretary (Mr. Baldwin).

Also present:

Mr. J.G. Taggart, Department of Agriculture,
Mr. J.J. Deutsch, Department of Finance,
Mr. H.O. Moran, Department of External Affairs,
Mr. C.M. Drury, Department of External Affairs,
Mr. A. Skelton, Department of Trade and Commerce
Mr. T.N. Beaupré, Department of Trade and Commerce.

1. *The Acting Chairman* pointed out that during the coming week the Minister of Finance and senior officials would be visiting Washington for discussions with U.S. officials regarding the Canadian relationship with E.C.A., policy with regard to offshore purchasing in Canada, and the part Canada could play in assistance to European recovery.

A memorandum had been prepared indicating some of the questions which the U.S. representatives might be expected to bring forward.

(External Affairs memorandum, Sept. 24, 1948).

2. *The Committee*, after considerable discussion, agreed that the attention of the Cabinet might be directed to the following points in this connection:

(1) It was assumed that the discussions would in the first instance be carried on at the official level prior to direct discussion between the Minister of Finance and the E.C.A. Administrator.

(2) Full information should be given to the U.S. officials regarding the Canadian balance of payments and our forecast up to June 30, 1949, but no estimates with regard to our position after that date need be supplied.

(3) Some allowance should be made in the forecast for modification in our present programme of imports; it would be desirable for the government to agree on an approximate amount which might be made available for this purpose.

(4) No information should be given to any general meeting of U.S. officials on the present position of Canadian dollar reserves, although it may be necessary to convey this information in private to certain senior U.S. personnel.

(5) It may be suggested by U.S. representatives that Canada should make grants to western European recovery rather than loans. It should be made quite clear that no further grants can be contemplated at present and that, in fact, any assistance which Canada may make available must be provided without the introduction of new legislation.

(6) Some indication will have to be given to the United States regarding the extent of assistance which Canada can make available before June 30th, 1949. Sixty million dollars is an amount which Canada could reasonably justify in relation to its position and in comparison with the U.S. programme. It should be made quite clear, however, that any further Canadian assistance is contingent upon reaching satisfactory agreement with the United States which would ensure our ability to sell to the United Kingdom and other western European countries, with the assistance of E.C.A. funds, those commodities which we are in a position to supply and they desire to purchase.

(7) If inquiry is made as to whether Canada would propose to attach specific conditions to further financial assistance, it could be made clear that the principal condition involved is the achievement of the expected programme involving both offshore purchasing in Canada and the maintenance of the forecast volume and type of purchasing in Canada by the United Kingdom and other participating countries up to June 30th. Apart from that no other specific conditions appear to be presently contemplated in relation to this period.

(8) The question of Canadian assistance to western European countries other than the United Kingdom may arise. It should be pointed out in this connection that there are certain small credit balances still outstanding, particularly in the case of Belgium, but that these could not be extended beyond the end of the present year without new legislation, which is not contemplated. Some method may be found to allow the balance of these credits to be drawn before the end of the calendar year if the government so desires, although it is questionable whether any arrangements so made prior to the end of the year would do much to satisfy the U.S. desire to see further assistance to European recovery.

(9) The U.S. representatives are apparently prepared to discuss a method of giving assurances to Canada with regard to maintenance of offshore purchasing in Canada. The main requirement from the point of view of Canada is to make certain that an adequate volume of U.S. offshore purchasing in Canada would be continued to June 30th to permit the programme of exports to the United Kingdom and Western Europe during that period to be carried out. This would involve both a general assurance regarding the volume of U.S. purchasing in Canada and specific assurance with regard to the types of commodities which the United Kingdom and Western Europe propose to purchase from Canada, so that U.S. funds would be available for these types.

In this connection some agreement must be reached with the United States regarding the situation created when declaration that an agricultural commodity is

in surplus in the United States prevents E.C.A. funds being used in Canada or elsewhere for purchase of that particular commodity. Some specific understanding will be needed, possibly involving a sharing of the market or conditions to be related to our own credit; otherwise expected purchases in Canada by the United Kingdom and other countries might not be carried out.

630.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], September 25, 1948

CANADA-UNITED STATES FINANCIAL RELATIONS; DISCUSSIONS
IN WASHINGTON

6. *The Minister of Justice and Acting Prime Minister* observed that, during the coming week, the Minister of Finance would be in Washington during which time there would be occasion to discuss the general financial relations between Canada and the United States, with particular reference to Western European recovery and the continuation of E.R.P. offshore purchasing in this country. It was not unlikely that U.S. officials would take the opportunity of submitting proposals on the subject.

On the understanding that initial discussions at the official level would be followed by a meeting between Mr. Abbott and Mr. Hoffman, the Interdepartmental Committee on External Trade Policy had considered the issues which might arise and had submitted a report thereon.

Copies of the Interdepartmental Committee's report were circulated.

(Minutes, Interdepartmental Committee on External Trade Policy, Sept. 24, 1948, ICETP-41).

7. *Mr. St. Laurent* pointed out that the Interdepartmental Committee suggested that full information be given to U.S. officials regarding the estimated Canadian balance of payments to June 30th, 1949; no estimates should be given of the position after that date. Nor should information be given in any general meeting of U.S. officials of our present reserve position; this information would probably have to be supplied privately to senior U.S. officers.

In this connection it was important that some allowance be made for modification of the present programme of import restrictions; a decision would have to be taken on the amount to be set aside for this purpose.

It should be made clear by the Canadian representatives that no outright grants could be contemplated by Canada at this time; any assistance which Canada might make available must be provided without new legislation. Moreover, any further Canadian assistance would be contingent upon satisfactory understandings with the United States to ensure our ability to sell to the United Kingdom and Western

Europe. Given these conditions, \$60 million would be an amount which, up to June 30th, 1949, the Canadian government could reasonably justify.

If enquiry were made regarding conditions to further financial assistance, it could be represented that the principal condition was the achievement of the programme as planned which involved both offshore purchasing in Canada and the maintenance of purchasing in Canada up to June 30th.

If the question of Canadian assistance to countries other than the United Kingdom were raised, some method might be found for making available, before the end of the year, certain small outstanding balances on other European credits. The principal of these related to Belgium. In view of the present position of Belgium, it was not likely, however, that the U.S. government would be particularly anxious to have further Canadian credit made available in this direction.

In discussions with the United States, it would be necessary to obtain assurances respecting the continued volume of U.S. purchases in Canada and the types of commodities for which E.C.A. funds would be made available. In particular, some settlement must be reached regarding certain agricultural commodities declared surplus in the United States and accordingly unavailable for purchase elsewhere by E.C.A. This situation could interfere seriously with the realization of Canada's export programme.

8. *The Minister of National Defence* suggested that, in his discussions in Washington, the Minister of Finance might keep in mind the importance of the following in relation to military supply:

(a) the desirability of repealing the present U.S. legislative ban on the export of arms and munitions; if continued, this prohibition would seriously affect Canadian forces;

(b) the desirability of U.S. purchases of war supplies in Canada; and,

(c) the desirability in the joint interest of exploring the possibility of sending U.S. type equipment to Canada for our forces and permitting us to supply from our stocks substitute arms and munitions to Western Europe.

9. *The Minister of Finance* said that, while the officials with him in Washington might reasonably mention the figure of \$10 million a month for the first half of 1949, no figure should be suggested for Canadian assistance beyond June 30th; Canada had always done what was reasonable and within her capacity.

In relation to any alleviation in present Canadian import restrictions, it should be kept in mind that any surplus in dollar receipts would have to be used for three purposes: first, the restoration of Canadian dollar reserves to a satisfactory level, second, desirable modifications on present emergency economic and fiscal policies, and, third, assistance to Western Europe.

There was little useful that could be said in relation to the credits remaining to countries other than the United Kingdom.

10. *The Cabinet*, after considerable further discussion, agreed that the report of the Interdepartmental Committee be approved as indicating the lines to be taken by

Canadian officials in their discussions in Washington the following week, subject to the observations thereon of the Minister of Finance.

...

631.

DEA/264 (S)

*Extrait d'une note du deuxième secrétaire
de l'ambassade aux États-Unis*

*Extract from Memorandum by Second Secretary,
Embassy in United States*

SECRET

[Washington], September 30, 1948

CANADIAN-UNITED STATES ERP DISCUSSIONS,
27TH TO 29TH SEPTEMBER

Discussions were held in the ECA Headquarters, Washington, on the 27th, 28th and 29th of September, between a group of Canadian officials headed by H.H. Wrong, M.W. Mackenzie and J.J. Deutsch, and U.S. officials representing the Economic Cooperation Administration, the Department of State, and the U.S. Treasury. The principal U.S. officials who participated were: C. Tyler Wood, Assistant to the Deputy Administrator, ECA; Arthur Smithies, Director of the Fiscal and Trade Policy Division, ECA; Paul Nitze, Deputy Assistant Secretary of State for Economic Affairs, Department of State; and C.D. Glendinning, Chief, British Commonwealth and Middle East Division, U.S. Treasury.

The discussions, which followed upon preliminary talks in Ottawa in mid-August, were the most important which have been held to date with the United States concerning the whole question of Canada's participation in the European Recovery Program, the contribution which could be expected from Canada, and the offshore procurement policies of the United States. The immediate purpose of the three days' discussions was to agree on the essential facts and probabilities from which it was hoped (chiefly on the U.S. side) that an agreed recommendation could be made to Mr. Abbott and Mr. Hoffman at their meeting on Thursday, 30th September.

Agreement on the important facts and probabilities concerning the Canadian economic forecast turned out to be unexpectedly easy to achieve. The Canadian Balance of Payments forecast, which had been made in September for the calendar year '48 as well as for the fiscal year '49 (July, '48-June 30th, '49), was presented and explained by Deutsch. The Canadian figures were accepted by the Americans without dissension on any important point. This forecast for the fiscal year '49 showed that Canada could expect a current account surplus with the ERP countries of \$787 million dollars, composed as follows:

Surplus with the United Kingdom	\$454 millions.
Surplus with the U.K. Dependent Overseas Territories (United Kingdom estimate)	\$ 16 " (approx.)
Surplus with other ERP countries	\$317 "
TOTAL:	<u>\$787 millions.</u>

The Canadian foreign assistance in the 1948 calendar year was approximately \$325 million dollars, for the 15-month period April, 1948 to June, 1949 was estimated at approximately \$260 million, and for the ECA fiscal period July, 1948 to June, 1949 was estimated at approximately \$195 million dollars.

For the ECA fiscal period July, 1948-June, 1949 Canadian foreign assistance in the form of loans and relief grants would total \$138 million dollars. The deduction of \$138 million dollars worth of Canadian assistance from the anticipated surplus of \$787 million left a deficit of the ERP countries with Canada of approximately \$649 million dollars. This deficit would obviously have to be financed largely by ECA off-shore procurement in Canada except to the limited extent that the countries themselves would wish to and would be allowed to use their free dollars earned in countries other than Canada or to deplete their reserves.

ECA financing in the third quarter of this year has amounted to \$140 million dollars. Therefore, of the \$649 million dollar ERP deficit with Canada there remains at the beginning of the fourth quarter of this year, roughly \$510 million. The U.S. officials energetic efforts to get Canada to underwrite a much larger share of this deficit than that which we proposed to do took many turns. All the main U.S. arguments which were advanced on why we should extend more assistance were fully countered on our side. It was made clear that \$60 million dollars further drawings on the British credit was not a firm commitment but rather an undertaking which would, in all probability, be carried out provided there were no drastic changes in the basic assumptions underlying our forecasts for fiscal 1949, the vital assumption being that exports would be sold in the volume expected, making allowance for a comparatively few "soft" items.

Additional factors which made it increasingly difficult for Canada to undertake anything more than was now indicated were: (1) Canadian industries were now finding themselves, on very short notice, sometimes overnight shut out of traditional overseas markets. This was obviously hard to take when Canadian companies and tax-payers had been paying heavy taxes in the past three years in order to bring about European recovery and general multilateral trading. (2) Although there was no doubt that the improvement in our position was a factual one, it must also be remembered that it was to a certain degree an artificial one. If the improvement in our trading position with the United States had been wholly a natural one we would be in a much better position and able to take more risks. We had, however, always to remember that the improvement was in a large part based on the adoption of severe measures that could not be continued indefinitely. (3) Canada cannot look forward to permanent barriers against the United States. Anything tending in that direction is bound to be a difficult and, in the end, impossible course. To continue barriers at an intolerably high level in order to extend financial aid which we could

not afford to do would be a disastrous policy for Canada and therefore for the United States.

The talks concluded, as they had been conducted throughout, in an atmosphere of goodwill. This was perhaps a particularly happy circumstance from our point of view since we had not given in on any of the ground which the U.S. officials were seeking. We had not undertaken to consider extending financial assistance to the European countries further to what we had proposed to do before talking to the U.S. On their side, of course, the U.S. had not given us any guarantee that the present level or any particular level of off-shore purchases in Canada would be maintained. Neither, however, had they used any direct threat that the level of off-shore purchasing in Canada would be reduced, although they did note that in view of the increasing number of "soft" items it was probable that there would be some falling off in the Canadian off-shore purchases during the fourth quarter of this year. Both sides, however, repeatedly expressed the hope that the high level of Canadian exports to Europe, which are required both for European recovery and for the attainment of the estimated Canadian current account surplus, would be achieved.

J.R. M[URRAY]

632.

DEA/264 (S)

Note de l'ambassadeur aux États-Unis

Memorandum by Ambassador in United States

SECRET

[Washington, n.d.]

NOTE ON DISCUSSION ON SEPTEMBER 30TH BETWEEN THE MINISTER
OF FINANCE AND THE ADMINISTRATOR OF THE ECONOMIC
CO-OPERATION ADMINISTRATION

The relationship of Canada to the E.C.A. program in 1949 was discussed during a conversation lasting about an hour and a half following a luncheon at the Canadian Embassy on September 30th. Those who took part in the discussion were Mr. Hoffman, Mr. Abbott, Mr. Bissell, Mr. Towers and Mr. Wrong. The discussion followed a series of meetings between officials of the two governments, which were held on September 27th, 28th and 29th. The course of these meetings is summarized in another memorandum.

Mr. Abbott began by outlining the political difficulties in Canada in the way of the continued extension of financial aid to Western Europe on the scale of recent years. He emphasized that Canada had relatively done more than any other country since the end of the war, that this had resulted in serious financial difficulties in 1947 which had made the adoption of drastic measures disliked by the Canadian people essential, and that it was necessary to avoid, if possible, any recurrence of a similar situation. It was, therefore, proposed to use the proceeds of the improve-

ment to increase Canadian reserves, to permit some unfreezing of the loan to the U.K., and to relax in a minor degree import restrictions on products from the United States, particularly fresh fruits and vegetables. With an election probable during 1949 the Government could not be expected to adopt a program of new or very extensive assistance to Europe so long as the import and travel restrictions were maintained almost intact, especially so long as it was true that Canada had in the past done more than her share in relation to the effort put forth by the United States.

Mr. Hoffman began by emphasizing his belief that in the execution of E.R.P. lay the hope for the survival of the free nations on both sides of the Atlantic. It was essential, in his judgment, that Congress should continue appropriations on an adequate scale. It was very important in this connection that he should be able to represent to Congress that Canada was acting in concert on a comparable scale judged by the standard of relative national income. Taking into account the dollar savings to the United Kingdom because of the lower prices of Canadian export contracts as well as direct loans and grants, the Canadian record for the calendar year 1948 was sufficient for this purpose. What he was concerned with was what we would be able to do in the first six months of 1949.

Mr. Hoffman expected that E.C.A. would go to Congress early in the next session for a supplementary appropriation to cover the period April to June of 1949, and that they would use up the current appropriation in the twelve months ending in March '49. The battle over the appropriation for the next fiscal year would begin in April and was not likely to be concluded until the end of May at best. They could hope to be able to show very little aid from other non-European countries, but Canada stood in a special position and he was most anxious to be able to say that during this six months at any rate Canada was carrying her relative load.

He said that he was not suggesting that new legislative authority should be sought at the next session of Parliament as he knew that that was too much to ask, although it would be a good deal easier for him to satisfy Congress that E.C.A. grants should be continued if Canadian aid were given in the form of grants rather than loans. What he hoped was that the rate of permitted drawings on the U.K. loan would be such as to provide a fair comparison. He was certain that E.C.A. would be very closely examined on the contribution of other countries; although he recognized that the improvement in the Canadian position was due to the severe and unpopular restrictions which we had imposed, he would have difficulty in satisfying Congress if a very substantial proportion of this improvement was added to reserves.

At no time in the conversation was the question of the off-shore purchase policy of E.C.A. in Canada touched on by Mr. Hoffman or Mr. Bissell. There was no suggestion made by them that off-shore purchases would be reduced if the Canadian Government failed to do what E.C.A. considered they could reasonably do. It appeared from his remarks that the figure he had in mind would be in the neighbourhood of \$125 or \$150 millions between January 1st and June 30th.

At one point Mr. Hoffman remarked that he was concerned not so much with the addition of \$100 millions or so of funds to European Recovery as the success of the

program would not stand or fall on this. What he was concerned about was to be able to use the Canadian example during the hearings before Congressional committees. Later when it was suggested that this difficulty might in part be met by the form in which the release of \$60 millions from the U.K. loan was announced he added that the Canadian program must, in his view, have substance as well as suitable timing.

Mr. Hoffman observed that he thought it likely that during the year 1949 to 1950 a total E.C.A. program in the neighbourhood of \$4 billions might be sufficient because of the progress of European Recovery. If a serious effort were made to cut it drastically in Congress to perhaps a billion dollars, he would advise Congress to drop the program entirely on the ground that it would then become a modest relief program which would fail in its vital central purpose. He thought that if Mr. Dewey were elected and gave full support to an adequate appropriation Congress would go along with him.

Mr. Abbott undertook to give full consideration to Mr. Hoffman's position and to consult his colleagues. He said that he had no intention of making an immediate announcement that it was proposed to release \$10 millions a month from the U.K. loan in the first half of 1949, although it might well be that this was all that Canada could properly undertake. He would be glad to consult Mr. Hoffman as to the timing and character of any announcement which might later be made.

The discussion was conducted in a very frank and friendly spirit, in the course of which Mr. Hoffman on several occasions expressed the view that the special regard for Canada in the United States was what gave such political importance to the Canadian contribution.

The discussion had the result that E.C.A. should no longer suggest that the U.K. loan should be unfrozen at once, since Mr. Hoffman expressed himself as satisfied with the prospective 1948 record on our own figures for the purpose of presentation to Congress. The problem was, therefore, narrowed to the form and extent of the action to be taken in the first six months of 1949 without any indication having been given on the Canadian side that much more could be expected than the release of \$60 millions to the U.K., and on the U.S. side that Canadian failure to do more would result in the diversion of off-shore purchases from Canada.

633.

DEA/264 (S)

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

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

SECRET

[Ottawa], October 1, 1948

MR. ABBOTT'S DISCUSSIONS IN WASHINGTON

Mr. Drury has just given Mr. Moran and myself a report on the Washington discussions which Mr. Abbott had. He will be preparing a note for you.

2. From what he has told me, it seems that the framework of an agreement has emerged as a result of the discussions between Mr. Abbott and Mr. Hoffman.

3. It would be that at the beginning of January the Canadian Government would announce that \$85 million of the United Kingdom loan had been unfrozen and that the drawings per month would depend on how various things turned out. This announcement would have been preceded by Mr. Gardiner's discussions with the United Kingdom in December on their food purchases for the calendar year 1949, and in those discussions agreement would be reached that the United Kingdom spend in the calendar year 1949 \$25 million more on agricultural products than they had estimated in the figures they gave us. This would enable us to export to the United Kingdom in the calendar year 1949 the agricultural products which we want to export.

4. So far, Mr. Abbott has not moved up to the \$85 million figure, but he is apparently prepared to move to a \$75 million figure.

5. From what Mr. Drury has told me, it would seem to me that a much more realistic way of approaching the discussions in Washington would have been for Mr. Abbott to have had a talk with Mr. Hoffman and not to have bothered with our officials having talks with the American officials or with either group of officials preparing elaborate statistical studies and forecasts, especially since the purpose of our elaborate studies was to support a proposition that we could not afford to give more than \$60 million credit, and this figure of \$60 million had merely been drawn out of the air by the United Kingdom when they were presenting their figures to the O.E.E.C. The Americans had had the figure of \$60 million for about three months and their scepticism about the elaborate statistics which we used to substantiate that figure was fully justified.

6. The useful discussions in Washington, which were between Mr. Abbott and Mr. Hoffman, turned upon the political realities in Canada and the United States. The political reality in the United States, which our financial people have hitherto refused to accept as reality, is that the United States administration says that, when they go to Congress to get the second E.C.A. appropriation, they must be able to convince Congress that Canada is bearing its fair share. The political reality in Canada is, in large part, the Duplessis slogan in the last provincial election in Quebec.

7. The whole business even of a \$85 million figure is, of course, utterly unrealistic, since it is perfectly clear that during the calendar year 1949 we will be extending credits to the United Kingdom and Western Europe much in excess of \$85 million and one would probably make money if one were to bet today that the total credits for the calendar year 1949 would run between \$150 and \$250 million.

[ESCOTT REID]

634.

PCO

*Extrait des conclusions du Cabinet**Extract from Cabinet Conclusions*

TOP SECRET

[Ottawa], October 6, 1948

....

CANADA-U.S. FINANCIAL RELATIONS; DISCUSSIONS IN WASHINGTON

12. *The Minister of Finance*, referring to the report made at the meeting of September 25th, reviewed briefly the recent discussions in Ottawa with the Chancellor of the U.K. Exchequer and described the course of subsequent discussions in Washington with ECA officials and with the ECA Administrator.

It should be recognized that, within the limitations imposed by the programme which they regarded as necessary to their own recovery, the U.K. authorities had attempted to meet the conditions of the Canadian situation. They had shown a willingness to work out adjustments in their arrangements which would be satisfactory to both parties. It was of the greatest importance that, in the near future, agreement be reached with the U.K. government on a satisfactory schedule of Canadian exports to Britain during the calendar year 1949 and that a serious attempt be made to adjust the U.K. programme to take care of surplus Canadian production of bacon and eggs.

It was apparent that, in the long-term, Western Europe would afford no certain market for some Canadian products. The Department of Agriculture should, therefore, be taking steps to develop alternative outlets for these commodities, even though such alternatives seemed less attractive from the point of view of stability.

13. *Mr. Abbott* said that the talks in Washington at the official level had afforded an opportunity to discuss Canada's current account position and continued offshore purchasing by ECA in this country. U.S. officials were extremely anxious to have Canada make a direct contribution to ERP not only for the intrinsic value of such a contribution but for its influence on the U.S. Congress when, at the next session, it would be called on for further substantial appropriations for Western Europe.

In the discussions with *Mr. Hoffman*, attention had been drawn to the position in which Canada found itself as a result of large contributions to Europe since the war. *Mr. Hoffman* in turn had emphasized the importance of further large efforts to ensure the survival of the free nations. In relation to Congressional action, it was extremely important that Canada make a satisfactory contribution covering the first six months of 1949. A figure of between \$125 and \$150 millions had been hoped for by U.S. authorities.

Thus, the question before the government was what action could be taken, effective January 1st (and applicable particularly to the first six months of 1949) in the way of direct contribution to European recovery.

(Memorandum, Canadian Ambassador to the United States, Undated).

14. *Mr. Abbott* said that, on the assumptions of continued ECA appropriations and the maintenance of a satisfactory level of offshore purchasing in Canada, the

present and forecast current account and reserve position as known to the United States would permit of somewhat larger contribution, if the government considered it desirable and necessary to take such a course.

In the circumstances, the first step should be to agree with the United Kingdom on a satisfactory schedule for 1949, with the necessary adjustments, particularly in bacon and eggs. On that basis the government could then decide on the amount of credit which could be released from January 1st. It might be necessary or advisable to make available small additional amounts (the figure of \$15 million was suggested) for specific agricultural products.

15. *The Secretary of State for External Affairs* pointed out that the greatest danger to the Canadian economy was the possible decrease or diversion of ECA offshore purchasing in Canada. In view of anticipated difficulties in Congress and the recent development of certain surpluses in the United States, particularly in the agricultural field, it was of great importance that ECA and the U.S. government be satisfied that Canada was pulling her weight in European recovery.

16. *The Acting Prime Minister* felt that final decision on the release of further Canadian credit should be dependent on the carrying out by the United Kingdom of its expected programme of imports from and exports to Canada.

17. *The Cabinet*, after considerable further discussion, agreed that the Ministers of Finance, Trade and Commerce and Agriculture should consult together with a view to settling a tentative figure for release of the U.K. credit on the basis of which further discussions might take place with the U.K. government on the Canadian programme of exports for the calendar year 1949.

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635.

DEA/264 (S)

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

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

TELEGRAM 1616

Ottawa, October 6, 1948

SECRET

Reference your No. 1694 of October 1st.† The following is the text of a memorandum prepared in this Department for the Prime Minister at the Commonwealth discussions on the "Visit of Sir Stafford Cripps and Discussions in Washington relating to the European Recovery Programme," Begins:

The United Kingdom Chancellor of the Exchequer presented to the Canadian Government the United Kingdom's draft long-term programme and the United Kingdom Government's forecast of imports from Canada for the twelve month periods ending June 30th, 1949, 1950 and 1953.

The long-term programme in general substantiates the conclusions reached in a separate memorandum prepared for you on the "General European Economic Situ-

ation and the European Recovery Programme." A decrease in imports of some \$400 million (from the already reduced 1948 level) from the dollar area is anticipated by the United Kingdom by 1952-53, the main incidence of which would fall on the United States; the net decrease relative to 1948 in imports from Canada is forecast at some \$66 million and reflects mainly on the elimination of all egg purchases and substantially reduced bacon purchases after June 30th, 1949.

The United Kingdom long-term programme is based upon four assumptions:

- (1) That there will be a high level of business activity throughout the world.
- (2) The United States Government will provide sufficient funds until 1952 to permit the full development of the European Recovery Programme.
- (3) That substantial progress will be made in European cooperation.
- (4) That a reasonable amount of East-West trade within Europe is possible on commercial lines.

Based upon these four assumptions, the United Kingdom's programme anticipates economic viability by 1952. The threat of war in Europe and the consequent necessity of both the United Kingdom and the United States to devoting a large part of their resources to defence projects would, of course, place in jeopardy the success of the whole programme.

The United Kingdom's programme of imports from Canada for the year ending June 30th, 1949 is based on the assumption that drawing from the Canadian credits would be renewed at the end of 1948 at the rate of \$10 million monthly. It was made clear to Sir Stafford that Canada's ability to unfreeze a portion of the credit was dependent on a satisfactory understanding being reached with the United States for the continuation of a high level of European Recovery Programme off-shore purchasing in Canada financed by the Economic Cooperation Administration. There were discussions between Canadian and United Kingdom officials on a number of the problems arising out of the United Kingdom proposals. These talks have been relatively satisfactory and it has been agreed that they should be continued. For this purpose the formation of a continuing joint Canada-United Kingdom committee was recommended in order to keep under review the commercial and economic relations between the two countries.

In subsequent discussions with United States officials it was revealed that the proposed Canadian financial contribution of \$60 million for the period ending June 30th, 1949 was a considerably smaller contribution than they had hoped would be forthcoming. The Economic Cooperation Administration's principal concern appeared to be not with the actual need for Canadian dollars to aid European economic recovery, but rather with the necessity of satisfying United States Congress when further appropriations are sought that Canada was making a contribution commensurate with that of the United States. Discussions in Washington were characterized by frankness and friendliness and there was at no time any suggestion made by the United States representatives that the proposed level of authorized purchasing in Canada, at least for the period ending June 30th, 1949, would be reduced, in the event that Canadian financial assistance to Europe was not at all times commensurate with that of the United States. For the period following June 30th, 1949, however, with the easing of the supply situation for many of the agri-

cultural commodities in the United States, the future of Canadian export trade in respect of agricultural products with Europe is uncertain. Ends. Telegram Ends.

636.

DEA/264 (S)

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

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

TELEGRAM WA-2713

Washington, October 15, 1948

SECRET. IMPORTANT.

Following for Drury from Wrong, Begins: Economic Cooperation Administration.

The following points arising out of our talks with the E.C.A. at the end of September which Strange discussed with Murray yesterday are of interest:

(1) *Renewal of Withdrawals on the United Kingdom Credit*

Before his departure for Europe, Mr. Hoffman asked Strange if he had heard anything further on the Canadian Government's intentions with respect to the partial unfreezing of the United Kingdom credit in January. He asked Strange to check up on what was happening and let him know on his return from Europe if anything had been decided upon. Strange was told that so far as we knew in Washington no decisions had been made, and that the question of the timing and the form of the announcement was still under consideration in Ottawa, furthermore, consideration of this problem had been unexpectedly delayed by the absence of key Ministers from Ottawa.

As you know Hoffman returned to Washington last night and will be leaving again for Europe at the beginning of next week. Would you let me know as soon as possible, therefore, if there is anything concrete which we can pass on to E.C.A. concerning the unfreezing of the United Kingdom credit?

(2) *The "Partnership" Question*

You will, I think, be as surprised as we were to hear that the United States side thought that during the official level conversations they had put forward that old but mysterious friend, the question of Canadian partnership with the United States in the European Recovery Programme. We have no recollection whatsoever of any such suggestion being made during the E.C.A. talks, although Hoffman did use the word in its broadest sense, i.e. the sharing of common aims, during his talk with Mr. Abbott. The intriguing point, however, is that according to Strange the partnership question was still actively being thought about on the United States side during the recent talks; in fact, a memorandum which was prepared for Mr. Hoffman on the talks reported that the idea had been twice brought forward by the United States side but had been discarded since the idea had not been picked up at all by the Canadians. Strange claims that Smithies and Nitze each brought up the partnership proposal and when they got no response from the Canadians they dropped it. I think the explanation of this phantom appearance of a phantom proposal is that it

was referred to so gingerly by the Americans that we must have assumed that they were using the word in the ordinary every-day sense in the way that Canadian Ministers and officials have frequently done when referring to the fact that we have been "partners" in assisting European recovery since the end of the war and will continue to be "partners".

(3) *Cripps Talks in Ottawa*

I do not know whether the following story is entirely true or not and if it is I doubt whether it would amuse our financial people. The story as related by Strange is that the British came to Ottawa fully prepared to defend themselves on the attack which they expected to have made against them, i.e. Canadian pressure for devaluation of the pound with the aim of getting an increased flow of British exports to Canada and at the same time bringing down the prices charged to Canadians to more reasonable levels. The British said they were surprised that not only was this question not pressed at all — it was not even brought up.

(4) Strange said the United States officials had gained the very definite impression that the British had not sought for and did not wish to seek at this time credit from Canada beyond the \$60,000,000. Similarly, the British were anything but anxious to seek credits from non-participating sterling area countries. The E.C.A. officials would not be at all surprised to hear the suggestion that the British wish to go easy on the Canadian credit during the present E.C.A. period so that the Canadian financial strength can be built up as a protection against the thin years which may follow.²⁵ Ends.

637.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], December 8, 1948

...

CANADA-U.K. FINANCIAL RELATIONS; EXTENSION OF CREDIT;
RELATIONSHIP TO E.C.A.

42. *The Minister of Finance* observed that U.S. authorities were anxious that, at an early date, Canada make known her intentions concerning the extension of credits for assisting in European recovery.

The continuation of satisfactory off-shore purchases in Canada by E.C.A. depended upon what was done by Canada in this respect. A draft announcement was being prepared and would be brought before Cabinet soon. Its issue might be delayed until later in the month.

²⁵ La réponse à ce message transmettait la décision du Cabinet de reporter toute annonce à propos des tirages sur les crédits jusqu'à ce que l'on s'entende sur les exportations canadiennes pour l'année 1949.

The reply to this message conveyed Cabinet's decision to defer any announcement about drawings on credit until agreement on Canadian exports for 1949.

43. *The Cabinet*, after discussion, noted the Minister's report.

638.

DEA/264 (S)

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

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

TELEGRAM WA-3156

Washington, December 14, 1948

SECRET. IMPORTANT.

Following for Drury from Murray, Begins: Following is a draft memorandum on the ECA — Canadian talks, December 10th. Would you please have it sent to Deutsch so that the necessary revisions may be made in it before circulation. Text of memorandum begins:

A meeting was held at ECA Headquarters on Friday morning, December 10th, to discuss the changes in the Canadian "position" since the extensive September talks. ECA officials have periodically enquired when we would announce firm decisions on the financial assistance which we would be extending during the remainder of the ECA fiscal year. On November 23rd, Arthur Smithies told the Ambassador ECA would welcome an opportunity, at an early date, to review our position. Mr. Deutsch's trip to Washington for this purpose was accordingly very much appreciated by the United States officials. The following attended the meeting in Smithies' office, which lasted an hour and half:

United States officials

ECA

Arthur Smithies, Director Fiscal and Trade Policy Division

Robert Strange, Extra-European Trade Section

Canadian officials

H.H. Wrong

J.J. Deutsch

R.M. Keith, Secretary

J.R. Murray, Secretary

Treasury

Frank Southard, Special Assistant to the Secretary of the Treasury

Dillon Glendinning, Chief, British Commonwealth and Middle East Division

State Department

Alex Rosenson, Assistant Chief, British Commonwealth Branch, Division of Financial Affairs

William T. Phillips, Office for Co-ordinating Foreign Aid and Assistance.

A. European and Other Credits

2. Deutsch reviewed briefly the status of the Canadian postwar credits which still had unused balances in them. China and Czechoslovakia were cited as countries which, for obvious reasons, we were not anxious to push into using up the remainder of their credits. We had taken an entirely different attitude with Belgium, which was the only country other than the United Kingdom having a substantial unused

Canadian credit. A full account was given of our negotiations with the Belgians from the opening of the talks in Ottawa last October to the turn down by the Belgians in favour of a barter arrangement with the Argentine, which we had just learned about. It was made clear that the breakdown was not a result of the terms of our offer but rather the result of a determination of policy by the Belgians not to go further in debt to Canada at this time. The United States officials, who had had a good deal of experience with the enthusiasm of the ERP countries to take grants and their marked lack of enthusiasm to take loans, were not surprised at this result. Smithies and Southard enquired to see if there was any probability of having the date of the expiry of the credit extended or the terms of it changed so that the Belgians could use it for industrial goods or raw materials other than food stuffs. It was explained, and apparently accepted, why this was not possible. In these circumstances, Smithies asked if we had any objection to the one course which was open to the Americans, i.e., putting pressure on the Belgians. He was told that as far as we were concerned they were entirely free to do on their own initiative what they chose to do. It was noted that off-shore purchases for Belgium in Canada to date were approximately \$3 million dollars and that this small figure did suggest that there was some validity to the conclusion that the Belgians did not anticipate serious difficulty in financing their Canadian requirements. Southard wondered if this conclusion which was to be drawn from their unwillingness to accept credit from Canada was "true fact or a contrived fact."

B. United Kingdom Credit

3. Deutsch noted that in our recently concluded food contracts with the United Kingdom there had been substantial cuts in the two principal items (bacon and eggs). He explained that the question of more credit beyond the \$10 million dollars a month rate had not arisen from either side. The position therefore was that the United Kingdom had been told that they could definitely count upon \$10 million a month for the first six months of 1949 and probably count upon the same amount for the remaining six months. The United Kingdom had been told, however, that the rate of \$10 million a month could not be continued into the second half of 1949 if there was a sharp downward trend in our reserve position or if the volume of off-shore purchases declined seriously. In replying to the United States point that the amount of credit which we were envisaging would not fill the United Kingdom's deficit with Canada of from \$400 to \$450 million dollars Deutsch said we understood that the British were anxious to have the credit last the period which it was supposed to cover, i.e., for another 2½ years. The Americans were reminded that we had never said that the full amount of the credit would not be available to the United Kingdom.

4. *Canadian Announcement on United Kingdom Credit.* Deutsch said that the announcement on the United Kingdom credit would probably be made a few days before Christmas. The Americans, who were quite agreeable to this, were more interested in what we would say than when we would say it. It was suggested we say that we are "reopening" the credit rather than that we are limiting the British to \$10 million a month, and, if possible, to give the \$120 million dollar figure for 1949. It was also suggested that another statement of policy by the Government, similar to those made earlier this year by Mr. St. Laurent, Mr. Abbott and Mr.

Howe, that we would contribute to the ERP when and to the extent we were able to, would be most welcome.

C. Canada's Dollar Position

5. The Americans were keen to know the net effect of ECA's operations on Canada's dollar position. It was noted that ECA had authorized upwards of \$555 million dollars for off-shore purchases in Canada during the first ECA year. This is the point at which some United States officials hope to hear us admit that we have been saved by their actions. They are, therefore, always a little piqued to hear that what they have done has been helpful but not indispensable. Deutsch gave a forceful explanation of how ECA's operations had had the principal effect of directing our exports. In spite of the large-scale authorizations our total exports to Europe were falling off. We had made an extraordinary increase of 40 per cent in our exports to the United States. It was this increase and not off-shore purchases which was the dominant factor in our improvement. Owing principally to the unexpectedly large cattle exports our over-all current account surplus which had been estimated in September by both United States and Canadian experts at \$400 million dollars, might turn out to be as much as \$475 million dollars. 1948 had been a year in which we had deliberately set out to improve our position because it had been essential to do so. In a picture which, everything considered, had been remarkably bright for Canada in 1948, we had to take account of the dangers which very clearly lie ahead. We were losing our market for manufacturers in the sterling area and our agricultural exports to Europe were falling off.

6. In response to this analysis of the improvement in our position, Southard remarked that the real effect of off-shore purchases had been to prevent a further decline in our exports to Europe. The question which was therefore in his mind was that if our dollar position becomes increasingly tolerable at the same time as there are less off-shore purchases in Canada would not that raise more insistently than ever the question of Canada extending increased financial assistance to Europe.

7. Smithies, having remarked that we were a little "touchy" about disclosing our reserve figure, said that he assumed that the increase in our reserves would probably be *equal* to the off-shore purchases. He was pleased to note that he had been careful to say that this increase was not due to off-shore purchases although Congress would undoubtedly take that attitude. Southard remarked that last year Canada had been a definite asset to the Administration in their successful efforts to obtain very broad authority for off-shore procurement. Our restrictions, the Ex-Im loan and the low level of our reserves made good arguments to Congress on the necessity of off-shore purchases. Now, he said, we could not be regarded as an asset but rather as something which would require explanation to Congress. Southard thought that at the very least the United States officials should know "what Canadians would say" in explanation of their inability to give more financial assistance than we now planned to do. This suggestion, which amounted to asking what we would say in our own defence, was vigorously countered by Deutsch with the statement that the Canadian record since the end of the war was one for which no one need apologise. Southard did not further pursue this line of enquiry.

D. *Future United States Off-shore Purchase Policy*

8. Smithies then made the most important point on the United States side. He said that we should understand that in the second ERP year off-shore purchase policy will be determined "exclusively by United States interests." This fact will probably be spelled out in the new legislation, presumably in the Appropriation Bill. It will also become apparent from the ECA's administrative practices. In other words, with a smaller ECA appropriation coming at a time when the United States will almost certainly be able to take care of an increasing amount of European requirements, particularly in the agricultural field, and with the reserves of the principal source of off-shore purchases (Canada) improving rapidly, it is not too difficult to see why the ECA policy will be determined exclusively in the United States interest. Smithies said that this reconsideration of the whole off-shore purchase mechanism does not "represent any criticism of Canada." He assured us that no such criticism was intended. Smithies, who throughout the meeting remained in a benign and cheerful mood, said that the United States understood some of our difficulties and that it was hoped on their side that we would understand the course of action which the United States would be following.

9. A particularly striking feature of the meeting was that although there were the usual number of searching questions on what we intended to do and on our ability to fill the gap of the ERP countries with Canada, there was less evidence than usual of United States pressure upon us to do more next year. Gone were the suggestions of last September of working out a "palatable bundle" by which we would finance the export of our soft items and the United States of our hard items.

E. *Miscellaneous Points*

10. *Reserves.* Southard asked if we had arrived at any fairly fixed target for our reserves. Deutsch replied that this was a question on which there was some difference of opinion in Canada and one which in any event, depended upon the outlook at that time. He said that some senior officials did think that a figure between \$1 billion and \$1.2 billion would be desirable in view of the size of our external transactions, which now total over \$7 billion dollars. The United States officials were told that we had no intention of building up unwieldy reserves. They were also reminded that Mr. Abbott had made this point very clear to Mr. Hoffman.

11. *Import Restrictions.* The United States officials appeared to have no definite reaction when told that next year would, in all probability, find Canada going into a programme of relaxation of restrictions. The only response came from Southard, who wondered what a Congressman's reaction would be. He thought that the interests of the constituents in selling to Canada would more than balance the criticism of those who would be opposed to seeing Canada enjoy a higher standard of living at the expense of the American taxpayer through off-shore purchases.

12. *Long Term Programmes.* Considerable camaraderie arose when both sides confessed their misgivings about many features of the Long Term Programmes, particularly the British programme, and acknowledged the common interest of Canada and the United States in these programmes. Smithies and Strange were eager to have Deutsch discuss some of the initial Canadian reactions to the United Kingdom programme with ECA working level officials. An uninformative meeting for this

purpose was held in the afternoon, but there was a useful discussion next day at a luncheon attended by Messrs. Bissell, Tyler Wood, Strange, Deutsch, Wrong and Keith. Bissell in particular showed that he was concerned about the United Kingdom programme for much the same reasons as Deutsch.

13. *ECA London Mission.* In discussing the Long Term Programme, Smithies acknowledged but asked us to regard as confidential their belief that the ECA mission in London has turned too pro-British. This thought was later echoed by other ECA officials. Ends. Teletype ends.

3^e PARTIE/PART 3UNION DOUANIÈRE DE L'EUROPE DE L'OUEST
WESTERN EUROPEAN CUSTOMS UNION

639.

DEA/50091-B-40

Note du secrétaire du Comité du Cabinet sur la politique du commerce extérieur pour le Comité du Cabinet sur la politique du commerce extérieur

Memorandum by Secretary of Cabinet Committee on External Trade Policy to Cabinet Committee on External Trade Policy

SECRET

[Ottawa], March 31, 1948

WESTERN EUROPEAN CUSTOMS UNION; CANADIAN REPRESENTATIONS

A draft document summarizing developments in this connection was circulated at an earlier meeting of the Committee. Subsequently, the Sub-Committee has continued its review of the situation and is presently engaged upon consideration of preferences enjoyed in the U.K. market on specific commodities which might be seriously affected by a Western European Customs Union. This work results from an informal suggestion from U.K. officials that they would like to obtain information from Canada regarding the particular commodities for which Canada would be interested in retaining a preference in the United Kingdom in the event of the United Kingdom entering the proposed Customs Union.

Canada should not lend itself to any situation which would result in the United Kingdom at this stage suggesting that the necessity of consultation with Canada was a reason for delaying the European discussions on the Customs Union. There has been some indication that this situation might develop. The Sub-Committee believes that the U.K. government should be informed that the Canadian government looks generally with favour upon the broad purpose of achieving a Western European Customs Union and hopes that satisfactory progress in that direction can be achieved; and that, in this connection, we would not wish our preferential rights in the U.K. market generally to be regarded as an obstacle to the formation of a Union; while, in the event of modification or sacrifice of preferences we would naturally expect some compensatory adjustments, our position in negotiations would be sympathetic to the achievement of a Customs Union.

The Sub-Committee does not believe it would be desirable or useful at this time to indicate to the United Kingdom a list of specific commodities on which we would be interested in retaining a U.K. preference in the event of a Customs Union. Preparation of a definitive list at the present time when no information is available regarding the common tariff which may be worked out for the Union is difficult business and any decision taken now might prove wrong in the light of later developments. Any decision on the importance of retaining a preference for specific commodities must depend upon such matters as the general attractiveness to Canada of the Western European market in the event of a Union, the common tariff levels which would be established by the Union and the general policy pursued in regard to the relationship between that tariff and existing preferential arrangements.

While the Sub-Committee will proceed with study of these matters so that Canada will be in a position to offer comment without delay at a later stage, and while the Canadian High Commissioner in the United Kingdom should be informed that this work is going forward, no specific comments should as yet be made available to other countries.

The Sub-Committee recommends that Mr. Robertson be instructed along the foregoing lines.²⁶

4^e PARTIE/PART 4

FINANCES ET COMMERCE ENTRE LE CANADA ET LES ÉTAT-UNIS
CANADIAN-AMERICAN FINANCE AND TRADE

640.

DEA/2300-40

L'ambassadeur aux États-Unis
au directeur, Direction des relations économiques, ministère des Finances
Ambassador in United States
to Director, Economic Relations Division, Department of Finance

SECRET AND PERSONAL

Washington, January 7, 1948

Dear John [Deutsch]:

Willoughby telephoned to me yesterday afternoon about their suggestion for a new trade arrangement. I told him that I thought it would be better for him to speak

²⁶ Bien que le Comité du Cabinet ait endossé cette recommandation le 12 avril, le Cabinet n'a pas confirmé ce rapport à sa réunion du 20 avril. Pearson a informé Robertson que Although Cabinet Committee endorsed this recommendation on April 12, Cabinet did not confirm the report at its meeting on April 20. Pearson informed Robertson that

Certain ministerial views were put forward in the course of discussion supporting strongly the maintenance of both our free entry in the U.K. market and the retention of the preferential arrangements which favour us; it was suggested that it would be unwise at this time to indicate to the U.K. that we would be prepared to make any sacrifice of the existing preferential arrangements.

to you in Ottawa on the points which he raised and he said that he would do so. He was rather inquisitive about the degree of consideration given to their suggestion in Ottawa. I told him that we were treating it as though it were highly explosive and were handling it with the greatest care so that only three or four people knew about it. He was wondering whether Mr. Abbott might mention the project while he was in Washington. I told him that I had heard from you that Mr. Abbott had been briefly informed but we both agreed it would be unwise for him to mention it except possibly to Tyler Wood or to Willoughby himself. I shall speak to Mr. Abbott on his arrival in this sense.

The other question that was worrying Willoughby he doubtless explained to you — the fact that the arrangement they proposed is not covered by the definition in the I.T.O. Charter of a customs union so that it could not be brought into effect under the Charter without the concurrence of two-thirds of the members of I.T.O. The point was whether we should seek to alter the definition of a customs union at the Havana Conference.

Yours sincerely,
HUME [WRONG]

641.

DEA/2300-40

*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-73

Washington, January 8, 1948

CONFIDENTIAL. IMMEDIATE.

I accompanied the Minister of Finance this afternoon when he called on the Secretary of Commerce. Mr. Harriman immediately opened the subject of the regulation of exports to Canada of commodities in short supply in the United States and summoned Mr. David Bruce, Assistant Secretary of Commerce, to take part in the discussion.

2. There seemed general agreement that the arrangements for limiting the imports of fuel oil during January ought to be satisfactory. Mr. Bruce questioned us about what the companies would be prepared to do in February and March, saying that it was desirable that some commitment on their part should be made soon. We stated that the companies hoped to be able to achieve a reduction in imports proportionate to that promised for January, but they had needed time to survey the position before making a definite offer. I hope that we can receive word on this before long.

3. The steel shortage was the main subject of discussion. Mr. Abbott explained the effect of Canadian restrictive measures, such as the prohibition on the import of automobiles and the refusal to issue permits for non-essential construction. Mr. Harriman and Mr. Bruce both expressed urgent concern over the domestic situation and the pressures brought to bear on the Administration by Congress and the steel

industry. They had met representatives of the steel industry only this morning, and I judge that a considerable part of the meeting was devoted to the question of exports from the United States.

4. Mr. Harriman expressed the greatest friendliness for Canadian difficulties and his own belief that, as he said, the passage of ideas, people and goods across the border should encounter the least possible measure of restriction. He seemed anxious to work out by voluntary agreement some arrangement which would enable them to meet pressures and criticisms here. This would involve their being able to satisfy the critics about the end uses to which steel was being put in Canada.

5. He remarked that Mr. W.L. Batt had made available to the Department of Commerce on a part-time basis the services of Mr. Sykes, who had been associated with Mr. Batt on the War Production Board during the war and who is, he thinks, well known to Mr. Howe. He suggested that an informal liaison should be established, for which Mr. Sykes might be responsible, between the Department of Reconstruction and Supply and the Department of Commerce. He thought it unnecessary to use diplomatic channels for this exchange of information and experience. I am a little concerned lest this might sidetrack the State Department which is the only agency here that is in a position to take fairly into account all the difficult aspects of the Canadian economic programme. We agreed, however, that Mr. Sykes should have an initial discussion at the Embassy, after which he might visit Ottawa.

6. Mr. Bruce then brought up the question of streptomycin. We were able to inform him that Canadian production was now some ten times in excess of domestic requirements and that we hoped to be in a position to export this product to the United States to meet their urgent shortage.

7. Mr. Foster, the Under-Secretary of Commerce, yesterday briefly discussed their steel problems while at my house. As a result, Scott spoke this morning on the telephone to the Office of the Steel Controller in Ottawa and requested that information should be made available to us as soon as possible. A Congressional Committee will be going in detail into the steel situation next week and it is important that we should give the United States officials who will testify as convincing a story as possible.

8. Since dictating this message Mr. Sykes has made an appointment to visit the Embassy late this afternoon. We shall report on the discussion with him separately.

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W.L.M.K./J13

*Extrait du journal du premier ministre**Extract from Diary of Prime Minister*

[Ottawa, n.d.]

INTERVIEW WITH HON. D.C. ABBOTT — JANUARY 13, 1948

Abbott told me that on his last visit to Washington, where he had met Harriman, Lovett, and several others, the Americans themselves had brought up the question

of complete reciprocity treaty with Canada. He and the officials of his Department, Clark and Deutsch, had been working on the extension of the present treaties, and the increase in the number of the articles there are in them. The question of a commercial union had come up. I do not know by whom. At all events, it was discounted at once. Certainly in Abbott's mind, and I told him would be equally so in mine. That the word "commercial" would soon be dropped in political discussions and the campaign be on the question of union with the States. However, as to a treaty of complete reciprocity, such as in Sir Wilfrid's [Laurier's] day, was before the country, would I told him I believe meet with a different kind of reception. The country had learned they had made a mistake in not accepting the treaty in Sir Wilfrid's day. What we had since achieved in reciprocity would have prepared the public mind for a complete reciprocity.

Abbott wanted to know if I would be agreeable to a discussion going ahead on the official level on complete reciprocity. I told him I would, but by all means to lose no time in furthering it. I think he said that Clark, of the Finance Dept., was very strongly for it, and would welcome negotiations, which I imagine [H.B.] MacKinnon would also share in. What Abbott emphasized was that the proposal was not his, but had come from the Americans themselves. He spoke of the talk with Harriman and of Harriman sending warmest remembrances to me. Abbott himself pointed out that this would be the answer to all our present restrictions. If we could get complete reciprocity, he felt we would no longer be dependent on uncertain markets of Europe, which are bound to be uncertain for some time and that this would give what was needed to maintain, as far as could be maintained, the prosperity in our country.

Abbott felt sure, of course, there might be opposition from manufacturers and especially in Ontario. I said he need not mind that. Our industries were holding their own pretty effectively with larger industries. Could expect one hundred per cent approval all along the line.

The real points were:

- (1) the matter having been suggested by the U.S.;
- (2) his own discussion with leading men in finance; and
- (3) strong feeling in Finance Dept. — Clark, Towers and Deutsch, who were all favourable;
- (4) approval of proceedings on official level. My own approval strongly given.

It is clear to me that the Americans are losing no opportunity to make their relations as close as possible with our country.²⁷

²⁷ Dans son journal le 13 février, King rappelle une conversation avec Abbott plus tôt dans ce mois durant laquelle ils avaient tous deux envisagé la négociation d'un accord avant le milieu de l'été, qui serait suivi par la soumission d'un traité au Congrès et au Parlement.

In his diary for February 13, King recalled a conversation earlier in the month with Abbott, in which both contemplated the negotiation of an agreement by mid-summer, with subsequent presentation of a Treaty to Congress and Parliament.

643.

DEA/2300-40

*Le directeur, Direction des relations économiques,
ministère des Finances à l'ambassadeur aux États-Unis*

*Director, Economic Relations Division,
Department of Finance, to Ambassador in United States*

SECRET AND PERSONAL

Ottawa, January 12, 1948

Dear Hume [Wrong],

Thanks for your letter of January 7th concerning the points Willoughby raised with you regarding the suggestion for a new trade arrangement.

Since I received your letter, Willoughby has called me on the phone, and spoke to me about the question of altering the definition of a customs duty in the I.T.O. Charter. He asked me also when we could give him the information on our reaction to their proposal, and said that it would be very helpful if they could receive it by January 15th so the preparations could be put under way for obtaining the required amendment in the I.T.O. Charter. I said that we would do our best to let him have our initial reaction by that date.

Yours very truly,

J.J. DEUTSCH

644.

DEA/2300-40

*Note du deuxième secrétaire de l'ambassade aux États-Unis
Memorandum by Second Secretary, Embassy in United States*

[Washington], January 22, 1948

VISIT OF MR. HOWARD SYKES TO OTTAWA, JANUARY 19TH TO 21ST

Mr. Sykes, special part-time consultant to the Secretary of Commerce, and John Cassels, Chief of the British Commonwealth Division, Office of International Trade, Department of Commerce, both told me that they considered their three-day visit in Ottawa to have been, from their point of view, very successful indeed. Mr. Sykes saw Mr. Howe, Mr. Abbott, Dr. W.C. Clark, Mr. Pearson, Mr. M.W. MacKenzie, and Mr. V.W. Scully.²⁸ With Mr. Cassels and myself, Mr. Sykes also discussed export control and related economic subjects with Alex Skelton, Mr. Wilbur Uren, the Steel Controller, and Herb. Moran.

Mr. Sykes chief but by no means whole interest was with commodity questions which might lead to United States export controls being placed on Canada. He is very pleased with the quick and cooperative reaction which he obtained from Mr. Howe and his subordinates on the establishment of an informal but direct channel

²⁸ V.W. Scully, sous-ministre de la Reconstruction et Approvisionnement.
V.W. Scully, Deputy Minister of Reconstruction and Supply.

of information between the commodity experts in Ottawa on the one hand and John Cassels of Commerce on the other. Mr. Sykes himself did not attempt to make any detailed study of our import program of either steel or fuel oil, or any other commodity.

Steel

Cassels spent a full afternoon with the Steel Controller and Alex Skelton, during which he learned how we have controlled steel since the end of the war as well as something of our plans for 1948, and how our import restrictions may affect our total requirements for U.S. steel.

A fairly detailed study of our 1948 steel "budget" could not be made during Cassels' visit as the budget had not been approved by the Minister. When our 1948 steel requirements from the United States become definite it is probable that Mr. Uren will come to Washington to discuss our plans with the Commerce officials.

Fuel Oil

On the oil question, which was discussed several times, it was agreed that our side would come forward, as soon as possible, with the proposed Canadian imports of all light fuel oils for the three months of February, March and April.

Conclusion

The officials concerned in Ottawa went, I think, to a great deal of trouble in order to make Mr. Sykes' visit as successful and pleasant as possible. Although I know that he appreciated this very much, there is a possibility that some of our officials may have some doubts as to what will come from Mr. Sykes' visit. There is no way of predicting with any accuracy what will happen in the next few months in Washington on the export control question. We cannot guarantee nor can Mr. Sykes guarantee that we will remain free from export control as long as the present critical shortages as well as divided legislative authority continue.

There was very little enthusiasm for export control even as late as the summer of 1947; it was regarded as another Government control which should be dispensed with as soon as possible. In its actual operation during the latter half of last year it was almost the exclusive prerogative of a rather objectionable Department of Commerce official, Francis McIntyre. Now the situation in both these respects has greatly changed. In the Congress, the continuation of export control power received very strong support from both Republicans and Democrats. Its appeal to the Republican is logical enough if it is viewed as a 'tariff in reverse'. Those who favoured high tariffs in order to prevent cheap foreign goods from destroying the *American Way of Life*, and so forth, now regard export control as a method of protecting the American standard of living by stopping foreigners from obtaining scarce American goods. This attitude which would have been strong enough even if the rest of the world was able to pay its own way, gains strength by the increasing dependence of many important areas on the United States.

On the Administration's side important steps have been taken to strengthen and to improve the administration of export controls. It is of some considerable advantage to us that as a result of the recent reorganization Mr. McIntyre's authority will be somewhat curbed. It is, however, of very much greater advantage to have a spe-

cial friend at court in the person of Mr. Sykes. There has been an increasing disposition in several quarters to write us down somewhat. Putting us under export control would be a concrete act in the direction of pointing out our dependent status. Mr. Sykes has expressed a strong determination to prevent this happening and to see that we are considered apart. He has said that if a showdown on this issue occurs in the Department of Commerce with McIntyre and his group on the one side, that he will fight it out with the Secretary of Commerce as a clear policy issue.

Some light on the importance of having someone who is willing to give us fullest support and to resist the present trend can be gained from the fact that only six weeks ago Cassels himself was saying that some type of control on oil, and later on steel, would be "axiomatic". Cassels' concern was that it should be done in as favourable and as gentle a way as possible. Mr. Sykes' position is that controls should not be imposed because they are not necessary provided full information on our programs is readily available. The liaison established between Cassels and Skelton should ensure that the necessary information is quickly available and that it will be considered by sympathetic officials. At this stage I doubt if we could do anything more than this. It may, however, be worthwhile informing Tyler Wood and Andrew Foster of this development, and perhaps also mentioning it to Mr. Hickerson.

645.

W.L.M.K./J13

Extrait du journal du premier ministre

Extract from Diary of Prime Minister

Ottawa, March 6, 1948

...

Abbott called after 6 to give me further particulars of the progress being made in trade negotiations with the U.S. He said that today the U.S. officials are bringing the matter to the attention of the Under-Secretary of State, Lovett. The proposal now is that Lovett will bring the matter up to Marshall and it will later go to the President but the U.S. will try to secure the support of the leading Republicans in the Senate before giving publicity to what is proposed. [Robert A.] Taft of the Senate still holds to his father's view as to greater freedom of trade with Canada and will support a measure of the kind. From what Abbott told me, it now appears that the U.S. are prepared to make an agreement, if need be, for 25 years, abolishing all tariffs between Canada and the U.S. They, on their part, will reserve the right to fix a certain quota on cattle, fish, potatoes and on other commodities. But the quota in each case would be larger than those at present are that we would have under increased quotas under the Geneva Agreements.

We, on our part, would be given the right to restrict for a period of time certain of the commodities which we are now securing from the U.S. This would be for a transitional period.

As to wheat, there would be some special agreement. We would be free to offer the same conditions to the U.K. We might even consider were it not for butter, etc. offering similar conditions to all thenations of the Commonwealth. The Agreement represents a tremendous advance toward freedom of trade throughout a large part of the world. Instead of proceeding by resolution of both Houses, the Americans would probably proceed by the concluding of a Treaty. They would like to get the matter before Congress in April.

Abbott said he had mentioned the matter to no one in the govt. other than St. Laurent, and that but slightly. I told him it would be well for him to tell St. Laurent the whole situation before Abbott's officials, Deutsch and MacKinnon, return to Washington tomorrow.

I strongly advised Abbott to let us clear up all matters concerning the U.S. trade as rapidly as we can so as to have them out of the way before this new transaction comes up in Parliament.

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DEA/7143-A-40

*Note de la Direction économique
pour le sous-secrétaire d'État aux Affaires extérieures*

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

CONFIDENTIAL

[Ottawa], March 18, 1948

The following are short notes on the various items concerning which we have had discussions with the United States during the past six months.

1. *Corn for Distilling*

In January 1948, in response to a request to Congress by the United States' President to extend his power to allocate grains to the distilling industry, the United States Senate passed a stop-gap measure which would continue the present program of allocations until February 29. Action in the House on this Bill was blocked by the Banking and Currency Committee. This Committee was influenced to a large extent by a publicity campaign which was being conducted by certain elements in the distilling industry, and which alleged that all of the corn sent to Canada from the United States was used in the distilling industry. The House felt that it was undesirable to continue to allocate grain in the United States, while grain shipped abroad could be used for making liquor.

As a result of Congressional pressure, the Secretary of Agriculture, Mr. [C.P.] Anderson, informed the Canadian Embassy in the United States on January 30, 1948, that, unless Canada could provide satisfactory information as to the end use of corn imported into Canada from the United States, the United States Government would be forced immediately to place an embargo on exports of corn to Canada. The Secretary of Agriculture was informed by our Embassy that less than 50% of the corn imported from the United States in the calendar year 1947 was used by Canadian distillers, and that the general production of distilled liquors in Canada in

the year 1947 was far below capacity. In addition, it was pointed out to the Secretary of Agriculture that Canadian distillers had been forbidden the use of wheat (except that unfit for human consumption) since March 17, 1947, a prohibition which partially explained the increase in Canadian corn consumption in 1947 as compared with 1945 and 1946.

In a further effort to cooperate with the United States, Canadian officials asked representatives of the beverage distillers to attend a meeting in Ottawa on February 6 to consider restrictions on the use of corn for distilling purposes. All of the representatives of the distillers present at that meeting agreed to voluntary restrictions with the exception of the representative of the Schenley Company, who explained that his parent company in the United States had been conducting a publicity campaign designed to change Government policy there with respect to distilling restrictions. It was reported to Cabinet that voluntary restrictions would not be satisfactory and that any required restrictions would have to be imposed by the Government, which could be done under authority of the Wartime Prices and Trade Board. Cabinet agreed that the State Department might be informed that if the United States Government applies restrictions on distillers in that country, the Canadian Government would be prepared to take concurrent action.

2. Fuel Oil

A critical shortage of fuel oil in the United States, which developed late last Fall, prompted the United States' Department of Commerce to request the Canadian Government to take steps to reduce Canadian imports of fuel oil. As a result of this request Mr. Howe convened a meeting of the principal figures in the Canadian oil industry and obtained from them an undertaking that imports into Canada from the United States of light fuel oil, diesel oil, kerosene and stove oil, during the month of January, 1948, would not exceed 50% of the monthly average for the first quarter of 1947. This was proposed to, and accepted by, the United States Administration, together with an undertaking on the part of Canada, to review the stock and consumption position with a view to ascertaining what further could be done to cover the first four months of 1948.

In the United States, during January and early February, there was considerable Congressional pressure to have export controls applied to commodities moving from the United States to Canada. This was, and continues to be, resisted by the United States Administration on the grounds that it would be contrary to the spirit of the Hyde Park Declaration, and that it would also impede the present working arrangements between the two countries for the most efficient use of commodities in short supply.

When, subsequently during February the undertaking of the Canadian oil industry to restrict its imports of the fuel oils mentioned above, during the first four months of 1948, to 50% of the quantities imported in a like period of 1947, was communicated to the United States Administration, the House Committee on Interstate and Foreign Commerce expressed itself as highly satisfied with the action of the Canadian authorities. For the time being, thought of applying controls to the export of oil to Canada is not evident. In view of the shortages of petroleum products which will continue in the United States throughout the rest of this year and

part of next, it is possible, however, that requests will be received for the reduction of imports into Canada of gasoline.

3. *Steel*

Owing to a shortage of steel in the United States, suggestions have been made, both by the United States' Congress and by certain officials of the United States Administration, that exports of steel to Canada should be placed under export control. This led, in January last, to a visit to Ottawa of United States officials, who conferred with Canadian officials of the Department of Reconstruction and Supply, and an arrangement was agreed whereby the United States' Department of Commerce would be kept continuously informed of the Canadian steel position and plans. Officials of the United States Administration feel that with such information readily available, they will be able to forestall any legislative attempt to impose export controls on the movement of steel to this country.

4. *Natural Gas in South-western Ontario*

In May, 1947, it was pointed out by both the Ontario Government and the Union Gas Company that a very critical shortage of natural gas was in prospect for South-western Ontario during the winter of 1947-1948. The gas for this area was being supplied by the Panhandle Eastern Pipeline Company, but the export of gas to Canada, which was authorized by an order of the Federal Power Commission, had a very low priority.

Accordingly, the Union Gas Company applied for a hearing before the United States' Federal Power Commission, in order to raise their priority on the F.P.C. permit of the Panhandle Company. Simultaneous to this hearing, which took place in the early part of February, 1948, informal representations were made by the Canadian Embassy in Washington to the State Department. It was pointed out to the State Department that the Canadian Government could not, and does not, expect United States authorities to cause the United States to be deprived to any serious extent of a commodity which may be from time to time in short supply in the United States, in order to provide for the export of that commodity to Canada. Nevertheless, it was indicated that the Canadian Government is concerned with the possibility that when a commodity of prime importance to the economies of both countries becomes in short supply in one country, the result of such a shortage will be to reduce very drastically, or even to cut off entirely, the export of that commodity to the other country.

The results of the Union Gas Company hearing have not yet been announced, but it is reported from our Embassy in Washington that a note, on our behalf, has been passed by the State Department to the Federal Power Commission.

5. *Export Restrictions Governing the Export of Logs to the United States from British Columbia*

In July, 1940, the Canadian Timber Controller placed restrictions on the Export of Douglas Fir logs from British Columbia from Crown granted lands. These restrictions remained in effect until the end of 1940, at which time they were lifted, and the free export of Douglas Fir logs from British Columbia from Crown granted lands was again permitted, with the result that exports of Douglas Fir, together with the unrestricted exports of hemlock and balsam fir reached the point where the flow

of logs of these three species to the United States in 1941 exceeded by nearly one hundred per cent the volume of exports in any of the previous 12 years. Restrictions on the export of Douglas Fir logs were, therefore, reimposed in August, 1941, and in 1942 the export of hemlock and balsam logs was also restricted. These restrictions were continued through 1943 and in 1944 a quota for exports to the United States was established at 17½ million feet of Douglas Fir and 32½ million feet of hemlock (including balsam or 50 million feet in total.) This quota has remained in effect since that time.

In April, 1947, the United States State Department made a formal request that the Canadian Government consider abandoning the export quota system in British Columbia or, if this could not be done, that the Canadian Government increase the quota of log exports to 150 million feet, of which 120 million would be hemlock and 30 million Douglas Fir. The following were the chief arguments used to support this request:

(1) the fact that the terms of the contracts under which United States interests had purchased standing timber on Crown lands provided for the free and uncontrolled export of this timber to the United States;

(2) the claim that wartime restrictions imposed on such exports were, under the terms of the contract, even in the emergency, difficult to justify and that their continued imposition could be described as a breach of faith;

(3) the claim that these continued restrictions were contrary to the spirit of the Hyde Park Agreement.

The United States' note mentioned three United States firms which, at present, have Crown grant lands in British Columbia, from which they desire to import logs. It was requested for 1947, that these three firms be permitted to import 75 million feet of logs from their own Crown granted territories and that, in addition, these three companies and other companies be permitted to import a further 75 million feet of logs from other Crown granted lands. Thus, half the log imports requested for 1947 would have come from Crown grant lands on which the standing timber had been purchased by three large United States' firms, and presumably the situation is similar for 1948.

The Canadian Government, in its reply, did not grant the United States request. Our principal arguments to support the present quota of 50 million feet were that on an overall basis of exports from all parts of Canada, the United States was receiving its fair share of pulpwood and pulpwood materials so that any commitment under the Hyde Park Agreement was being fulfilled, and that lumber was urgently required in Canada for housing purposes. In addition, the United States argument that there had been a breach of faith in regard to exports from Crown granted lands was not admitted since the Canadian Government has authority to restrict exports from Crown or Crown granted lands.

The United States request was repeated in August, 1947, this time without any detailed arguments, and more in the form of a frank request for Canadian cooperation to meet the needs of United States mills. In January, 1948, our Embassy in Washington was advised that the quota for 1948 would again be 50 million feet, but as a result of recent pressures which have developed in the United States linking

this question with that of possible export control of steel and other products exported to Canada from the United States, it has been agreed that the export allocation of logs from British Columbia to the United States should be increased to 100 million board feet by releasing a further 50 million board feet of hemlock logs suitable for the production of pulp.

Although this concession has been granted the argument has been reiterated to the State Department (with supporting statistics) that Canada has not only maintained but increased overall pulpwood exports to the United States both during the war and post-war period, and the point has been made that our concession should be matched by a United States concession releasing for export to Canada steel of a type urgently needed here.

6. *Negotiations With the United States Government to Obtain a Bill of Sale for the S.S. Empire Gangway*

The S.S. *Empire Gangway* (S.S. *Weserwehr*) was one of three German vessels allocated to Canada as reparations on May 24th, 1946, by the Inter-Allied Reparation Agency. Unlike the other two vessels, the *Empire Gangway* was a United States prize of war, and it is necessary for the Canadian Government to obtain from the United States Government a bill of sale for this vessel before its sale to private operators can be completed.

Delivery of the vessel was taken in October, 1946, by Park Steamship Company, as agent for War Assets Corporation, and from that date until August 1947, Park Steamship Company endeavoured, without success, to obtain the necessary bill of sale from the United States Government. Their inquiries were met with the reply that transfer of title was being delayed pending a decision by the United States Department of Justice whether Prize Court proceedings were necessary before the United States Maritime Commission could transfer title to Canada. On August 27th, the Canadian Ambassador, Washington, addressed a note to the State Department, pointing out that this vessel had been allocated to Canada by the Inter-Allied Reparations Agency, and that the Canadian Government was anxious to secure title to the vessel at the earliest possible date.

This note has been followed by repeated informal requests that the United States decision be expedited, but to date the bill of sale has not been made available, although the State Department advised informally on January 28th, 1948, that the United States Attorney-General had decided to continue Prize Court proceedings to Decree on the S.S. *Empire Gangway* and that, when the Decree was issued by the Court, the Attorney-General would then make a decision as to the transfer of title. The State Department thought that the Court Decree would be issued within three or four days (from January 20th) and that the Attorney-General would then make a favourable decision granting title to the Canadian Government, but it remains uncertain how much additional delay will be involved before this decision is made.

7. *Purchase of Oil Tankers from the United States Maritime Commission*

In October, 1947, the United States Maritime Commission agreed to allot to Canadian buyers four of a total of one hundred T2 tankers allocated for sale to foreign flags. One of these tankers was to go to Acadia Overseas Limited and three to Deep Sea Tankers Limited, a wholly owned subsidiary of the Shell Oil Company

of Canada. The Canadian Ambassador in Washington had supported these applications with the United States authorities on the grounds that sale of the tankers to Canada, rather than to other foreign flags, would contribute to North American security and also that the Canadian ownership of tankers would ease the drain on our United States dollar resources.

Delivery of these tankers was temporarily delayed because certain United States Senators, including Senators Vandenberg and Taft, protested against the sale of tankers to foreign buyers while applications of responsible United States citizens had not been granted. This protest was based upon a provision of the Ship Sales Act, 1946, to the effect that the U.S.N.A. may sell to foreign flags only those vessels for which there are not reliable United States buyers. However, following an investigation of the question by the Senate Small Business Sub-Committee, we were advised on December 15th that the tankers which had been sold, including those allotted to Canadian buyers, were being released for immediate delivery.

8. *Use of Kindley Field, Bermuda, by Trans-Canada Airlines*

Trans-Canada Airlines has been planning to inaugurate a service to Bermuda under the terms of the Canada-United Kingdom Air Agreement signed in July, 1947. This would mean that T.C.A. planes would operate to Kindley Field, Bermuda, which is one of the airfields leased by the United Kingdom to the United States for ninety-nine years. During discussions held in Bermuda in February, 1946 as a basis for the preparation and conclusion of the United Kingdom-United States "Basefields" Agreement, the United States negotiators made it clear to the United Kingdom Delegation that final approval and signature by the United States of any Agreement relating to the opening of the base airfields to civil aircraft would be conditional upon their reaching a satisfactory agreement with the Governments of Newfoundland and Canada regarding the use by civil aircraft of airfields in Newfoundland and Labrador.

Accordingly, negotiations opened on two agreements; one relating to the use of basefields in the West Indies (which would include an exchange of notes granting Canada permission to operate into Kindley Field), and the other relating to the civil use by the United States of the Newfoundland and Labrador airfields. Negotiations on the first Agreement proceeded favourably, but in September, 1947 the United States and Newfoundland Commission of Government reached an impasse in the discussion of the second agreement, even though both the United Kingdom and Canadian Governments had made clear to both parties the importance they attached to its conclusion. However, in October, 1947 the United States announced that they were willing to conclude the Agreement concerning the West Indies bases without waiting for the conclusion of the United States Agreement with Newfoundland. Since that date a number of minor drafting differences in the West Indies Agreement were cleared up, and this Agreement was signed on February 24 in Washington.

One other minor difficulty had been encountered by T.C.A. in their administrative planning for the inauguration of the Bermuda air service. This related to the arrangements for certain space at the airport, and the installation of certain equipment which T.C.A. desired to complete before the actual signature of the Agree-

ment, in order to allow the service to begin immediately the Agreement was signed. However, following representations by our Embassy in Washington, a compromise was reached whereby the space on the airport was secured, and the communications equipment was flown in by Pan-American Airlines for the use of T.C.A. However, it was announced jointly by the United States and the United Kingdom, at the time of the signature of the Agreement, that airlines belonging to third party nations would have to use existing facilities at the field for the present, with July as the tentative date by which additional facilities could be made available.

9. *United States Protests Against Scale of Landing Charges at Canadian Airports*

In July, 1947, the United States Embassy in Ottawa in accordance with a request from the Air Transport Association of America, made certain informal representations to the Department of External Affairs requesting that Canadian authorities might reconsider the present schedule of airport charges. In these representations it was pointed out that the Air Transport Association felt the existing scale of charges was extremely high and discriminated against the use of four-engine aircraft.

Accordingly, this matter was discussed with the Department of Transport and the Air Transport Board, and a memorandum was sent to the United States Embassy which outlined the basis for the present scale of charges. It was indicated that this scale was established on the principle that the aviation user should make some reasonable payment towards the cost of providing and maintaining the facilities used. This payment, which takes the form of a landing fee, however, covers only a fraction of the total cost of airport maintenance. It was further pointed out that although the present scale of landing fees in Canada was felt to be an equitable one designed to encourage the optimum economic utilization of aircraft, the Canadian authorities were desirous of reaching an understanding with the United States, and they would co-operate on any future discussions which the United States might suggest. In November, 1947, a note was received from the United States Embassy suggesting that discussions be held between appropriate Government authorities and airline operators from both countries.

During the month of November, T.C.A. registered a protest against the scale of landing charges and a public hearing was called by the Air Transport Board on December 9 on the subject of landing fees and charges. The United States were notified of the hearing, and they were invited to make any representations which they deemed appropriate. The American suggestion that bilateral discussions be held on the topic of Canadian rates was discouraged because it was felt that this would constitute an unwarranted intervention in Canadian domestic affairs. The aircraft of eight other foreign scheduled operators fly into and over Canada and use Canadian airports. The charges are uniform for aircraft of all countries, including Canada. Although it is true that the airways systems of Canada and the United States are closely integrated, this still did not provide sufficient grounds for permitting foreign operators and Government authorities to review and pass judgment on Canadian rate structures.

Generally speaking, it was felt that although the United States request for this type of conference could not be granted, a considerable privilege had been extended in inviting the United States to attend and make representations at the

public hearing, and it was doubtful if Canadian airlines would be granted as generous a treatment in the question of any revision of United States rate structures.

10. Ontario Government Restrictions on the Export of Raw Wood from Ontario Crown Lands to the United States

In October, 1947, Mr. George Drew announced a program to decrease the export of raw wood from Crown lands of Ontario by means of a progressive reduction, as follows, in the export of unmanufactured spruce and balsam fir and jack pine:

(1) Those who have built pulp mills in Ontario and have included in their contracts permission to export in connection with logging operations for their own production in Ontario will have their annual quotas reduced each year in order to bring their exports to an end in 10 years.

(2) Those who have export rights as a consideration for assisting in the erection of new pulp mills by vacating areas allotted to them will have their quotas reduced each year so as to bring their exports to an end in 4 years.

(3) Remaining exporters will have their quotas reduced each year at a rate calculated to bring exports to an end in 3 years.

Eighteen of the United States paper companies affected are in the third category, and only two or three of them come in the first category. Exports from privately owned lands will not be affected by this policy, but will come under the overall Federal Emergency Export Control on a quota basis.

WA-405 of February 6th† from Washington indicates that the United States paper companies concerned will certainly fight this program, probably by means of pressure to have export control placed on steel and oil shipments to Canada from the United States, and to have these controls so administered that they are directly discriminatory against Ontario. Note No. 31† of February 10th from the United States Embassy, Ottawa, points out that the Ontario program will cut off supplies of raw materials used by United States pulp and paper mills, and suggests that the program is contrary to the principles of the I.T.C.²⁹ and to the general spirit of cooperation between Canada and the United States, and asks for information on any action which the Canadian Government may be able to take. The note does not actually mention the Hyde Park Agreement, but refers to "economic cooperation . . . an outstanding factor in the relations of the two countries during and since the war."

On February 14th Mr. Pearson spoke by telephone to Mr. Michener, the Ontario Provincial Secretary, pointing out the possibility of discriminatory retaliation against Ontario by the United States unless this program is modified. In addition, Mr. Howe has agreed to write to Premier Drew in the same sense.

H. MORAN

²⁹ Probablement/Probably International Trade Charter (Conference).

647.

W.L.M.K./J13

*Extraits du journal du premier ministre**Extracts from Diary of Prime Minister*

Ottawa and Washington, March 22-30, 1948

[March 22, 1948]

...
After morning reading, looked over some mail that came in. Then went to my office where I had a most important meeting with Abbott and St. Laurent, Howe and Clark, MacKinnon and Deutsch. We met at 11 and were there until 1.20 p.m.

Deutsch outlined to myself and other Ministers what had taken place at Washington in the way of exploration of possibilities of further trade relations with the U.S. Abbott had referred to the possibility of further trade relations when he spoke on the Geneva Trade Agreements, the night I broadcast from London.

MacKinnon and Deutsch have been in conference with opposite numbers on the official level in the State Dept. They had worked out a tentative agreement along lines previously mentioned in part to me by Abbott. In a word, the picture was ultimate free trade between Canada and the U.S. During the interval in the next 5 years, Canada maintaining the restricted measures she has found it necessary to place to enable her gradually to get an equal financial balance in trade matters. The thought, however, was that there would be certain quota arrangements which the U.S. would retain but which would be larger than those granted us by Geneva and really larger than we would be able to fill. These quotas would affect such articles as cattle, potatoes, a certain kind of fish in the Maritimes, and other articles. One question over which there had been considerable difficulty was wheat, but now that the international wheat agreement had come into being, it could govern the question of wheat export. Canada was to be free to accord the same treatment to the U.K. as Canada was according to the U.S.

Deutsch made an excellent presentation. What I have recorded here is the barest outline. Other features where agreement could be for 25 years; also if Ministers agreed to what was proposed, the matter would then be put up to the Secretary of State and the President. Up to the present, it has not got beyond the Asst. Secretary of State. 2 or 3 of the U.S. Ministers would be brought into the secret first. The President would be the one to approach the Secretary of Agriculture Anderson who would be difficult person to deal with. The idea was to have agreement by Party in the U.S., that is to say Republican as well as Democrats would have to agree to it, or matters would not proceed further.

It was thought that Vandenberg and Taft of the Republicans would favour such an agreement. The U.S. would wish to have the matter made public by the 15th of May.

After listening carefully to the entire exposition, I said there were two important aspects I felt I should speak of: one was first the question of timing. I admitted that the agreement, if it could be brought into being, could be of tremendous benefit to Canada. The point to be considered still was the element of timing. That my experi-

ence in politics had taught me that no matter how good a thing might be, if the people were taken by surprise in its presentation, there was bound to be opposition to it. That they had to be led gradually into the appreciation of what it would mean. I felt perfectly sure that if this agreement were announced in the H[ouse] of C[ommons] something which had already been arranged, and had to be approved by Parl[iamen]t, there would be instant opposition from the Conservatives, and they would keep up that opposition very strongly. The cry would be raised at once that it was commercial union that we were after. So far as I was concerned, I would be a liability rather than an asset in the picture inasmuch as the Tories would say this is Mr. King's toy. He has always wanted annexation with the States. Now he is making his last effort toward that end. The press would not grasp the details. I doubted myself whether I had the mental energy and physical strength to make an explanation in the H. of C. such as had been made to us by Deutsch. If that explanation had to be gotten over to the public from the Commons, I did not know how that would be done with the details what they were. The size of the agreement what it was, etc.

It would be represented that we were seeking to separate from Britain. I said I would feel no matter what happened that we would have to offer Britain the same rights in our market as we were offering the Americans. All present agreed that it was so.

I concluded by saying that if the matter had to be settled in so short a space of time in relation to trade alone, I certainly felt it pretty doubtful that we should give our consent to it.

I then said I had something else, however, in mind which I thought was far reaching indeed and which might make not only possible but easy of realization what was being sought on this extension of trade — on the line of this increase in reciprocal trade. I said I would have to swear three members of the Service present to absolute secrecy and to tell them that, at the moment, negotiations were on at Washington for the establishing of an Atlantic Security Pact — negotiations between the U.K., U.S. and Canada. The stage, at the moment, was on exploration only. That I felt trade proposals might be made to fit as it were into the larger Atlantic Pact. That if, for example, the Atlantic Security Pact were agreed upon and were brought before Parl[iamen]t and be passed as it certainly would be, we might immediately follow thereafter with trade agreement as being something which still further helped to further the object of the pact, namely the removal of restrictions to trade within the area arranged by the Pact.

It might even lead to the U.S. and U.K. coming to more in the way of greater freedom of trade between them. I felt that both the U.S. and the U.K. would go very far in the direction of anything that would disclose a closer unity of interest between them. That, later, certain other countries, France, for example, might be brought into a larger, freer trade area, etc. All 3 — Clark, Deutsch and MacKinnon were strongly taken with the idea. They had not known of what is being considered in the nature of a security pact though Deutsch mentioned that the Americans had asked them if some security feature might not be added. They said they could not speak of this. On the other hand, the fact that the security had been mentioned seemed to suggest that the Americans who proposed it did have some knowledge of

what was going to be worked out for security purposes and might be thinking of combining the two. Armour, Hickerson, Under-Secretary of State Lovett and one or two others would have a knowledge of both.

I suggested it might be well for Clark to get in touch with Pearson at once and have a word with him about possible consideration of the two matters in relation to each other as I had indicated them. All present agreed with that.

I then told those present that I felt I should make clear to them not only that I was likely to be a liability rather than an asset as I had indicated that the Tory attack would be that I had wanted annexation, and this could mean separation from Britain, etc. but that I was really not in any shape to aid a movement of the kind in Canada. That I had not the mental power. Was feeling fatigued and exhausted, now I was incapable of another general election campaign. That I could not do justice to the situation in the H[ouse] of C[ommons] and that this was a factor which would have to be taken into account. I said I was even beginning to doubt my own judgment on many matters. I found myself much too cautious and conservative in international matters to feel that my views were shared by some of the younger men around me.

I had great difficulty in being prepared to go the lengths they wished to go in the time they wished to take. I felt I should not be counted upon for a battle of the kind much as I believed in the wisdom of what was proposed. I simply had not myself what was needed to put it over. I said I might come to have a different view after a bit of a rest and change. Just at present, I was anything but equal to international negotiations of any kind. I said I thought I ought to say that I believed the 2 Americans in their attitude were carrying out what I felt was really their policy and had been so over many years of seeking to make this Continent one. That I thought they had long seen that a conflict likely to come would be between Russia and themselves, and that they had felt that their position would be strengthened if they controlled all of North America. That I myself frequently felt I knew they did not want to bring this about by any conflict but that it was simply a farsighted view as to what would be wisest in the changes that would come with them. If I were an American, I might easily share that point of view. I said that while I had recognized it, I had never allowed it to gain any headway in my own dealings with public affairs. That personally I would rather have Canada kept within the orbit of the British Commonwealth of Nations than to come within that of the U.S. That all my efforts had been in that direction. It had always been said that any change that would come on this side in matter of political allegiance would be due to what happened here instead of other parts of the world. I thought we could keep all of this in mind in anything that was done at this time to see that all British considerations were taken into account.

Talking alone with Hector MacKinnon after the others had left, he told me that the Americans had said they did hope if the matter came to where it was one of political parties, that I would head the movement in Canada. That my name and long public career would give a lead to the situation; nothing else could. I mentioned to Hector that the President was coming to Williamsburg to say he was there to pay a tribute to me and my years of public life. That I had never allowed occa-

sions of the kind to go to my head. That I knew the President was not coming to Williamsburg on my personal account. It was to help to further the larger ends which the U.S. had in view. That I thought my strength had lain in the fact that I had seen clearly the significance of moves of the kind in all my relations with the President and others. That that had really helped me in continuing to hold the position I have for so long. Hector said that he was sure the people realized that. He said that the trouble was that most of our men who got into new arenas, suddenly believed it was they, themselves, who were so important.

Later, this afternoon, I told Mr. St. Laurent quite frankly as I saw the proposal on the trade matter, it was certain once it was introduced in the House, Conservatives would block it steadily until the end of June when Parl[iamen]t would adjourn. If we came back at the end of the summer, they would block it again. That I did not think the gov[ernmen]t could use closure.

Also that I felt the blocking would go on until Parl[iamen]t would have to be dissolved and a general election take place. Mr. St. Laurent said that he thought so far as our chances and the electorate of Canada were concerned, we did not need this issue to help us win. The public felt we were the best government that Canada could have, and that the gov[ernmen]t would be returned on that score. To make a new issue was not necessarily going to be an aid to us as a gov[ernmen]t. This, I think, is very true. I told him, however, that if an election came, I would have to ask the G[overnor] G[eneral] to call on him to take office. I could not be induced on any score to go through a campaign. I mentioned having seen Tussig who was a strong man physically at Harvard come down suddenly and be in a wheel chair for one or two years after. I could not take risks of the kind. I made it quite clear that I could not take on these greater responsibilities at my age.

[March 24, 1948]

...
Earlier in the afternoon, I had had a talk with Williamson of the *Financial Post* of Toronto who also was anxious to get my views on greater freedom of trade or total freedom of trade between the U.S. and Canada. He was going to talk with a group in the States. I asked him whether he had been invited to talk to them or was going down to talk. He told me it was a group that was studying these matters. He was anxious to get my views as to the line the gov[ernmen]t would regard as most appropriate. I was most careful to indicate to him there were considerations such as the present condition of the world, the position of Britain at the present time. Her effort at rehabilitation. Many other considerations which will have to be taken into account in studying the tariffs. Gave him nothing in a final way but gave him to understand that I would not favour such a thing as commercial union, etc.

I now want to record a quite extraordinary experience which I took to be a perfect evidence of guidance from Beyond. This morning, a propos of nothing but feeling I ought to look at some book, I drew out from my shelves a volume entitled "Studies in Colonial Nationalism" by Jebb. A book I have not looked at in 20 years. Did not like the title — either Colonial or Nationalism and had forgotten having read it with care. Looked first at page 124 — reference to Sir Wilfrid. I found myself looking with interest to the last chapter of all which was entitled The Soul of Empire. Was amazed to see how completely the views there expressed accorded with my own. The desire for fuller independence of the Commonwealth, at the same time preserving the unity of the Empire, etc. See despatches. A true picture.

When I had read them, I had felt they were significant in reference to the proposals being made to me to support the programme of complete freedom of trade between the U.S. and Canada which I have felt to be exceedingly dangerous, specially at this time, as calculated to raise an issue that would be very serious. In the first place, I do not believe it could be successful but for me to be placed in the position of being the spearhead of furthering a commercial union was the last act of my career would be to absolutely destroy the significance of the whole of it. The Tory party would make out that from the beginning my whole vision had been to further annexation. I was really at heart anti-British, etc. Everything opposite of the truth. Strangely enough, this afternoon, thinking on the importance of this question, I began to discuss some phases of it with P[jickersgill] without revealing what has been under way. To my amazement, I found he had been giving a lot of thought to this question and had been terribly concerned about it. He volunteered the statement that he knew Clark of the Dep[artmen]t of Finance felt it was the only way we could come to balance our accounts with the States and was pressing very strongly for something of the kind. He used the expression that we would absolutely be selling the soul of the people, meaning the whole relationship with Britain and the Commonwealth. The use of that word brought at once the title of the chapter I had read in the morning. The fact that one of the men I talked with spoke of Cockshutt brought back to my mind that Abbott had referred to Cockshutt as evidence of how some of the big employers had completely to reverse their early position and were now favourable to freedom of trade.

Each thing that happened today in the interviews seemed to bring confirmation of what I had felt about the whole business when I read the article on Colonial Nationalism. I felt wholly convinced that the taking out of that book, and reading that chapter was no matter of chance but had been inspired from some source in the Beyond. I would no more think of at my time of life and at this stage of my career, attempting any movement of the kind than I would of flying to the South pole.

[March 25, 1948]

...
I went from the Chateau to talk with St. Laurent in his own office in the H[ouse] of C[ommons] about the suggestions of our supporting removal of tariff propositions. I gave him my views as I see them. Told him I thought the whole proposal had come from Clark of the Finance Dep[artmen]t but that while it might be sound economically, I believed it would be fatal politically. Quite impossible of carrying out at this time in the limited time that was being suggested. It was the sort of thing that would require months, if not years of education. It would be most unfortunate if an issue of that kind came in a year of the convention, such as the present — a year of threatening peril. I could think of nothing that would destroy my name and reputation more than to be made the spearhead of a political fight which would be twisted into a final endeavour to bring about economic union with the U.S. which would mean annexation, and separation from Britain. I said I doubted if Ilsley or Gardiner would support a proposal of the kind. St. Laurent said that he himself had felt when he learned of what was suggested, that the proposal was hardly likely to be feasible. That he had thought it might have been developed between now and the time of the Liberal Convention and make a plan for the platform there. He also

agreed that Howe and Abbott were very strong for it because of the concrete problem they are dealing with, and as believing it to be the one and only solution. I am afraid they would create a still larger problem. He was not too sure how Quebec or some other parts would view giving Britain the same freedom of trade as the U.S. That there were sure to be misrepresentations there. I let him know I was giving him my views because I would be absent and did not wish anything settled on this matter without having a final say.

[March 26, 1948]

...
 He [Pearson] told me that Deutsch has arrived the last day and had told him of what we were thinking on trade matters. He spoke to Hickerson who knows about other matters about including a paragraph in the proposed Atlantic Security Treaty to make clear they were aiming at economic, social and moral mutual advantages which would of course make it possible to develop out of the larger treaty, matters relating to Trade. This could not be better. It leaves the door open for further developments in the right way. I outlined to Pearson the talks already had with Abbott and others. Gave him my opinions as already recorded. On the whole, it seemed to me he shared pretty fully the views that I expressed as to this not being the time to attempt anything so vast. Also there would be great dangers of raising too large an issue at a time when other great issues were in existence. I felt relieved at his attitude.

[March 29, 1948]

...
 Pearson came in shortly after luncheon. I was glad P[ickersgill] was present. It is apparent that he had come to arrange to have further explorations made of the trade matters at the instance of Clark and others, that negotiations at Washington might be further developed. I told him quite frankly I doubted very much the wisdom of attempting anything that had to be brought on within the next month. Did not think this matter should be brought before the public at this time with the situation what it was. To have that situation in American elections, proceedings in Parl[iamen]t and Canadian elections probably forced, my thought is it would be a terrible mistake and would defeat its very ends. I said I had a strong feeling I could not possibly undertake the kind of campaign that would be required nor, did I think it was in Britain's interests and our own at this time. The campaign to which it would give rise would be a vicious one. Not at all the kind I would wish to have to do with myself.

I pointed out that in the morning *Citizen* there was an editorial underlined regarding what was taking place while the question of commercial union with the States was coming up.

[Washington, March 30, 1948]

...
 Wrong brought up the trade matter. Pearson evidently had given him the impression that I was not favourable to proceeding on account of the limited time in which decisions would have to be made. Conversation was kept for the most part on the matter of time. I pointed out my experience in Laurier's Cabinet re reciproc-

ity; also the fears that would be aroused if the matter was sprung suddenly and would have to be settled within a limited time. I added if agreed to by both political parties in the U.S., fears would be greater than otherwise. Would have old questions of commercial union and annexation, etc. brought up again. With conditions in Europe what they are, that would be most deplorable if a matter like this added to the confusion of the present year and in the House as well. I referred to what would happen in the H[ouse] of C[ommons] where the Conservatives would hold up everything until the end of June, again in the Autumn and would force an election in which the Party might be badly defeated.

Wrong said the suggestion I had made about leaving a clause in the [Atlantic Security] pact for economic, social and other considerations had been agreed to. That Hickerson had gone over the draft and included something that was pretty certain to be agreed to at tomorrow's meeting. Wrong pointed out that the trade thing might evolve out of that in time. He said that he, himself, had been doubtful from the start about the possibility of getting anything of that magnitude through in so short a time. That '48 might be a better moment. But it was doubtful if conditions in the U.S. would ever be as favourable as they are at the moment.

Wrong said even if we did give England the same advantages, he could see where there might be difficulties in time. I pointed out that the issue was very large. That unquestionably came back to what the future of Canada either in the British Commonwealth or as a part of the U.S. will be. I said I felt sure that the long objective of the Americans was to control this Continent. They would want to get Canada under their aegis. If I was an American, I would have the same view specially considering Russia's position, etc. On the other hand, I did not feel we would be as well off in a State of the Union as we will be possibly as the greatest of the self governing portions of the British Commonwealth of Nations. At any rate, I would not want myself to take a position contrary to this. Wrong replied that certainly our form of gov[ernment] was much better than that of the U.S. But it seemed to me, however, in talking, as if both Wrong and Stone were a little disappointed that matters were not likely to be proceeded with. I had the same feeling in talking with Pearson. I am afraid most of E[xternal] A[ffairs] have become imbued with the attentions they have received from the Americans and the place the Americans have allowed them to take in the foreground of international affairs. I said quite frankly I thought the U.S. was using the U.N. as an arm of their foreign office just as the French Foreign Office had used the League of Nations for a similar purpose in their country. I spoke, too, of the U.N. Said that I hoped our people on no account would support the idea of trusteeship to be worked out by force. That it involved the same principle as the original American proposal. You could not sell a purple horse twice. I repeated what I have said about regarding passive resistance as a positive, not a negative act. Of Britain's position being the sounder in that she had seen the end from the beginning. I told them to keep in mind what they could expect the Canadian Parl[iamen]t to do and not to do.

...

648.

DEA/288 (S)

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

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

TELEGRAM EX-846

Ottawa, March 31, 1948

TOP SECRET. MOST IMMEDIATE.

Following for the Ambassador only from Pearson, Begins: Yesterday afternoon our Minister and the Minister of Finance, with Clark, Towers, McKinnon, Deutsch and myself discussed the situation in regard to recent U.S.-Canadian trade and economic talks between officials that have been going on recently on an exploratory and non-committal basis. As you know, this matter had been previously discussed with the Prime Minister and Mr. Howe also, both of whom were not available for yesterday's discussions. Our officials felt that some guidance should be now received as to whether it was desirable to continue these talks, which had reached a point where they would have to be broadened. Since it was expected that U.S. officials concerned would visit Ottawa shortly, immediate action was required. It was felt that, if the Government were not in a position to take immediately a favourable political decision on this matter, then the official talks should be suspended, for the time being, as the broader and deeper those talks went, the more difficult it would be to withdraw later or to keep them secret. The whole question was gone into yesterday by the Ministers concerned, and it was decided that the United States officials should be asked to postpone their visit to Ottawa, as the Canadian Government did not wish to pursue the question further for the time being. The Ministers did not make this decision without a full understanding of the economic and general importance to Canada of the proposed arrangements. Trade arrangements between the United States and Canada along the lines that had been explored had great attractions and many advantages, especially in view of the delays and difficulties that had been and would be encountered in the restoration of trade to anything like the pre-war pattern between Canada and Europe. There was no disposition to underestimate the importance of the United States market for Canada and the desirability of removing, to the fullest possible extent, barriers in the way of trade between Canada and the United States. Indeed, the fullest development of this trade may, in certain circumstances in the future, be the only firm foundation for our economic stability and prosperity. Nevertheless, to decide in such a short space of time on a matter of such fundamental importance would be difficult in any circumstances; especially so in present circumstances. There must be, of course, adequate time for the preparatory educational work which would be required. Otherwise, uncertainty, confusion and possibly misunderstanding as to the real purpose of the policies recommended would follow. There is another reason why it would be difficult to meet the timetable involved if a decision to go ahead were made now. It is probable that the proposal for a North Atlantic Area Security Pact may be made public within a few weeks. This is a matter of such

great importance in its relation to the present international situation, and will arouse so much attention and discussion in this country, as well as in the United States, that to confront the Canadian people at the same time with this issue and with the problems involved in the proposed economic arrangements would be of doubtful wisdom from the point of view of achieving both objectives with a minimum of controversy. It was felt, therefore, that the energy and attention of the Government here should be concentrated at the moment on the problems involved in the North Atlantic Security Pact and on the necessity of rallying the Parliament and people wholeheartedly around that Pact and the policy which it embodies. There is no disposition here, however, to forget for a moment the importance of the trade relationships between Canada and the United States, and the necessity of continuing to work toward freest possible trade between the two countries along lines already begun. In this connection, it was thought that trade discussions might begin again if and when a satisfactory North Atlantic Security Pact is signed. It would be natural for these discussions to be related to the Pact as they are concerned with measures for economic defence against aggression. It might also be desirable later to add the United Kingdom to such discussions. If, in fact, the discussions could be somewhat widened in this way, it would remove one of the political obstacles to bilateral arrangements at the present time for free trade between the two countries.

I would be grateful if you would explain the position to Hickerson along the above lines, emphasizing that we are very much aware of the importance of the work that has been done, and the desirability of continuing that work at the earliest possible opportunity. The position following the signature of the North Atlantic Pact might provide that opportunity for the two and possibly the three governments. Ends.

649.

DEA/5420-40

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

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

Ottawa, April 2, 1948

THE EXPORT OF NATURAL GAS TO SOUTHWESTERN ONTARIO
BY UNITED STATES COMPANIES

In May 1947 it was pointed out to this Department by both the Ontario Government and the Union Gas Company that a very critical shortage of natural gas was in prospect for Southwestern Ontario during the winter of 1947-48. The gas for this area was being supplied by the Panhandle Eastern Pipe Line Company of United States, but the export of gas to Canada which was authorized by order of the Federal Power Commission had a very low priority.

Accordingly in February 1948, the Union Gas Company applied for a hearing before the United States Federal Power Commission in order to raise their priority

on the Federal Power Commission permit of the Panhandle Company. With a view to this hearing, informal representations were made by the Canadian Embassy in Washington to the State Department, who in turn passed a Note to the Federal Power Commission on our behalf.

However, since apparently every customer of the Panhandle Company has been complaining, the Federal Power Commission has decided to have a general hearing on April 7th. The Federal Power Commission is an independent agency of the United States Government before whom individuals or corporations normally appear. However they also grant permission for a government to appear as an interested party. It is therefore expected that all of Panhandle's main customers, and a good many of the states and cities served by them, will undoubtedly be making strong pleas to get their supplies assured or increased. Therefore it is possible that the supply to Canada, along with all those granted to United States sources, will be increased. There is also however a very strong possibility that in the face of the Union Gas Company's competition with United States' companies, we may get lost in the shuffle.

It is evident that to achieve any success for the Canadian company it will be necessary to bring every pressure to bear on the Federal Power Commission. Therefore the question arises of the desirability of having the Dominion Government intervene directly in the hearings before the Federal Power Commission in support of the Union Gas Company. This would involve the appearance before the Commission of some representative of the Canadian Government, probably from the Canadian Embassy in Washington, since it is not possible for the State Department to appear publicly before the Commission in support of the Canadian company's petition.

The chances for success in those hearings in respect to the Union Gas Company are not very high, but the possibility exists, that should we decline to appear, the Ontario Government which has followed the situation closely might itself intervene directly in the hearing. Should any increase in supply then subsequently be granted to Canada, the Ontario Government might take this opportunity to draw attention to the role played in this success by its own Government, vis-à-vis, that of the Dominion Government.

I therefore seek your guidance as to whether a representative of the Embassy or of the appropriate Department in Ottawa should appear before the Federal Power Commission as an interested party on behalf of the petition of the Union Gas Company.³⁰

L.B. P[EARSON]

³⁰ Note marginale :/Marginal note:

Should we not inform Ont[ario] Gov[ernment]t that we intend to appear and invite them to join us if they wish to do so? St. L[aurant]

650.

DEA/288 (S)

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

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

TELEGRAM WA-951

Washington, April 3, 1948

TOP SECRET

Following for Pearson *only* from Wrong, Begins: My WA-918 of April 1st† concerning postponement of our decision on the economic proposals.

I have had two or three brief discussions with Hickerson since I gave him the gist of your EX-846 of March 31st. They are disappointed, and at first he and Willoughby advocated a meeting between Lovett and the Prime Minister when the latter is returning through Washington next week. He tells me now that he has had a long talk with Lovett this morning, at which Tyler Wood was also present. While Marshall, Lovett, and Harriman would all like very much to go ahead on the original timetable, Lovett recognizes the force of our reasons for delaying our decision for a while and considers it best that he should not seek to discuss the matter with Mr. King. I agree, on the ground that it would be preferable for Mr. King to consider the question again with the Ministers concerned in Ottawa before it is raised with him directly by the Acting Secretary of State.

2. Hickerson says that Lovett does not in the least like any suggestion of a direct connection between the Defence Agreement and the economic proposals, on the ground that this would create opposition to the Defence Agreement by some of the interests affected by the economic proposals and that it would be represented by them that the State Department was using the Defence Agreement as camouflage for furthering economic measures not directly concerned with defence. He added, however, that they intend to leave in the Defence Agreement general clauses on the lines of your draft looking towards economic co-operation between the parties. I said that if it was decided to proceed with both sets of proposals, there would be plenty of time for us to concert our tactics later on on the method of presentation of the economic arrangements. Ends.

651.

DEA/283 (S)

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures
Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-1038

Washington, April 10, 1948

TOP SECRET

Following for Pearson *only*, from Wrong, Begins: In a message to you yesterday morning I passed on information given me by Hickerson about the security talks. You will note that, as might have been expected, the timetable has already begun to lengthen. If a Presidential statement is not made for some weeks and if the Conference of the North Atlantic Powers either does not take place at all or does not meet until June or July, any prospect of going ahead with the economic proposals this year will disappear. Hickerson and Willoughby are both concerned that the party conventions may insert in the platforms planks of the usual character, especially about the protection of farmers, and that this would make it more difficult to take up the economic proposals again at a later stage. My own judgment is that if the security talks cannot be speeded up, we shall have to drop the economic proposals, at any rate until 1949, when the climate may have become far less favourable, unless we reverse our decision to await the outcome of the security negotiations before proceeding with the economic proposals. I do not suggest that we ought to reverse it, but that is the position as I see it. Ends.

652.

DEA/288 (S)

*Note du directeur, Direction des relations économiques
du ministère des Finances³¹*

*Memorandum by Director, Economic Relations Division,
Department of Finance³¹*

TOP SECRET

[Ottawa, April 21, 1948]

The arrangement under exploration — which probably would take the form of a treaty — has been explained orally. The purpose of this memorandum is not to assess pro and con the merits of the proposals in detail but rather to fill in the background from which they emerge and to develop briefly certain attendant considerations which, per se, are vital to an appraisal of the proposals themselves.

³¹ Cette attribution et la date s'appuient sur le contexte et les commentaires contenus dans la lettre de Pearson à Robertson (document 654). La copie qui se trouve dans ce dossier porte la date écrite à la main du 26 avril 1948, mais ce n'est pas exacte.

The attribution and date are based on context and comments in Pearson's letter to Robertson (Document 654). The copy on this file has a handwritten date of April 26/48 added, but this is inaccurate.

The Nature of the Proposal

The proposal is to establish simultaneously a long-term free trade arrangement³² between Canada and the United States and between Canada and the United Kingdom. Under the Canada-United States Free Trade Arrangement;

Canada would;

1. Remove immediately all customs duties against imports from the United States.

2. Retain for a period of 5 years transitional quotas on substantially the items (more than 300) now subject to balance of payments restrictions. The existing prohibitions would be replaced by quotas and all quotas would be progressively enlarged so that all restrictions against United States goods are completely eliminated at the end of 5 years.

3. Reserve permanently the right to impose seasonal quotas on imports of fresh fruits and vegetables.

The United States would;

1. Remove immediately all customs duties against imports from Canada.

2. Transform existing tariff quotas on 8 items into larger absolute quotas which are to be increased progressively. These are to be completely eliminated at the end of 5 years when all forms of restriction against Canadian goods will have been removed.

3. On the basis of the arrangements entered into in the International Wheat Agreement reserve the right under a special protocol to impose quotas on imports of wheat and flour.

Under the Canada-United Kingdom Free Trade Arrangement:

Canada would propose to the United Kingdom to;

1. Remove immediately all customs duties against imports from the United Kingdom.

2. Remove immediately all existing quotas and other balance of payments restrictions against imports from the United Kingdom.

3. Reserve permanently the right to impose quotas on the imports of woollen goods.

The United Kingdom

The United Kingdom would be asked to remove immediately all customs duties against imports from Canada. Obviously, the United Kingdom could not at this time remove the balance of payments restrictions against Canadian goods. Therefore, she would continue to impose these until her external financial position warranted their removal.

The proposed Free Trade Arrangements between Canada and the United States and between Canada and the United Kingdom would relate solely to matters concerning the importation and exportation of goods. They would not include commit-

³² Note marginale :/Marginal note:
not customs union.

ments regarding political, constitutional, financial, or any other matters. Each country would retain full autonomy with respect to its own tariffs and commercial policy regarding third countries. In short, the proposed arrangement would be confined to matters which are ordinarily dealt with in traditional trade treaties; the essential difference being that instead of reducing import restrictions they would ultimately be completely removed. From the purely economic point of view, one of the outstanding difficulties in any scheme such as now proposed between Canada and the United States arises out of the problems of adjustment of Canadian industry to the initial impact of free competition from the United States. One of the particular features of the present proposal is that it would in large measure take care of this problem. Canada would, in effect, be given a five year transitional period during which adjustments can be made in a manner which involves the least amount of disruption and loss. The United States on the other hand would not have a transitional period except for a very limited number of items, and Canada would gain immediate free entry into that large market. The special circumstances which make this possible at the present time are set out below.

1. Canada's present weakness in respect of her balance of payments position is, ironically enough, the basis of her strength in trade negotiations with the United States at this moment. Quantitative restrictions have been applied to a very wide range of dollar imports and the impossibility of removing these (on balance of payments grounds) makes possible their use as a device to provide protection to many Canadian industries during the necessary period of transition. In no other way could such a transitional period have been attained for Canada.

2. The disparity in price and cost levels of the two countries becomes for the moment a very favourable factor from the Canadian standpoint. Because of the high prices prevailing in the United States for most, if not all, of the products Canada is equipped to export, and because of the overall scarcities in supply which give rise to those prices, the United States negotiators feel warranted in recommending concessions which in more normal times they would consider to be out of the question.

3. The price-disparity referred to in the preceding paragraph is particularly marked in agricultural products and is the basic reason why it is possible to obtain terms in the agricultural field of such nature as, in effect, to reverse as far as Canada is concerned the traditional United States policy in respect of the imposition of quantitative restrictions upon Canadian imports of farm products.

4. The unusual circumstances that may make possible what is from the United States viewpoint an unusual proposal have in themselves an unique feature; they may never again occur in combination. Moreover, their period of duration, even on a transitory basis, is uncertain. Improved supply will diminish the price differential as between the two countries; tomorrow's large-scale production in the United States will inevitably entail price reductions; a surfeited market may mean a recession — and with the threat of recession would disappear all hope of a renewal of today's offer. Indeed, it would seem that unless immediate final consideration can be given and a definitive reply forwarded within the next week or ten days, the

opportunity will have passed in so far as concerns action during the present session of Congress.

SOME LONG TERM CONSIDERATIONS

1. *The Re-establishment of Canadian Trade on a Self-supporting and Sound Basis*

The present Canadian difficulties are due to the collapse of the United Kingdom-European leg of the traditional economic triangle upon which the Canadian economy has been built. In seeking to overcome these difficulties we must either (a) rely upon the possibility of restoring the financial ability of the United Kingdom and Western Europe to import from Canada upon a greatly enlarged scale, or (b) take positive steps by means of restrictions to substantially and permanently reduce the volume of imports from the United States and thereby endeavour to obtain our requirements from other sources at much higher costs; or (c) achieve a much higher degree of economic self-sufficiency; or (d) greatly expand our exports to the United States. The possibility of achieving the first alternative in an adequate way is doubtful, to say the least, and involves a very large measure of risk. The second and third alternatives would mean painful readjustments and a permanently lower standard of living. The fourth alternative, namely free access to the United States market, would mean a permanently greater economic integration with the United States. In assessing the implications of that greater integration, we must consider what would happen if the other alternatives fail. If they do, then economic dependence upon the United States is inevitable. The question, therefore, is, should our future economic relations with the United States be established as soon as possible on a self-supporting basis through unrestricted access to markets, or should we run the risk of becoming an economic suppliant when our bargaining position is weak.

In any case, at the present time, the maintenance of our large volume of external trade is very heavily and directly dependent upon the willingness of the United States Congress to vote money for large purchases in Canada. What would happen if that money should no longer be forthcoming, or if the United States should be able to obtain adequate supplies for its foreign assistance program from its own sources, which it could do in the case of a business recession? Even if the Congressional appropriations should continue to be forthcoming because of military necessities, etc., it would seem undesirable that the prosperity and development of our economy for an indefinite period should be determined so powerfully by the conditions and pressures that could easily and naturally be attached to the expenditures of United States money in Canada. This is the question that must be pondered in considering the matter of motives, Canadian sovereignty, and the safeguarding of our political identity in any meaningful sense.

We are asked, on the other hand, to consider what appears to be a unique opportunity at the present moment to establish our economic relationships with the United States on a self-supporting basis — the basis upon which nations must usually achieve the command of their own destiny. Should we seek to command our destiny on such basis or should we risk the great uncertainties involved in proceeding along the present course in the hope that the economic fabric which the war has torn apart will ultimately be re-established in its old forms?

2. The Possibility of Opportunities in the Future

It is possible that an opportunity may arise in the not too distant future under which wider trade arrangements may be worked out with the United States in circumstances which remove some of the difficulties from the Canadian standpoint that exist at present. Such an opportunity may arise in the event of some dramatic development in the economic relations between the United States and the United Kingdom, or between the United States and Western Europe. These possibilities, however, are matters of speculation and conjecture. Also, an opportunity may possibly arise in the event of some economic crisis in our relations with the United States in the future. While these possibilities may exist, it is the carefully considered conviction of those who have worked on the technical aspects of the present proposal that it is highly unlikely that such satisfactory terms, in both the economic and political sense, could again be obtained for Canada. Indeed, under the swiftly developing events of the present, this situation may be modified very quickly.

There is the further possibility that Canada might at some time again have a chance to make another, but less comprehensive, trade agreement with the United States along traditional lines. There is, however, a major difficulty inherent in this possibility which arises out of the fact the field has been pretty well exhausted by the three agreements that have been negotiated since 1935. Generally speaking, as a result of these three agreements, Canada has, with few exceptions, already gained favourable access to the United States market for primary products. On the other hand we have made virtually no progress with respect to manufactured goods and the rates against Canadian products remain high — for the most part prohibitive. In any further negotiations along the old lines, we would not be entitled, nor would the United States be in a position to give, significant concessions to Canada on manufactured goods under the most-favoured-nation rule because we have not been the principal suppliers. This will be the situation in the future as it has been in the past. If in the further development of our trade relations with the United States we rely upon the procedures which are possible under the MFN rule, it will take a very long time before we can achieve the outlets required for the full industrial growth of which our economy is capable — outlets which we may need most urgently should the optimistic and perhaps slender hopes in other directions not be fulfilled.

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DEA/288 (S)

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

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

TELEGRAM 586

Ottawa, April 22, 1948

TOP SECRET

Following for High Commissioner *only* from Pearson: Regarding your telephone conversation yesterday, we had a two hour meeting with the Ministers concerned in the afternoon, when the whole question was gone into thoroughly. The great advantages to Canada of the arrangement in question are thoroughly appreciated, but after very careful consideration it is felt to be quite impossible to take the necessary action in Parliament here during the present session. The Parliamentary time-table and political circumstances are over-riding in this regard. However, it was felt that it may be most desirable to proceed with this idea before long, when circumstances will be somewhat different. It is recognized, of course, that whereas the circumstances may be better for us from one point of view several months hence, they may be much less advantageous from another point of view. However, it was felt that this risk had to be taken.

The other parties concerned are being told today in Washington very frankly of our difficulties which makes action at this time impossible. At the same time, it will be impressed on them that we greatly regret these difficulties and that it is far from the intention of the people concerned here to abandon the idea and it is their hope that it may be brought forward again possibly in the autumn, though more likely, early in the new year. We can only hope that the peculiar combination of circumstances which might have made the arrangement acceptable now to our friends below will still exist then.

654.

L.B.P./Vol. 13

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

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

TOP SECRET AND PERSONAL

Ottawa, April 22, 1948

Dear Norman [Robertson],

I have just sent you a brief telegram reporting, somewhat cryptically, on the meeting which was held yesterday to discuss the United States-Canadian trade discussions which have been going on, as you know, for some time in a very secret, purely official and exploratory way.

As Graham [Towers] has no doubt told you, the Ministers concerned decided, some time ago, that it was impossible to decide to go ahead with this matter with a view to securing Parliamentary action this session. However, no final decision was conveyed to the United States officials, as it was felt that developments in other fields might change the position. The Prime Minister, for instance, thought that a major change in trade policy of this character might, in some way, be related to the deliberations and conclusions of the Atlantic security conference. In short, the matter was more or less left in the air until the situation in regard to the security talks in Washington became a little clearer. This lack of a final decision has recently become embarrassing to Deutsch, who is being pressed by Willoughby for information as to the Canadian attitude. He naturally wants some kind of a light from Ottawa, either red or green. If it is "green" they would then feel free to take the next step, an approach to the President and, presumably, Congressional leaders. In other words, the United States officials want rather more of a commitment from the Canadian Government at this time than their own Government is being called on to make. At least, that is how I interpret the position.

My own anxiety was that the matter should be allowed to drop without sufficient consideration being given to it by the Ministers. As you know, there could hardly be for us a more important or far reaching arrangement than that which McKinnon and Deutsch have been working out with their opposite numbers in Washington. It would be unpardonable if this proposal were dismissed without the Ministers being given an opportunity to understand all of its implications, and appreciating its full importance. For that reason, I have been trying to arrange, since the Prime Minister returned from Williamsburg, a meeting where the matter could be discussed seriously and at length. I also asked Deutsch and McKinnon to outline the proposals in a memorandum, and to develop on paper the considerations which would make possible a proper understanding of them. This has been done, and yesterday the opportunity arose of reading this memorandum, which was a very effective one, to the Prime Minister and Messrs. St. Laurent, Howe and Abbott, and of going over the whole question again with them. The meeting lasted for more than two hours, and I am satisfied that, whether the decision taken was the right one or the wrong one, it was at least taken after a pretty complete analysis of the whole position. It is, of course, true that only four Ministers were present, but it is equally true, I think, that the presence of the other Ministers would not have altered the decision reached.

Hector McKinnon and I emphasized, to the best of our ability, the very great advantages to Canada of the proposal as outlined, and the improbability that we would ever get, in the future, as valuable concessions from the Americans, because the circumstances which make it possible for them to give such concessions now are not likely to exist again, at least to the same degree and in the same combination. The Prime Minister then spoke very fully and very frankly about the whole business. He agreed with us that, from the economic point of view, there was everything to be said for the proposal and little against it. He also agreed that the situation which might make it possible for the present Congress to adopt free trade legislation might not exist a year from now. However, he did not think that there was any possibility of taking the necessary action in this session of Parliament and,

indeed, he did not see how the present Congress could find time to take the necessary action in Washington. Free trade with the United States and the United Kingdom was a matter of such political importance that it could only be brought about after careful planning, long discussion inside and outside Parliament and possibly after a general election. Mr. King seemed quite emphatic that the Conservatives would seize on this issue, if it were placed before them, in order to force an early election. They would distort and misrepresent the proposal as an effort on the part of the Liberals to sell Canada to the United States for a mess of pottage. All the old British flag waving tactics would be resurrected by the Conservatives. It would be no use trying to prove that free trade was quite a different thing from a customs union. The distinction would be blurred in the argument and lost in the heat of the resulting controversy. The Yankees would be taking over Canada, especially if both parties in Washington agreed (as we were told that they would) that this was a "good deal" for the U.S.A. The less controversy there, felt Mr. King, the weaker the Government's position here.

In short, a bitter political battle would ensue, and this at a time when he, Mr. King, was withdrawing from public life and a Liberal Convention was about to be held to choose a new leader and construct a new party platform. From the political point of view of the Government here, the timing could hardly be worse. If a new leader had been chosen last autumn, and a new Liberal platform then adopted, which included a plank for free trade, then the situation would be entirely different and it might be possible to push the matter through in the present session. However, that was not the case now, and it was idle to expect action to be taken at this time. Mr. King's colleagues were, I think, convinced by him that the timetable suggested by the Americans could not be met. They all felt, however that an election issue of this kind would be a magnificent one for the Liberals, and would sweep the country. They did not seem nearly as worried by the possible revival of the old annexationist cry as Mr. King was. Mr. Howe, in fact, almost gloated over the possibility of such an election campaign. He thought they could wipe the Conservatives out if the Government proposed free trade with the United States and the United Kingdom and the Opposition fought it. In any event, whatever might be the attractions or otherwise of an election on this issue, the four Ministers agreed that it was impossible to proceed with the matter in the present session. I felt that three of them felt particular regret at the necessity of coming to this conclusion.

This decision having been taken, it seemed to me of very great importance that it should be conveyed to the Americans in such a form as to remove any feeling in their minds that it had been turned down because the proposals themselves were not satisfactory; or that the Ministers concerned were lukewarm in their appreciation of their advantages to both countries. One difficulty in conveying this thought to the Americans was that certain members of the Cabinet, notably Mr. Gardiner, had not been kept informed of these preliminary developments, and therefore any information to Washington had to be kept very strictly confidential and attributed not to the Government but only to certain members of the Government. If Mr. Ilsley and Mr. Gardiner were told about the decision reached by the Prime Minister (there would be much reluctance to do this) and were to support that decision, this would make it possible for the Prime Minister to write a personal note to Mr. Tru-

man, emphasizing the Government's great appreciation of the importance and value of the proposals and explaining the political difficulties that prevent their acceptance at this particular moment. Such a letter would make it difficult for the Americans in the future to say that their proposals were "turned down". At the moment, however, the decision has merely been to have the information conveyed to the Americans in such a form as to remove any misunderstanding on their part that the proposals themselves are objectionable or that their importance is not appreciated here. Also, it is to be conveyed to them that, at the earliest possible opportunity, the two Governments should take the matter up again. For the above purpose I have been in touch with Hume, by telephone, and he and Deutsch will deal with the matter at the Washington end.

I cannot help but feel that a very great opportunity has been missed. If only the Government had taken this matter actively in hand, two or three months ago! It is not less than tragic that other things were allowed to interfere and that the moment has passed when immediate action could have been taken. It is a sad reflection on our sense of comparative values that so much time has been spent on so many things during the last two or three months of infinitely less importance than these proposals. They now have to be suspended merely because of lack of time. Yet, if they could have been accepted by the Government and converted into law by the present Parliament, they might have had a decisive strengthening effect on the whole economy of the country against the day when such strength is bound to be needed. I think that "we have missed the bus", even if we have saved the timetable!

Yours sincerely,

L.B. PEARSON

P.S. I have just heard that John Deutsch has told Willoughby about the decision referred to above. It was taken very well, though with natural disappointment. Willoughby seems to understand the timing difficulties. Hume [Wrong] will be mentioning the matter (possibly with Mr. Howe) to Lovett and Hickerson on Monday.

655.

DEA/288 (S)

*L'ambassadeur aux États-Unis
au sous-secrétaire d'État aux Affaires extérieures
Ambassador in United States
to Under-Secretary of State for External Affairs*

TOP SECRET AND PERSONAL

Washington, April 28, 1948

Dear Mike [Pearson]:

Yesterday afternoon I accompanied Mr. Howe on a call which I had arranged on Mr. Lovett. I had told Mr. Howe that the reason why I wished him to see Mr. Lovett was so that Mr. Lovett could get from him an account of the political difficulties which prevented the Canadian Government from pursuing at present the economic proposals developed by McKinnon and Deutsch on our side and Willoughby and some others on the side of the State Department.

When we reached this subject, Mr. Howe said in most explicit terms that the responsible Ministers in Ottawa were greatly attracted by the proposals and would be prepared to conclude an agreement on this basis when our domestic political conditions made this possible. He referred to the impending change of leadership in the Liberal Party and to the reluctance of the Prime Minister to undertake a project of such great importance on the eve of his own retirement. He said that what he would like to see would be for the negotiations to be resumed late this year or early in 1949 and implied that if they could then be successfully completed, the government would in all probability dissolve Parliament and appeal to the people on this as the primary issue. He touched on the relationship between the economic proposals and the security discussions, but based the objections to further progress at present primarily on the domestic political situation.

Mr. Howe also mentioned the intention to include in the platform to be adopted at the Liberal Convention a general resolution in favour of the abolition of customs duties over wide areas. In response to an enquiry from Tyler Wood, who was with Mr. Lovett, he made it clear that this plank would not refer directly to the United States but would be expressed in general terms. Wood was concerned lest a direct reference to the United States would result in the introduction of the issue in the election campaign here, but I think that he was satisfied by Mr. Howe's explanations, especially in view of the possible development by that time of the plans for the Customs Union or free trade areas in Western Europe. Mr. Howe mentioned that we should have to offer to the United Kingdom treatment similar to that offered to the United States, adding that the acceptance of this would, of course, involve the abolition of preferences between Canada and the United Kingdom.

Mr. Lovett made no objection to postponing the matter and putting the proposals into cold storage for the present. Indeed, he went on to say that this would suit the domestic political conditions in the United States better than any effort to go ahead before the elections. He has clearly become concerned over the difficulty of securing congressional approval and has come round to the view that it would be best to wait for a newly-elected Congress before anything definite comes into the open. This should, I think, lay to rest any possible feeling here that the proposals have been turned down because they were not regarded as satisfactory by the responsible Ministers in Ottawa. It has been my own judgment for some months, in any case, that the political timetable here would in the event have made it impossible for the Administration to get any action from Congress in 1948. I am, however, relieved to know that this opinion is now shared by Mr. Lovett.

As he may have told you, Deutsch explained the position fully to Willoughby when he was here last Friday. Wood has now heard the story direct from Mr. Howe during the discussion with Lovett. I shall have a further word about it with Hicker-son when I next see him.

Yours sincerely,
H.H. WRONG

656.

DEA/288 (S)

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

TOP SECRET

[Ottawa], May 3, 1948

CANADIAN-UNITED STATES TRADE ARRANGEMENTS

You will recall that, after the meeting the other day in your office to discuss the above, it was agreed that every effort should be made to convey to Washington the decision regarding the suspension of informal discussions on the official level in such a way as to remove, if possible, any impression that the Canadian Ministers did not appreciate the importance of the matter or the economic advantage to Canada of the suggestions that had been made. The attached personal letter from Hume Wrong to myself indicates that there is little risk of Washington misunderstanding the situation. Mr. Howe seems to have had a very satisfactory talk with Mr. Lovett on the matter. Mr. Deutsch also reports that he had an equally satisfactory talk with the United States official in Washington with whom he had been dealing.

L.B. PEARSON

657.

DEA/288 (S)

*L'ambassadeur aux États-Unis
au sous-secrétaire d'État aux Affaires extérieures*
*Ambassador in United States
to Under-Secretary of State for External Affairs*

TOP SECRET AND PERSONAL

Washington, May 5, 1948

Dear Mike [Pearson]:

In continuation of my letter of April 28th, I have spoken to Hickerson today about our inability on political grounds to go ahead with the economic proposals, and told him what he had apparently not heard before, that Lovett had said to Mr. Howe and myself that in his judgment the State Department would for domestic reasons not have been able to go ahead now even if we were willing.

Yours ever,

HUME [WRONG]

658.

DEA/288 (S)

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

TOP SECRET AND PERSONAL

Ottawa, May 6, 1948

My dear Pearson:

RE CANADIAN-UNITED STATES TRADE ARRANGEMENTS

I thank you for your memorandum of the 3rd instant, enclosing a copy of a personal letter from Hume Wrong to yourself of April 28th, in regard to the above.

In your memorandum you say: "The attached personal letter from Hume Wrong to myself indicates that there is little risk of Washington misunderstanding the situation. Mr. Howe seems to have had a very satisfactory talk with Mr. Lovett on the matter. Mr. Deutsch also reports that he had an equally satisfactory talk with the United States official in Washington with whom he had been dealing."

When I read Mr. Wrong's letter to you setting forth Mr. Howe's conversation with Mr. Lovett, I felt at once that, far from there being no misunderstanding in this matter, there was evidence in what it set forth of the greatest possible misunderstanding, and that I should immediately have a word with Mr. Howe concerning the matter. This I had yesterday afternoon at which time Mr. Howe informed me that he had given Mr. Lovett no assurance whatever concerning any agreement being concluded, and that if such an inference were drawn, clearly it was wholly unjustified.

There has been some misunderstanding which it is obviously desirable to have cleared up just as soon as may be possible. Without seeking to unravel the situation one way or the other, I think I should let you have, for purposes of future reference, a statement of the situation as I myself have viewed and understand it.

As I may not be a member of the Administration when the subject may come up for further discussion, it is desirable, I think, that there should be no room for misunderstanding between my colleagues and myself as to what the position is, and equally no room for possible misunderstanding, if that can be avoided, between the United States authorities and our own, as to just what has thus far been considered. To this end, I attach, in very rough outline, a memorandum giving the essential features as I recall them.

Yours sincerely,

W.L. MACKENZIE KING

[PIÈCE JOINTE/ENCLOSURE]

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

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

TOP SECRET AND PERSONAL

[Ottawa], May 6, 1948

RE CANADIAN-UNITED STATES TRADE ARRANGEMENTS

My knowledge in regard to the above is limited to what has taken place at two or three conferences.

The first, a short conference between Mr. Abbott, Minister of Finance, and myself at which Mr. Abbott mentioned that certain of our officials had been talking over with certain American officials, in an informal manner, possible changes in tariffs between the two countries which, in the course of a certain time, would lead largely to their elimination, in whole or in part, the object being gradually to bring about a condition favourable to balancing of trade between the two countries.

A conversation at which one or two of the officials went over with Mr. Abbott and myself, and possibly one of the other Ministers, what was being considered.

Another conference at which officials went over matters, in a similar way, with Mr. Abbott, Mr. St. Laurent, Mr. Howe and myself.

A fourth conference at which you, yourself, Mr. Abbott, Mr. Howe, Mr. St. Laurent and one or two or three of the officials were present.

There was, I believe, one other conference at which either Mr. Abbott or Mr. St. Laurent or both were present — with Mr. Howe — while I was absent at Williamsburg.

At the different conferences, what was being thought of was reviewed in a general way, but with the exception of discussing the matter very broadly in principle, the discussion related mostly to what was alleged to be an all important aspect of the matter, namely, a decision in principle which would enable the United States officials to carry the matter to a higher level with the possibility thereafter, of an effort being made to secure the approval of the President, and to secure agreement between the two political parties in the United States, which would result in the matter being brought to Congress within a few weeks thereafter, at the latest.

From the very beginning, it seemed to me that, if the timetable suggested were an important factor, and we were told that the chance might never come again if we were not able to meet it, there was very little use pursuing the matter much further; that an agreement would involve legislation by our Parliament, and that it would be quite impossible to have legislation put through in the time suggested.

While the idea of tariff reduction or elimination made its appeal as being in accord with the policy of the Liberal Party, it was recognized that an agreement with the United States would involve negotiations with the United Kingdom as well; also consideration of the European situation and such debatable matters as preferences which would affect other parts of the Commonwealth. It was indeed

out of the question to think of attempting to finalize a matter of the kind within weeks, or for that matter within months.

At the last meeting it was quite clear to the Ministers present that the conclusion of any agreement of the kind would have to be based on some general resolution. Seeing that a Party Convention was being held in August the conclusion of any agreement of the kind would have to depend, or should be based, upon an appropriate resolution respecting tariffs which would be included in the Liberal platform to be adopted at the conference; that it should be followed thereafter by a resolution in Parliament, and then when sufficient support had thereby been secured, negotiations might begin with the United States authorities.

I should stress that the purpose of all the meetings was to make sure at the beginning that the general principle would likely be acceptable to the Cabinet. It was recognized from the start that authorized negotiations could only proceed after the matter had been discussed in the Cabinet and agreed to by the Cabinet generally.

Since we have been led to believe that the timing element was so all-important that the chance of securing an agreement depended upon negotiations being concluded within a very limited time, it was felt that unless the few Ministers who had been spoken to in the matter were agreed that the objective should be accomplished in the time suggested, it would be a mistake to allow the officials to continue their preliminary discussions with a view to having any agreement effected in the course of the next month or two.

As all who had been taken into confidence including the Minister himself, were of the opinion that the possibility of concluding an agreement within a limited time was wholly out of the question, it was decided that it would be unwise, as well as unnecessary, to bring into conference even on the question of the principle, any other members of the government. It was decided that the United States officials should be so informed.

Let me make quite clear that the Ministers who had any knowledge of the matter were limited to those whose names I have mentioned. Other Ministers, even senior, were not spoken to about the matter.

The proposals were never discussed in detail. The general proposal was regarded as having much that was attractive about it, but it was recognized that what would have to be most carefully considered of all were its implications and the sort of political controversy to which it would give rise.

At no time was there, either directly or indirectly, an understanding that the Government would be prepared to conclude an agreement on the basis of what was proposed.

The question of possible further procedure was left wholly in abeyance. Nothing was decided one way or the other.

An important feature of one of the discussions was that a proposal of the kind might best be considered in connection with certain security discussions. The question of the possible abolition of preferences between Canada and the United Kingdom may have been mentioned, but was never discussed.

The second last paragraph of Hume Wrong's letter would seem to indicate that Mr. Lovett had come to see the whole question of timing in precisely the light in which it was viewed by our Ministers from the outset.

W.L.M. K[ING]

659.

DEA/288 (S)

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

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

TOP SECRET AND PERSONAL

Ottawa, May 7, 1948

Dear Hume [Wrong],

With reference to your letter of April 28th and my telephone call of yesterday on Canadian-United States trade discussions, I would be grateful if you would ascertain from the State Department whether any record was made of the conversation on April 27th between Mr. Lovett, Mr. Howe and yourself. If that record should prove to be inaccurate in certain respects, or such that it might give rise to misconceptions in the future regarding any commitments which may appear to have been made on the Canadian side for future discussions or action, would you please have the necessary changes made.

Mr. Howe feels that, in one or two places, your report of the conversation gives an impression that more specific statements and predictions were made by him than he recalls as being the case. Particularly, he feels that the second paragraph of your letter should read as follows: "When we reached this subject, Mr. Howe said that the particular Ministers in Ottawa who had examined these proposals were attracted by them and, so far as they were concerned, would be prepared to consider the possibility of concluding an arrangement based on them, when domestic political conditions made this possible. He referred to the impending change of leadership in the Liberal Party and to the reluctance of the Prime Minister to undertake a project of such great importance on the eve of his own retirement. He said that he hoped that it might be possible to resume the negotiations late this year or early in 1949, and implied that if they could then be successfully completed, the Government might dissolve Parliament and appeal to the people on this as the primary issue. He touched on the relationship between the economic proposals and the security discussions, but based the objections to further progress at present primarily on the domestic political situation."

Similarly, in the penultimate paragraph, the words "responsible Ministers" in the sixth line from the bottom should read "Ministers in Ottawa who had considered them."

Yours sincerely,

L.B. PEARSON

660.

W.L.M.K./J1/Vol. 441

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

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

TOP SECRET AND PERSONAL

Ottawa, May 7, 1948

Dear Mr. King,

I received last evening your letter of May 6th with the top secret and personal memorandum attached on Canadian-United States trade arrangements. When, in my memorandum to you of March 3rd on this matter, I referred to Mr. Wrong's personal letter as indicating that there was little risk of Washington misunderstanding the situation, I am afraid that what I had primarily in mind was the misunderstanding that might arise if the United States felt that the informal and non-committal conversations that had been going on between certain officials of the two governments had been broken off in what seemed to be an abrupt and unsympathetic fashion, which would prejudice their renewal in the future, if this Government ever wished to take that course. I obviously had not given sufficient consideration to the other aspect of the matter; that Mr. Lovett, as a result of his talk with Mr. Howe and Mr. Wrong, might be left under a misunderstanding as to the policy of the Canadian Government in this matter, and the possible relationship to that policy of the discussions which had taken place between certain Ministers of the Government here and yourself.

I have asked Mr. Wrong to ascertain whether any record of the conversation between Mr. Lovett and Mr. Howe was made by the State Department. He will do this and, if the record should be inaccurate or such as to give rise to misconceptions in the future, he will have the necessary changes made.

I have also had a talk with Mr. Howe, who feels that Mr. Wrong's report, in one or two places, might be altered to give a somewhat more exact impression of the discussion as he, Mr. Howe, recalled it. I have written Mr. Wrong, pointing out the places where Mr. Howe thinks that changes might be made.

I am enclosing, herewith, a copy of my letter to Mr. Wrong.

I have not sent a copy of your letter to me to the Embassy in Washington but would, of course, be glad to do this if you so desire.

Yours sincerely,

L.B. PEARSON

661.

W.L.M.K./J1/Vol. 441

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

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

TOP SECRET AND PERSONAL

Ottawa, May 14, 1948

Dear Mr. King,

In regard to Mr. Howe's talk in Washington with Mr. Lovett on Canadian-United States trade discussions, Mr. Wrong has now reported that he saw Mr. Hickerson of the State Department on May 10th, who showed him the record which had been made of the conversation referred to above. This record was brief and, according to Mr. Wrong, not likely to prove misleading, though it contained one or two inaccuracies. It had been sent to only four officers of the State Department so that correction of these inaccuracies was not difficult. For this purpose, Mr. Hickerson and Mr. Wrong have agreed on a memorandum which is to be sent to those who had seen the earlier United States record. Mr. Wrong's memorandum, as agreed on by Mr. Hickerson, is as follows:

"I spoke to Mr. Hickerson today about the status of the economic proposals prepared for consideration by the Canadian and United States experts. I referred to the conversation between Mr. Lovett and Mr. C.D. Howe on April 27th, and said that I wished to be sure that it was clearly understood that these proposals had not been considered by the Canadian Cabinet; in addition to the Prime Minister they had been placed only before the Secretary of State for External Affairs and the Ministers of Trade and Commerce and Finance. In informing the State Department that these Ministers had come to the conclusion that it was impossible to proceed with them at present for domestic political reasons it was not, of course, our intention to leave any impression that there was any commitment on either side to pursue the proposals at a later date. Furthermore, if the proposals were to be revived by agreement between the two Governments, it should not be inferred that the Canadian Government would necessarily make them an issue in a general election or adopt any other particular domestic political procedure.

Mr. Hickerson in reply assured me that no misapprehension had ever existed in the Department of State on this score. It was fully understood that the proposals were only known in Ottawa to the Ministers whom I had named and to a few senior officials; there could be no thought in the mind of Mr. Lovett or of the very few others in the State Department who knew about them that the Canadian Government had entered into any commitment with respect to their future treatment. He would, however, have a word with Mr. Lovett, and make a note for the record of what I had said."

Yours sincerely,

L.B. PEARSON

662.

DEA/48-FS-40

*Le secrétaire d'État aux Affaires extérieures
au secrétaire d'État*

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

Ottawa, June 22, 1948

My dear Colleague,

I should be grateful if you would bring to the attention of the Lieutenant Governor of Ontario the desirability that the Ontario Government should now give favourable consideration to regulations permitting trucking in bond across southern Ontario. The reasons for my wishing to make these representations to the Ontario Government are as follows.

The provisions of Article V of the General Agreement on Tariffs and Trade, which was put into effect by Canada on January 1st, 1948, lay down certain rules governing traffic in transit through the territories of the contracting parties to the Agreement. These rules are to the effect that "goods (including baggage), and also vessels and other means of transport, shall be deemed to be in transit across the territory of a contracting party when the passage across such territory, with or without trans-shipment, warehousing, breaking bulk, or change in the mode of transport, is only a portion of a complete journey beginning and terminating beyond the frontier of the contracting party across whose territory the traffic passes." The Article further provides that there shall be freedom of transit through the territory of each contracting party.

It will be clear to you that this Article would permit United States trucks in transit from Detroit to Buffalo to follow the short northern route and carry goods in bond through southern Ontario. The Federal Government, as a signatory to the General Agreement, has an obligation to do what it can to implement the Article and has already made the necessary amendments in the customs regulations. The matter, however, is one which falls under provincial jurisdiction, and it is my understanding that the Government of Ontario is at the present time maintaining traffic regulations which prevent the carriage of United States goods in bond across the peninsula of southern Ontario.

The importance of fully carrying out our obligations under Article V arises from the general Canadian interest in the restoration of a system of free multilateral trade and from the fact that this particularly was a concession made to the United States in return for certain other concessions of great value to Canada. I may cite in this connection the standardizing of valuations for customs purposes which is laid down in Article VII and should like to emphasize the substantial benefits to be expected for Canadian businessmen from the simplifying and modification of United States customs procedures. One such benefit has indeed already materialized with the recent announcement that in future the Canadian eight per cent sales tax will not be

considered part of the value of goods for the purpose of calculating United States duty.

A continued refusal on the part of Canada to permit trucking in bond may well prejudice the reciprocal benefits we expect to secure under the General Agreement. Representations have already been made by the United States Government on this subject and I therefore wish to urge upon the Government of Ontario the desirability of giving weight to the above considerations in its present discussion of the question of trucking in bond.

Yours sincerely,

LOUIS S. ST. LAURENT

663.

DEA/5420-40

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

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

Ottawa, July 27, 1948

THE EXPORT OF NATURAL GAS FROM THE UNITED STATES
TO SOUTHWESTERN ONTARIO

The United States Federal Power Commission has now published the results of its hearing on the Panhandle Eastern Pipeline Company, and the Union Gas Company of Ontario has been refused its request for an increase in its quota granted under a previous permit of the Federal Power Commission to the Panhandle Company. This request was in reality not for an increase since Panhandle had delivered natural gas to Union on only a very few occasions since the issuance of a permit but rather for an assurance that definite deliveries of natural gas could be made to Union in the future. The only hopeful note given to the Union Gas Company by the Commission was in the intimation that further consideration would be given to Union's situation when certain additional facilities which are now in prospect become available to the Panhandle System.

You will recall in my memorandum of April 2, 1948, I traced the developments leading up to the filing of the petition by Union with the Federal Power Commission and you agreed that the Canadian Government might appear at the hearings as an interested party on behalf of the Union Gas Company. This was done with the knowledge of the Ontario Government with whom we were working in close cooperation on the overall problem of the natural gas shortage in southwestern Ontario. Accordingly members of the staff of the Canadian Embassy in Washington appeared before the Commission and read a statement on behalf of the Canadian Government in support of the Union Gas Company's request.

At the same time a note was sent to the State Department in Washington indicating the grave nature of the natural gas shortage in Ontario and pointing out that the

Canadian Government hoped that when a commodity of prime importance to the economies of both countries becomes in short supply in one country the result of such a shortage would not be to reduce very drastically or even to cut off entirely the export of that commodity to the other country. I have since learned from our Embassy in Washington that this request did not receive much support from the State Department. This is in part believed to be attributable to the reluctance of senior State Department officials to become involved in the affairs of other departments of the Government which might lead to unpleasant situations similar to the newsprint case. However, it is also believed that the State Department's attitude has been influenced by activities of a pressure group in the form of the United States truckers who have made it clear that they see no reason why Ontario should get natural gas at the expense of United States consumers when Ontario will not allow United States trucks to proceed in bond across that province.

The State Department officials evidenced a certain embarrassment when referring to this particular point and they were most anxious to explain that they did not savour putting this issue on any such *quid pro quo* basis. However, I believe this is an example of the difficulties which the Ontario "trucking in bond" issue has created in our general relationship with the United States and that we may expect it to appear in various contexts which on the surface might appear to be unrelated.³³

L.B. P[EARSON]

664.

DEA/2300-40

Note

Memorandum

[Washington, October 4, 1948]

CANADIAN AND UNITED STATES STEEL SUPPLY DISCUSSIONS

On October 1st discussions took place in the office of the Chief of the Metals and Minerals Branch, United States Department of Commerce, Washington, between the following:

Canada

Fred Ashbaugh, Steel Controller
 Alex Skelton, Assistant Deputy Minister of Trade and Commerce
 W.H. Fitzpatrick, Assistant Steel Controller
 John H. English, Commercial Counsellor, Canadian Embassy

United States

Wilson Sweeney, Chief, Metals and Minerals Branch
 John Cassels, Chief, British Commonwealth Branch
 Joseph Palmer, Chief, Steel Section
 Joseph Barkmeier, Assistant Chief, British Commonwealth Branch
 James Mills, Economist, Canadian Section.

³³ Note marginale :/Marginal note:

Would you care to give this information confidentially to anyone in the Ontario Gov[ernment]?
 St. L[aurant]

Early in 1948 as a result of discussions between representatives of the Canadian Department of Trade and Commerce, the Department of Reconstruction and Supply, and the United States Department of Commerce it was agreed that because of the increasing world shortage of steel a close watch should be kept over shipments of steel from the United States to Canada. In order to do this effectively steps were taken to bring Canadian statistical reporting into conformity with the United States practice with respect to steel items. Subsequently the Canadian authorities provided detailed statements on imports of steel each month from the United States and these were analyzed by the British Commonwealth Section of the Office of International Trade to ensure that disproportionately large supplies of steel were not flowing to Canada. At the time it was considered that such action might be sufficient to control the situation despite the fact that, with the exception of Canada, exports of United States steel to all other countries were under strict permit control and allocation.

By July 1948, however, the shortage of steel had become so acute that serious objection was taken by small business in the United States and by other foreign countries under allocation to the fact that exports of steel to Canada were not under the same control as were exports to other countries. The pressure finally became so great that the Department of Commerce, as indicated in my despatch of September 25th, requested discussions with Canadian representatives for the purpose of agreeing on a programme of Canadian steel imports from the United States for the fourth quarter of 1948 which would be appropriate in view of the stringency of the general steel situation.

These meetings took place on October 1st as indicated and were of an entirely friendly and cooperative nature. Subject to confirmation by the appropriate authorities in the two countries, it was agreed as follows:

1. The total amount of steel imported by Canada from the U.S. be limited to 200,000 tons — a reduction of 22% from the average quarterly level in 1947, and of 17½% from the level of the first half of 1948.

2. For the five items most difficult for the U.S. to supply, import target levels would be agreed on as follows:

- | | | | |
|-----------------------------|-------------|---|--|
| (a) Structural: | 35,000 tons | — | 34% below 1947
38% below first half of 1948 |
| (b) Plates: | 17,000 tons | — | 25% below 1947
3% below first half of 1948 |
| (c) Galvanized sheets: | 2,500 tons | — | 23% below 1947
34% below first half of 1948 |
| (d) Pipes, tubes and skelp: | 30,000 tons | — | 10% below 1947
10% below first half of 1948 |
| (e) Wire: | 8,000 tons | — | 3% below 1947
23% below first half of 1948 |

3. Canada undertakes to institute immediately a program of voluntary limitation of imports; to cooperate with the United States in maintaining and exchanging data

on steel; and if necessary, to apply promptly whatever further controls may be required to implement the agreed upon program. The Canadian Government now possesses full powers to take whatever action may be necessary in this field.

4. It would be understood that, in view of seasonal fluctuations, the existence of certain contracts already on the books, and the desire of both countries to avoid any unnecessary development of bureaucratic controls, the targets agreed on will be subject to reasonable margins of tolerance.

5. It was understood that separate consideration would be given to steel required for special projects of a national character in Canada and that any requirements so approved would be in addition to the tonnage set forth in the program.

This agreement if accepted by both the United States and Canada will it is expected meet the criticisms which have arisen within the United States, while at the same time it will not work any serious hardship on Canadian importers of United States steel.

When the proposals have been agreed to it is the intention to issue a joint statement in both Washington and Ottawa setting forth the details of the agreement.³⁴

665.

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-2808

Ottawa, December 7, 1948

For Magann from Moran: Your teletype WA-3063 of December 2nd, to Johnson.†

On December 2nd the United States Embassy here raised with me again the question of trucking in bond in Ontario and advised that a communication from the State Department pointed out that the Truckers' Association was linking this question to the Ontario Hydro application for water diversion.

2. On December 3rd Saunders³⁵ was in Ottawa for an appointment with the Prime Minister. I saw him briefly and discussed with him the problem, telling him of the approach which had been made by the United States Embassy. Saunders' attitude was that there is no relationship between the two problems and from his standpoint he is seeking authorization in Washington for a water diversion to which, in his opinion, he is entitled, that if after his application has been satisfactorily dealt with the United States officials wish him to use his good offices with the Ontario Minister of Highways, he would be willing to do so.

3. I outlined fully to Saunders the background of the trucking in bond situation and explained that the Truckers' Association sends a delegation to Washington

³⁴ Un communiqué de presse fut émi par le département du Commerce des États-Unis le 18 octobre.

A press release was issued by the United States Department of Commerce on October 18.

³⁵ R.H. Saunders, président de la Commission de l'énergie hydro-électrique de l'Ontario.

R.H. Saunders, Chairman, Hydro-Electric Power Commission of Ontario.

whenever it hears of consideration being given to policy covering United States exports to Canada which have importance for Ontario. I told him of the communications which had gone from Ottawa to the Ontario Provincial Government and suggested that it might be useful to both his own cause and the overall interest if, on his return to Toronto, he mentioned to the Provincial authorities that the Truckers' Association, which enjoys a certain amount of political strength, had appeared in Washington to oppose the Ontario Hydro application. Saunders said that he would bring the matter to the attention of the Ontario authorities although he did not propose recommending that they take any action in an effort to assist him. He considers his application to be one which should be approved and if it is not he feels he is now developing sufficient kilowatt hours to enable him, barring unforeseen circumstances, to carry on satisfactorily.

4. I reported to the United States Embassy that I had discussed the matter with Saunders and stated that he would tell the Provincial Government that his application was being associated with the Ontario trucking in bond problem, but that he would make no recommendation as to the action which ought to be taken by the Provincial authorities.

5. I think the United States Embassy here shares the view that there is little more that Ottawa can do at present. Our efforts consist of a letter from Mr. Howe to Mr. Drew, a letter from Mr. Pearson to Mr. Michener at the time he was Provincial Secretary, a telephone conversation between the latter two, a letter from Mr. St. Laurent to the Ontario Government through the normal channels.

6. It is perhaps worth mentioning, for your own information, that there is a feeling on the official level that the problem of trucking in bond should not be linked to wholly unrelated matters but should be argued on the grounds of a commitment under GATT, in which case we can point to undertakings given by the United States at Geneva which have not yet been fulfilled. Message ends.

666.

DEA/3300-40

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

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

DESPATCH 2815

Washington, December 21, 1948

CONFIDENTIAL

Sir:

I have the honour to enclose four copies of a memorandum prepared by Mr. J.R. Murray of the Embassy staff on the question of trade relations between the United States and Canada. The memorandum is divided into two sections. The first section deals with the extent to which the Canadian exports to Western Europe are currently dependent on financing by the Economic Recovery Administration and outlines the principal reasons looking to a marked decline in the financing of "off-

shore purchases" in Canada because (a) of probable reductions in the appropriation for E.C.A., (b) of the greater availability of domestic supplies, especially of agricultural products, (c) of the expected decline in European demand due to increased European production, and (d) of the improvement in the Canadian dollar position. The second section deals with the probable effects on Canadian exports of the agricultural price support program which was adopted at the last session of Congress, together with the possible application of import restrictions by the President under Section 22 of the Agricultural Adjustment Act in order to protect the program.

2. The conclusion is that there is a distinct possibility of a rapid decline in the volume of Canadian exports both directly to the United States and to Western Europe financed by the United States, for the three principal reasons of a sharp reduction in off-shore purchasing in Canada by E.C.A., of increased domestic supplies of agricultural products for export and domestic consumption, and of the possible application to Canadian agricultural products of special import restrictions. The conclusion points to the advisability of seeking to negotiate a new trade agreement with the United States on a broad basis.

I have, etc.

H.H. WRONG

[PIÈCE JOINTE/ENCLOSURE]

*Note du deuxième secrétaire
pour l'ambassadeur aux États-Unis*
*Memorandum from Second Secretary
to Ambassador in United States*

CONFIDENTIAL

[Washington], December 20, 1948

US-CANADIAN TRADE RELATIONS

Now that over one year has passed since the Canadian import restrictions were imposed and we have had eight months experience with ECA, it is interesting to consider the extent to which our international trade now relies on the U.S. market as well as the extent to which actions of the U.S. Government have assisted our position. It would be still more interesting, of course, to be able to predict with some degree of accuracy how much longer the actions of the United States will continue to be as favourable to Canada as they are at the present time. The following subjects seem to be of principal concern:

- (1) Canadian Exports and ECA.
- (2) U.S. Farm Policy.

Canadian Exports and ECA

The extent of the increasing dependence of our exports on the United States market has been expressed often enough since the end of the war. It is rather vividly illustrated in our Balance of Payments forecast for the first ECA fiscal year

(July 1st, '48 to June 30th, '49). The following figures on Canadian exports are either taken from or based on the September Balance of Payments forecast:

Exports to all areas —	\$3,045,000,000
Exports to the United States —	\$1,440,000,000
Exports to ERP countries —	\$1,085,000,000
Exports to ERP countries requiring United States financing —	\$ 649,000,000
Total exports to United States plus exports financed by the United States (ECA) —	\$2,089,000,000

The United States are therefore counted upon either to take directly or to underwrite over \$2,000,000,000 dollars of our total exports of roughly \$3,000,000,000 dollars. Admittedly, it is not known for certain that the ECA will finance the full \$649,000,000 dollar ERP deficit with Canada. However, the prospects of ECA doing so, based on their actions to date, seem very good. As of December 15th ECA have authorized procurement in Canada in the amount of \$566,000,000 dollars. During ECA's first eight months, every time the European countries have been allotted six dollars to spend in the United States and abroad they have been given one dollar to spend in Canada. Naturally, arguments are produced on our side to suggest that if the volume of off-shore purchases was sharply reduced we could divert our ECA-financed exports elsewhere. For many of our major agricultural exports, this point is debatable. Its realization would certainly be painful. When we think, from our own point of view of the *possibility* of diverting our exports, it should be remembered that U.S. officials have already warned us of the *inevitability* of the diversion of their off-shore dollars away from Canada.

We certainly cannot assume that Canadian exports to Europe will continue to be subsidized by the United States at anything like the present rate. In the first place it is probable that the second ECA appropriation will be at least 25 per cent less than the present one. On the mathematical side alone, therefore, there should be considerably less money available for expenditure in Canada. Latin-American countries are also pressing hard to get an increased share of whatever off-shore dollars are available. There are some U.S. officials who believe that the Argentine problem in particular cannot continue to be ignored by the United States much longer.

Secondly, it seems highly probable that next year the United States will be able to take care of a larger share of European requirements than they are at present, particularly in the agricultural field. Owing to the policy which European countries are now energetically pursuing of cutting down their requirements from dollar areas and increasing their requirements from other areas, there should be, in the second ECA year, a noticeable falling off of European demands for North American supplies. When it comes to deciding who will take the reduction in the commodities which will hurt most, there is no need to have a Gallup poll to tell who will lose the contest. The U.S. will have a campaign fund of a little over \$4,000,000,000, most of it available as a free grant. Ours looks as though it will be perhaps \$120,000,000, all in the form of loans, not grants.

In the third place, if our reserve position continues to improve at anything like the present rate, the United States can be expected to adopt the attitude that we are

in a position to provide financing for a much increased amount of our exports. Last week, Mr. Southard, Special Assistant to the Secretary of the Treasury, stated this point in the following terms: the problem in his mind was that if our dollar position becomes increasingly tolerable at the same time as there are less offshore purchases in Canada, would not that raise more insistently than ever the question of Canada's extending increased financial assistance to Europe?

Admittedly we can only speculate on what the year 1949-50 would hold for us in the way of assistance from the United States in financing a large portion of our exports. One great spectre on the horizon is the possibility of another huge U.S. wheat crop. The first forecast of the U.S. winter wheat crop, released December 20th, indicates that this possibility is a very real one. 61,370,000 acres have been seeded for winter wheat. This total, which is roughly 10 per cent more than that set by the Department of Agriculture's Goals Committee, is 5 per cent greater than the largest previous acreage. On the basis of the present forecast of 15.7 bushels an acre (which is two bushels lower than the average yield of the last two years) the U.S. winter wheat crop should be 965,000,000 bushels. With an average spring wheat crop, the total U.S. crop may be more than 1,250,000,000 bushels. Of the \$600,000,000 dollars which had been authorized by ECA at the end of November for wheat and wheat flour \$345,000,000 were for expenditure in the United States and \$255,000,000 for Canada. If the world's wheat supply position improves as much next year, owing to another bumper U.S. crop, as it did during the past year, there would not appear to be any prospect whatever of substantial ECA spending for wheat in Canada.

The statement which we heard last week at ECA that the off-shore purchase policy next year "will have to be determined exclusively in the interest of the United States" is, I think, the first of the signs that the honeymoon of heavy ECA spending in Canada is shortly to come to an end.

U.S. Farm Policy

Some U.S. officials who are deeply interested in encouraging measures designed to bring about the greatest volume of international trade are becoming more concerned about the dangers to international agricultural trade which are inherent in the expanding U.S. farm support programme than they are with any other feature of United States economic policy. If responsible U.S. officials are concerned with this aspect of U.S. farm policy, it is only natural in Canada we should be more deeply concerned. At Geneva and again at Havana, our officials have already experienced some trying times in negotiating with the United States on the trade charter provisions dealing with the subsidization of agricultural exports. The Canadian Government, several months ago, were very loath to compromise with the Americans on this point. Nevertheless, they reluctantly did so on the ground that the charter would not have a ghost of a chance of getting through Congress unless the U.S. point of view was substantially met.

Since these negotiations took place Congress has enacted the most far-reaching farm support legislation, which is designed to make permanent the policy of supporting United States farm prices. The new legislation (Agricultural Adjustment Act of 1948 — Public Law 897) goes far beyond anything which the United States

had before the war in its provisions for supporting farm prices. This legislation, when considered in the light of the most surprising political fact of the last election, — the extraordinary and crucial farm support which the Democrats received — poses beyond any doubt very serious problems for Canadian agricultural exports both to this country and to the rest of the world. The twin threats of exclusion of exports to the United States, such as potatoes, in order to protect an extravagant U.S. price support programme, and the dumping of U.S. surpluses in our traditional export markets, seem now to be potentially far greater than ever before.

Before the war, U.S. support programmes applied to six "basic" commodities: cotton, wheat, corn, tobacco, rice, and peanuts. Now it is mandatory to support the prices of these commodities at 90 per cent of parity throughout 1949, and from 60 to 90 per cent of parity thereafter, depending upon the determination made by the Secretary of Agriculture on the basis of the supply position. Price support is now also mandatory for two of the non-basic products (Irish potatoes and wool). After 1949 price support is *permissive* for all other non-basic commodities, e.g. eggs, poultry, milk, flaxseed, to name only a few in which Canada might be interested.

Whatever slight amount of cheer can be taken from the fact that the maximum level of price support will soon become 90 per cent is diminished by a provision that this maximum may be exceeded in any particular commodity whenever it is administratively determined after public hearing and finding that an increased level of support is necessary in order to increase or maintain production of the commodity in the interest of national security.

The infamous Section 22 of the Agricultural Adjustment Act was amended during the last session of Congress to give, for the first time, protection to price support programmes. The President now has the authority, which he did not have under any of the previous versions of Section 22, to impose import quotas or fees on any commodity which is interfering with the operation of any price support programme. This authority, which was used to prod us into our recent potato agreement, might quite possibly be used in a few years' time against livestock or any other important Canadian agricultural export to the United States. It is true that if the United States imposed Section 22 restrictions on any of our exports we would be entitled to impose some retaliatory restrictions. However, this sort of action would not do either of us much good.

The United States are not only equipped to protect their own market from the invasion of foreign products if the import of these products in the words of Section 22 "materially interferes with" any U.S. agricultural support programme, they are also very handsomely equipped to get their surplus agricultural products into foreign markets. At the moment their greatest instrument for this purpose is the European Recovery Program. All the powerful farm lobbies gave their wholehearted support to the Program. What international trade charter or ethics, written or implied, can prevent one country from giving away for nothing hundreds of millions of dollars worth of its products? If you dump on a small scale you are a mean fellow and get penalized — if you do it on a grandiose scale you are a grand fellow and win plaudits. The stage has not yet been reached at which the agricultural sur-

plus provisions of the Foreign Assistance Act are materially interfering with any of our major agricultural exports. Today we are receiving strong financial support from the United States for some agricultural exports: tomorrow the very strength which makes it possible to subsidize Canadian products may be switched further to subsidize new United States surpluses, surpluses created in part by price support and other programmes. It has been estimated that United States grain exports may reach 700 million bushels in this crop year. If they do, that would be 14 times the average pre-war U.S. grain exports. These huge shipments are, of course, largely sustained by United States foreign aid dollars.

The length of the transition from having our exports handsomely supported by the United States to one of having them "materially interfered with" may be uncomfortably short. The last time we were faced with comparable competition from the United States the currencies in all our principal overseas markets were convertible. Now, as far as the ERP countries are concerned, 60 per cent of their deficit with Canada is being "converted" directly by the United States through the ECA.

If, as seems certain, this handsome percentage declines sharply what steps are we to take? There seems to be real and pressing merit in the *Winnipeg Free Press's* insistent editorial demand that every effort should be made to negotiate a new and much broader Trade Agreement between our two countries.

[J.R. MURRAY]

5^e PARTIE/PART 5

FINANCES ET COMMERCE ENTRE LE CANADA ET LE ROYAUME-UNI
ANGLO-CANADIAN FINANCE AND TRADE

667.

DEA/154 (S)

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

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

TELEGRAM 6

London, January 2, 1948

SECRET. IMMEDIATE.

Following for Pearson and Max Mackenzie from Robertson, Begins: Reference token imports.

Yesterday, Bryan³⁶ and I saw Syers and Nowell,³⁷ and put our case for the continuation of token import arrangements. They did not attempt to rebut its reasona-

³⁶ A.E. Bryan, conseiller économique, haut-commissariat au Royaume-Uni.

A.E. Bryan, Commercial Counsellor, High Commission in United Kingdom.

³⁷ Probablement R.M. Nowell, sous-secrétaire, ministère du Commerce du Royaume-Uni.

Probably R.M. Nowell, Under-Secretary, Board of Trade of United Kingdom.

bleness but in the face of the Cabinet decision that no gold or dollars could be made available for such imports, there was really nothing they could do but report our representations to Ministers, and in the meantime hold up any further public statement on the subject.

2. This afternoon Cripps asked me to come down and discuss our difficulties with him. He had with him the file of Liesching's telegrams from Ottawa, from which it appeared that he had at an early stage of the discussions explained that the United Kingdom could not put up gold or dollars for token imports from any country. In agreeing that the question of how this would affect token imports from Canada in 1948 should be the subject of subsequent "negotiation" in London, the United Kingdom appear to have in mind possibility of negotiations about our holding sterling against token imports generally, or perhaps permitting individual exporting firms to do so. Our representatives on the other hand, appear to have envisaged these "negotiations" as an opportunity for reviewing the token import schedule item by item, in the expectation that we would at least be able to preserve the more important import licenses without especially concerning ourselves about methods of payment.

3. Cripps conceded that the cost of token imports was very small beer in the overall exchange account, but justified his Government's general position on the ground:

(a) That they could not defend the expenditure of even very modest sums of gold or dollars on quasi luxury goods and articles that could be dispensed with at time when imports of essential foods and basic raw materials were being radically reduced:

(b) That they could not afford to introduce a new discrimination against United States by cancelling token imports from that country while continuing them from Canada.

4. He wondered, however, whether it would be possible to work out some special arrangement which would permit them to continue token imports from Canada and suspend them from all other countries requiring payment in hard currency. Speculating along these lines, he wondered if we could agree to permit token imports from United Kingdom of goods otherwise prohibited, on the strength of which special concession they could justify a reciprocal arrangement here. Alternatively, could we make possible the importation of anthracite coal which price differentials might otherwise prevent.

5. Some arrangement of this sort he said, would probably enable them to continue taking such items as rubber footwear, though there were other items on the token import schedule which he did not think they could possibly continue to buy. I said that I thought people in Canada would recognize that in present circumstances, and especially in the context of recent financial negotiations between the two countries, that United Kingdom could hardly be expected to put up dollars for types of merchandise which we ourselves were prohibiting for exchange purposes and that a revision of the schedule in this sense could probably be given an acceptable explanation.

6. As matters now stand, I am to see Cripps and Harold Wilson³⁸ on Monday afternoon to explore the position further. I should be glad to have your comments on the points raised in this telegram, and any new suggestions you may be able to offer. It occurs to me that if United Kingdom stick to their present position and absolutely refuse to put up dollars for unessential imports, we might ask them to suspend the token import scheme generally, so that if they do in fact permit the importation of some unessential goods under bi-lateral arrangements with soft currency countries, they would not be doing so under the token import rubric which was clearly meant as an earnest of their intention of maintaining access to United Kingdom market for established trading interests. Ends.

668.

DEA/154-A (S)

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

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

Ottawa, January 24, 1948

Dear Mr. Pearson,

The attention of my Government has been drawn to a statement issued to the press by Mr. Gardiner on the 2nd January in which it was said that the United Kingdom had agreed to purchase Canada's surplus of beef, bacon, eggs and cheese for the years 1948 and 1949 and that the prices and quantities would not be affected by any further discussion of financial relationships at the end of the three months covered by the recent agreement.

As you know, while financial arrangements were recently reached between the two Governments to cover the period up to the 31st March next, no arrangements were made as regards the period thereafter. Thus while the Canadian Government entered into no commitment beyond the 31st March, 1948, as regards the provision of Canadian dollars, the United Kingdom Government entered into no commitment beyond that date as regards the provision of United States dollars.

My Government think it important that this statement of their position should be on record. They recall that their attitude was reflected in the statement made by Mr. Mackenzie King in the House of Commons on the 18th December that "the United Kingdom will itself decide how to dispose of its present limited financial resources in the way most effective for its recovery."

In this connection you will recall that when the exchange of correspondence was being drafted in order to record the agreement reached the fifth paragraph of your letter to Sir Percivale Liesching read:

³⁸ Président, ministère du Commerce du Royaume-Uni.
President, Board of Trade of United Kingdom.

"There is no credit commitment on the part of the Canadian Government for 1948 beyond the three months period."

In the reply to this letter as drafted by Sir Percivale Liesching the corresponding paragraph read as follows:

"I note from paragraph five of your letter that there is no credit commitment on the part of the Canadian Government for 1948 beyond the three months period. Equally under this settlement there is no commitment on the part of the United Kingdom Government to provide United States dollars in 1948 after the expiry of the three months in question."

On the 17th December there was prolonged discussion upon the second sentence of Sir Percivale Liesching's draft, in the course of which it was stressed from the Canadian side that the form of this second sentence would cause embarrassment if it were included in correspondence which might subsequently be made public. On his side, Sir Percivale Liesching made it clear that unless this sentence or a sentence of equivalent effect was included in the exchange of letters he would be unable to agree to the exchange of correspondence proposed. It was accordingly agreed that in order to meet the point of presentation raised on Sir Percivale Liesching's draft the sentence in question should read as follows:

"I note also the following words from the agreed statement made by Mr. Macenzie King to-day: 'the United Kingdom will itself decide how to dispose of its present limited financial resources in the way most effective for its recovery'."

The letter was signed on the understanding that the text finally adopted had the same meaning as the original version, namely, that the United Kingdom Government, no less than the Canadian Government, were uncommitted as to the means by which payments for supplies from Canada after the 31st March would be financed.

My Government feel that it would be unwise in present circumstances for either Government to anticipate the results of the further conversations which are to take place before the 31st March regarding the means by which supplies of foodstuffs from Canada will be paid for over the longer period mentioned in Mr. Gardiner's statement.

Yours sincerely,

ALEC CLUTTERBUCK

669.

DEA/154-A (S)

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

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

TOP SECRET

Ottawa, February 6, 1948

Dear Sir Alexander [Clutterbuck],

I have received your letter of January 24th regarding a press statement issued by Mr. Gardiner on January 2nd concerning the recent United Kingdom-Canadian

Food Agreement. I have shown a copy of this letter to Mr. St. Laurent, to Mr. Gardiner and to other Ministers. I am, therefore, now in a position to give you the Governmental viewpoint on the points which you have raised.

I note your statement that the United Kingdom Government entered into no commitment beyond March 31st, 1948, as regards the provision of United States dollars for the purchase of the Canadian surplus food commodities covered by those contracts between the two Governments which were referred to in my letter to Sir Percivale Liesching of December 18th. In this connection you mention the statement made by Mr. Mackenzie King in the House of Commons on December 18th that "the United Kingdom will itself decide how to dispose of its present limited financial resources in the way most effective for its recovery." It was your understanding that the inclusion of these words in Sir Percivale Liesching's letter, referred to above, meant that the Canadian Government accepted the position that there was no commitment on the part of the United Kingdom Government to provide United States dollars, for the purposes indicated above, after March 31st, 1948. I do not feel that any such interpretation of Mr. King's words is justified or is indeed required. It may be true that the United Kingdom has not entered into any commitment beyond the March 31st date as to the means by which supplies from Canada would be financed. The fact remains, however, as I am sure you will agree, that the United Kingdom has entered into a contractual obligation to accept certain livestock products at certain prices for the whole of 1948 and without prejudice to the renewal of these contracts for the later period of the wheat contract.

The inability of the United Kingdom to finance purchases under the contracts in question does not, I suggest, itself cancel the obligation which the United Kingdom Government have accepted. It would, moreover, be most unfair to Canadian agricultural producers, and indeed make their production planning practically impossible, if the fulfilment of these contracts becomes clouded with uncertainty or if the feeling becomes widespread that they might be dropped or abandoned at some date in 1948 after March 31st.

In the above connection it has, I think, been made abundantly clear that the failure to carry out one contract, for financial reasons, means the dropping of all contracts, including the wheat contract. I hope that no such contingency may arise, but, in case it does, it is essential to make the Canadian position in the matter quite clear.

Yours sincerely,

L.B. PEARSON

670.

PCO

*Extrait des conclusions du Cabinet**Extract from Cabinet Conclusions*

TOP SECRET

[Ottawa], April 14, 1948

...

ANTI-DUMPING DUTIES; REPORT OF CABINET COMMITTEE
ON EXTERNAL TRADE POLICY

20. *The Secretary of State for External Affairs* reported that the Cabinet Committee on External Trade Policy had considered proposals for amendment of the Customs Tariff to modify the effect of present anti-dumping provisions.

The anti-dumping clause was automatic in its application in all circumstances. At present it operated as a serious impediment to the import of goods from the United Kingdom and other European countries at the very time when it was desirable to encourage such imports. Domestic ceiling prices in these exporting nations were abnormally high, often as a result of deliberate policy to discourage domestic sales; prices for export were held down to a substantially lower level. This lower export price was completely nullified, however, by the automatic anti-dumping duty collected in Canada.

Canada was reported to be the only country with an automatic anti-dumping duty of this kind; it was normal practice elsewhere to retain discretion in the application of such safeguards. Moreover, the General Agreement on Tariffs and Trade established a formula under which such duties would be applied only in cases of proven or threatened injury.

Accordingly, the Cabinet Committee recommended that, in connection with proposed changes in the Customs Tariff Act to be made in 1948 budget legislation, an amendment be added to provide that the Governor in Council might suspend or relax from time to time the operation of the anti-dumping duties provision in relation to any goods or classes of goods. It was understood that the Minister of National Revenue, in consultation with the Minister of Finance, would proceed with the preparation of this amendment.

(Minutes, Cabinet Committee on External Trade Policy, Apr. 12, 1948).†

21. *The Cabinet*, after further discussion, approved the recommendation of the Cabinet Committee on External Trade Policy and agreed that an amendment to the Customs Tariff Act be prepared accordingly.

...

671.

DEA/8925-B-40

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

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

CONFIDENTIAL

[Ottawa], July 7, 1948

Sir Alexander Clutterbuck came in to see me this morning about our cheese contract with the United Kingdom. He wanted to raise informally a number of questions which were rather delicate politically.

He said that, while our former contracts with the United Kingdom had set target figures which it was not expected would be met, our existing contracts on bacon, beef, eggs and cheese set figures which were considered on both sides to be firm and realistic.

There was no difficulty about the bacon, beef and eggs contracts, but there was difficulty about the cheese contract.

The figures set in the cheese contract were not being met by Canada and it seemed clear that they could not be met unless the Canadian Government exercised its powers of requisition. Sir Andrew Duncan³⁹ had had discussions with Mr. Gardiner and officials of the Department of Agriculture, and Sir Alexander Clutterbuck understood that it had been agreed by Cabinet that the cheese contract was a firm commitment and that the Government would exercise its powers of requisition in order to be able to meet the contract.

However, the prices under the contract were below the actual present selling price in the Province of Quebec. It would obviously be difficult, therefore, for the Canadian Government to requisition cheese below the market price. To do this before the provincial elections in Quebec would be particularly difficult.

He understood that Mr. Gardiner was going to discuss this with you.

He fears that perhaps it might be suggested that no action should be taken to requisition until after the end of this month. By that time so much cheese will have passed from the factories to the distributors that it will be extremely difficult to requisition the amount necessary to fulfill the United Kingdom contract.

There are two reasons why he considers this matter to be serious. The first is that cheese is a much more important item in the United Kingdom diet, particularly among heavy workers such as miners, than the other commodities for which contracts have been made, bacon, beef and eggs. The second is that, as we are aware, certain groups in the United Kingdom are not particularly keen on these food contracts; he has been insisting that the United Kingdom should not attempt in any way to evade its obligations under the contracts; these arguments would be weakened if Canada did not fulfill its obligations under the cheese contract.

³⁹ Président, comité exécutif, fédération britannique du Fer et de l'Acier.
Chairman, Executive Committee, British Iron and Steel Federation.

Though he said it was not for him to make any suggestions on what the Canadian Government might do, Sir Alexander himself thought that perhaps the best way out of our difficulties would be for the Canadian Government to requisition at the present market price and itself bear the difference between the present market price and the contract price.⁴⁰

E[SCOTT] R[EID]

672.

DEA/9461-40

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

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

TELEGRAM 1266

Ottawa, August 9, 1948

SECRET

Your telegram No. 1286† visit of Sir Henry Wilson Smith. This visit went off very well and Sir Henry made a very favourable impression on those he met here. He emphasized that his visit was primarily for purposes of getting acquainted and that he did not wish to participate in formal interdepartmental conferences but to meet officials informally, individually or in small groups. On this basis several meetings were arranged. I did not attend all these meetings but a report of them will be sent you by airmail in a day or two. Sir Henry was frank and straightforward and we feel that we have received from him an honest picture of the United Kingdom situation. That picture, however, was a gloomy one and seemed to indicate that even though the Marshall Plan should run its full course successfully, the United Kingdom will not be in a strong enough position by 1952 to return to normal multilateral trading practices but will have to fall back on bilateral devices which are bound to affect us disadvantageously. We in turn with this prospect in view will certainly have to look south again and see what kind of arrangements are possible there. On the whole I should say that the visit of Wilson Smith, which, of course, was purely on an official level, encouraged that line of official thinking which feels that we should press forward as quickly and as far as possible in strengthening and broadening our trade relations with the United States.

⁴⁰ Note marginale :/Marginal note:

This is under active consideration. St. L[aurant]

673.

CH/Vol. 2084

*Le gouverneur de la Banque du Canada
au haut-commissaire au Royaume-Uni*

*Governor of Bank of Canada
to High Commissioner in United Kingdom*

SECRET

Ottawa, August 12, 1948

Dear Norman [Robertson],

You will be receiving a memorandum prepared by the Finance Department of the informal discussions which took place with Sir Henry Wilson-Smith. The memorandum very properly omits some remarks made to Wilson-Smith expressing the personal views or feelings of some of those present. Some of us here felt, however, that you would like to know what these remarks were, and I therefore undertook to write you.

When Wilson-Smith had told us that the U.K. was counting on the necessity of balancing sterling area dealings with Canada by a substantial decrease in their imports from us, I took occasion to say that while his prognostications might be realistic they were none the less sad. Canada was a great consuming market, as evidenced by the tremendous volume of our imports from the United States. The United Kingdom, however, did not have sufficient faith in its productive possibilities to believe that they could sell to us on a scale which would enable them to buy the things they desire and for which we would be a good source of supply. They therefore contemplated obtaining more of these things from countries to which they could export more easily — countries which were likely to maintain restrictions and accept U.K. goods on a non-competitive basis. In a sense, it was an abdication in favour of the United States in so far as the Canadian market was concerned.

Deutsch then suggested that such a policy on the part of the United Kingdom was not theoretically inevitable: surely there were possibilities of improving the U.K. position to a greater extent than Wilson-Smith anticipated, by increases in efficiency, appropriate fiscal and exchange rate policies, and, in certain cases, longer hours of work. (Wilson-Smith had earlier admitted that the 40-hour week in certain key industries was hardly consistent with U.K. needs.) Without questioning the economic grounds for Deutsch's views, Wilson-Smith seemed to think that political considerations would not permit drastic action. In the short run, it was easier to go down hill, or at least not to make notable progress in the other direction.

Dr. Clark, in speaking about our position, referred to the fact that we had already made a big investment in the U.K. with the hope that the type of development which we were now discussing could be avoided. How could an increase in this investment be justified if post-ERP prospects were so poor?

I do not believe that Wilson-Smith was intentionally painting too gloomy a picture. I think he indicated the road down which he believes the U.K. will go, unless some drastic changes take place in policy. He probably believes that the prospect of

such changes is extremely dim, but, for what it may be worth, is glad to have the opportunity of reporting to the Chancellor the views which he received from some Canadians, and would also be glad to have the Chancellor receive those views direct when he visits this country.

Yours sincerely,
GRAHAM TOWERS

674.

CH/Vol. 2084

*Note du directeur de la Direction des relations économiques
du ministère des Finances*

*Memorandum by Director, Economic Relations,
Department of Finance*

SECRET

Ottawa, August 12, 1948

INFORMAL DISCUSSIONS WITH SIR HENRY WILSON SMITH
OF THE UNITED KINGDOM TREASURY, AUGUST 2ND TO 4TH, 1948

Sir Henry Wilson Smith had come to Ottawa for a brief visit in order to make his acquaintance with the principal Canadian officials concerned with financial and commercial policy and to have an informal exchange of views with these officials on some outstanding problems between the United Kingdom and Canada. Sir Henry had only recently been appointed to the position in charge of overseas finance in the United Kingdom Treasury where he succeeded Sir Wilfrid Eady. At the discussions Sir Henry was accompanied by Sir Alexander Clutterbuck and Sir Gordon Munro.

In welcoming Sir Henry to Ottawa Dr. Clark explained that the discussions were entirely informal, that no commitments were involved and that it was not intended to reach conclusions at this stage. The talks were simply to be a frank exchange of views in which each side would have the opportunity to acquaint the other "how their minds were running."

At the outset Dr. Clark drew attention to the common purposes of Canada and the United Kingdom in a speedy reconstruction of Western Europe and the restoration of expanding multilateral trade. Since the end of the war Canadian policy had been consistently directed toward this end and Canada has made large positive contributions toward its attainment. In this connection he referred to the Canadian export credit program, the provision of foodstuffs and raw materials at reasonable prices, special efforts to assist the expansion of British exports to Canada, the preferred position given the soft currency countries in the emergency exchange conservation program, etc. Canada therefore had a very heavy stake in the restoration of multilateral trade both from the standpoint of her traditional position and because of the heavy investment she had made since the end of the war. We had been assured that the multilateral goal was also the objective of United Kingdom policy but recently there had been evidence that this might no longer be the case. In the first place it seemed to us that there have been tendencies in British policy, particu-

larly since July 1947, which will cumulatively work against the attainment of a viable multilateral system. Secondly, it has been increasingly difficult to understand the United Kingdom attitude on a number of specific matters between us, such as British direct investment in Canada, Newfoundland cod-fish, Canadair, immigrants' capital, etc. The inflexibility and delays encountered in respect of these matters have caused us to wonder whether a policy of particular toughness has been adopted towards Canada because of her present and future position in relation to dollar exchange.

Among the "tendencies" in British policy which are disturbing us are the following:

- (1) the continued serious drain upon British productive and export capacity resulting from over-generous or ineffective treatment of blocked sterling balances held by sterling area countries;
- (2) the failure to cope with the enormous movement of capital to South Africa and elsewhere in the sterling area which has just contributed significantly to the depletion of the United Kingdom's reserves of dollar exchange;
- (3) the increasing resort to bilateral trade agreements having characteristics which are contrary to the development of multilateral trade;
- (4) the slow and disappointing increase in British exports to Canada and other parts of the dollar area;
- (5) the concentration and direction of new British overseas investments into the sterling area for the reason that the United Kingdom could "more easily make payments" for imports from that area;
- (6) the failure to deal energetically with the problem of raising productivity of British industries, particularly the export industry.

Dr. Clark invited Sir Henry to clarify insofar as he was able some of these tendencies in British policy and also to give his views as to whether the Canadian impressions in these respects were justified. Sir Henry was asked also to review, insofar as thinking in the United Kingdom had gone, the longer run dollar exchange position of the United Kingdom, say at the end of the E.R.P. period in 1952; and further to indicate through what steps and over what period a viable multilateral relationship would be established with the dollar area.

In reply Sir Henry stated that he could well understand Canadian concern over certain tendencies in United Kingdom financial and commercial policy. He said, however, that many of the developments which were disturbing Canadians were purely of an emergency or short run character which deviated temporarily from longer run objectives. Some of the tendencies, while clearly undesirable from the longer run standpoint, were unfortunately unavoidable in the present emergency conditions. Sir Henry said that one of the objects of his visit at this time was to learn, in an informal way, the Canadian viewpoint while prospective policies were still in their formative stage. Authorities in the United Kingdom would, during the next few months, be faced with the task of drawing up a four-year program of recovery which is to be submitted to the O.E.E.C. in Paris and to the E.C.A. in

Washington. For this reason in particular it was most helpful to have this informal exchange of views.

The subsequent discussions with Sir Henry on significant issues may be summarized as follows:

UNITED KINGDOM FINANCIAL POLICY RESPECTING THE STERLING AREA

Sir Henry was not disposed to quarrel with the Canadian feeling that the relatively generous treatment of blocked sterling balances since the end of the war had imposed a disproportionate drain upon the United Kingdom's exchange reserves and productive capacity. However, the United Kingdom authorities were now doing everything possible to tighten up and to plug the leakages. While they had no definite plans for controlling capital movements within the sterling area, there were grounds for believing that this problem was becoming less important. Since the elections the large-scale movement of capital to South Africa had pretty well ceased.

With respect to the prospect of a further tightening up on releases from the blocked sterling balances, there were some very important considerations which the United Kingdom has necessarily to keep in mind. In the case of India and Pakistan, the largest holders of blocked balances, it has been felt that the restrictions imposed ought not to be pushed to the point where the maintenance of the Commonwealth connection and other political and strategical considerations were endangered. For obvious reasons similar matters had to be kept in mind with respect to South Africa in the present circumstances. For these and other reasons some further continued drain on the United Kingdom resulting from the release of blocked balances cannot be avoided. However, every effort will be made to keep that drain within manageable proportions.

BILATERALISM AND EXPANSION OF EXPORTS TO THE DOLLAR AREA

Canadian officials pointed out that the increasing network of bilateral trade agreements which the United Kingdom is now building up could be the cause of grave difficulty in the economic relations with Canada and the dollar area as a whole. The tendencies in these bilateral agreements, which are now becoming apparent, would more and more have the effect of freezing British trade into moulds which would prevent the ultimate establishment of true multilateral trade. As an increasing amount of British exports get tied up in bilateral deals, the smaller will be the amount of British goods that can be exported to North America for dollar exchange. If the goal of true multilateral trade is to be reached, the problem of dollar scarcity must be solved through a substantial increase in British earnings in North America. The development of bilateralism which would channel British exports in other directions could completely frustrate this objective. Furthermore there is evidence that the United Kingdom bilateral arrangements are having the effect of artificially supporting marginal and uneconomic industries. A number of the agreements specifically provide for the mutual exchange of non-essential goods with the result that labour and resources are held out of more essential production. Furthermore, prices at which goods are exchanged in some of these bilateral agreements are considerably higher than world market prices, with the consequence that

the United Kingdom cost and price structure would get more and more out of line with that of North America. It was pointed out that all these tendencies in the United Kingdom bilateral agreements caused Canadian observers to question whether the United Kingdom is really endeavouring to work toward a viable system of multilateral trade or, indeed, whether this goal can ever be achieved if the measures now being used continue to be pursued.

Sir Henry said that he could understand how some of the tendencies referred to could cause apprehension from the Canadian viewpoint; he was not disposed to dispute the purely logical bases of these apprehensions. Rather, he took the point of view that what the United Kingdom is doing is forced upon her by the necessities of her situation. He said that the trade devices now being employed were short run expedients because no other alternatives were available. He was not inclined to speculate too much about the ultimate outcome of these expedients, merely that they were the only feasible way of dealing with immediate problems and that they would enable progress to be made toward the reconstruction of trade and production. He appreciated that the progress toward the ultimate goal of real multilateral trade might be much slower than had been hoped but there was no alternative in the present emergency conditions to the policy of working toward a somewhat more limited goal as the first step. As far as their preliminary thinking had gone, that first step consisted of the establishment of a self-supporting Western Europe with the greatest measure possible of multilateral trade within Europe and the sterling area. The attainment of a freely operating system of multilateral trade with North America and the dollar area as a whole must come later. As for the bilateral agreements as such, he said that they represented devices which enable the United Kingdom to obtain supplies which they could not pay for otherwise. While he deplored the circumstance that sometimes uneconomic transactions had to be entered into, they were an unavoidable result of the bargaining process. In certain cases they were forced to take a certain proportion of non-essential goods in order to obtain absolutely essential supplies, e.g. steel and flax fibre from Belgium, meat from Argentina, etc. In general he said it was not possible to deprive the British economy and British consumers of imports which could be obtained through bilateral arrangements merely for the sake of avoiding some of the evils of bilateralism. For the present and the near term future at least, he saw no possibility of expanding British exports to North America sufficiently rapidly to make it possible to dispense with bilateral arrangements. The expansion of exports to North America will continue to be a pressing and dominant purpose of British policy, but no dramatic results can be expected. Only as these exports grow over time and the circle of multilateral trade gradually widens through Western Europe and the sterling area can the scope of bilateralism be reduced. Rapid and dramatic increase of exports to North America is not feasible in the light of the relative productivity and limited competitive power of British industry and in the light of the artificial protective barriers which exist in the United States.

THE PRODUCTIVITY OF BRITISH INDUSTRY

Basically the British problem is one of productivity. Allied to this there is the problem of increasing the production of goods which can be sold competitively in

dollar markets. Sir Henry agreed that if productivity could be increased significantly the whole picture would be brighter. He said that some rise in productivity could be expected as postwar reconstruction proceeded and as new capital and modern industrial equipment was applied in British industry. However, in replying to a question as to whether the rise in output which was required could not be obtained by an increase in the average working week, he said that any proposal to achieve an increase in the number of hours worked enters into the realm where social and political considerations are important. He did not know whether the political difficulties could be faced but he was inclined to be doubtful in the light of the political time-table for the next few years. Sir Henry agreed that the heavy program of domestic capital investment in the United Kingdom during the past few years added in an important degree to the already over-extended demands upon the British economy. He thought that from now on the investment program would be concentrated more completely on the expansion and renovation of industrial facilities rather than on the expansion of housing and other direct consumer needs. This would help in achieving increased efficiency but it may take some considerable time to produce large results.

Attention was drawn to the British effort to accomplish a substantial increase in agricultural production. It was pointed out that such expansion could only be attained at high cost which would adversely affect the productivity of the British economy as a whole. In this instance Canada had a double interest in that her agricultural markets were directly affected and that it would weaken the economic efficiency of the British economy in general. Sir Henry replied that the British agricultural policy was determined mainly on the grounds of security and immediate dollar shortage rather than by general economic criteria.

THE POSITION OF THE UNITED KINGDOM AT THE END OF THE E.R.P. (1952)

Sir Henry explained that the United Kingdom and each of the other participating countries in the European Recovery Program is expected to submit to E.C.A. this autumn a concrete program of recovery over the next four-year period. He said that the authorities in the United Kingdom would be very busy with this matter during the next few months. Sir Henry was asked to outline, as far as thinking had gone to this point, the general objectives of such a program for the United Kingdom, having in mind particularly the implications for Canada. He was asked, also, to indicate the overall exchange position of the United Kingdom and the sterling area which it is hoped will be reached at the end of the period (1952).

Sir Henry began by explaining that the decision had now been finally and definitely made that on no account must the central sterling area dollar reserves be allowed to fall below £500 million, which is approximately the present figure. This must be the bed rock of British external financial policy if the "ship" is to be safely afloat at the end of the E.R.P. period. Sir Henry was quick to make it clear, however, that he did not expect that the "ship" would, by 1952, be under full sail on the open sea of multilateral trade.

Assuming present trends and policies, preliminary thinking in London foresees the picture as follows: The goal to be sought at the end of 1952 is the achievement of dollar "solvency" in which the income and outgo of dollar payments would be in

balance. The existing deficit in dollar payments (for the next twelve-month period) for the sterling area is of the order of £300. This is the gap which it is hoped the E.C.A. will fill during the coming year. By 1952 when the source of American dollars from the E.C.A. will have disappeared the gap must be brought down to zero. It is proposed that this gap be closed partly by a further gradual expansion of exports to the Western Hemisphere and partly by reduction of imports from dollar sources below the present level. Sir Henry said that it was not expected that the total production of the British economy or exports as a whole could be expanded in any significant degree beyond the level that will be reached at the end of this year. A further important increase in output could not be attained unless new policies of a basic character were inaugurated. At this stage he did not know how much, if anything, one could count upon the likelihood of a new approach. As for the United Kingdom's terms of trade, he felt that some improvement from the present unfavourable condition could be expected, but any such likely improvement could only go a limited distance toward providing a solution. The highly favourable terms of trade of the immediate pre-war years could not be expected to return.

If output as a whole over the next four years cannot be expected to rise significantly, and given the improbability of any large-scale shift of exports to the dollar area, then the closing of the gap must be accomplished to some degree by a reduction in imports from both Canada and the United States. With the reconstruction and integration of the European economy under E.R.P. and with the development of alternative sources of supply in the sterling area and other soft currency countries, it is hoped that the United Kingdom would be able to replace the imports which will have had to be dispensed with from the dollar area. Sir Henry thought that if E.R.P. continues throughout the four-year period along the lines originally intended that the dollar gap can be closed in the way suggested. It was hoped also that by that time (1952) European trade and payments will be built up to the point where a large measure of multilateral trade would exist inside Western Europe and the sterling area. He emphasized, however, that as far as could be seen now, the sterling area and Western Europe as a whole would continue to face the problem of dollar shortage. Freely operating multilateral trade with the Western Hemisphere would not be possible. As far as can be seen now the United Kingdom's imports from Canada and the United States would be materially reduced from the present level and would continue to be closely controlled. How long this situation could be expected to prevail after 1952 Sir Henry could not say but thought it might be for some time, depending upon developments.

Sir Henry did not need to be told that this was a bleak prospect for Canada. He was asked to indicate just where the impact on Canada might come. He thought that in the case of agricultural exports the United Kingdom might not be able to buy any significant amounts outside of wheat and that meats and other livestock products from Canada would have to be dispensed with. He thought that there might also have to be some trimming down on purchases of raw materials. As for manufactured goods, present severe restrictions would probably have to be continued. The same limitations upon markets would tend to prevail throughout the sterling area.

Some of the larger consequences of this prospect were exposed and frankly examined. On both sides it was appreciated that such an outcome could produce "economic and political strain" in relationships between Canada and the United Kingdom. The maximum effort will have to be made to achieve a more favourable result, and if that cannot be attained then great care will have to be taken to promote an understanding of the situation. Canada would have to undertake a reorientation in its external economic relationships. That was not impossible but it might have some important implications respecting Canadian external relations, both political and economic. Sir Henry said he appreciated all this and pointed out that it was particularly useful to have this informal and exploratory discussion before policy had been definitely formed. He said that during the next few months these matters would be thoroughly discussed by the United Kingdom ministers and he thought that when all the implications were realized that it was possible that some course might be found which might produce a more favourable outcome for Canada. He thought it right to give the picture as it was now seen from preliminary thinking, on the basis of present trends and policies. Any other assumptions entered into the realm of high policy about which he could not speculate. It was agreed that it was very important that both sides should thoroughly go over and think out the problem over the next few months so that no possibilities would be overlooked. Sir Henry referred to the prospective visit of the Chancellor of the Exchequer when there will be opportunities for discussion at the ministerial level.

[J.J. DEUTSCH]

675.

DEA/154 (S)

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

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

TOP SECRET

[Ottawa], August 17, 1948

You will, I think, read with interest the attached letter from Dr. Clark to me^t with the report on the visit of Sir Henry Wilson Smith. This makes discouraging reading in so far as the long term prospects for Canadian trade with the United Kingdom is concerned. It is, however, all to the good that the talks with Wilson Smith were so frank and straightforward.

It seems to me that the lesson to be drawn from these talks — if that lesson is confirmed by Sir Stafford Cripps when he visits Ottawa, which I suspect will be the case — is that we should consider more seriously the possibility of some pretty far reaching trade arrangement with our neighbour to the south. Indeed, it may become in the future not a matter of choice but a matter of dire necessity. Of course, nothing can be done until the November elections in the United States, but I am wondering whether, as soon as possible after those elections, it would not be

well to reconsider the questions which were discussed last spring within a very limited Cabinet circle.

L.B. P[EARSON]

676.

CH/Vol. 2084

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

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

SECRET AND PERSONAL

Ottawa, August 25, 1948

Dear Norman [Robertson],

It has been suggested that it would be useful if you could come out a week or so before Cripps' visit, to talk to people here about problems that arise out of that visit, and take part in the discussions with Cripps. I think that this idea is a good one but, before taking it up officially with the Prime Minister and Mr. St. Laurent, I thought I should get your own reaction. Will you let me know how you feel about the idea?

We feel here that Cripps' visit is going to be an extremely important one, and that some pretty fundamental and far reaching discussions will take place. He will, I am afraid, find Ministers very worried indeed about the trade prospects ahead, and wondering whether there is much likelihood of the United Kingdom being in a position, at the end of the Marshall Plan, to put its trade with Canada on a satisfactory basis. Wilson Smith's visit underlined these fears. Mr. St. Laurent's feeling, at the moment, is that if fundamental changes to our trading and economic relationships will be required two or three years from now, shouldn't we begin to make arrangements to that end immediately? This means turning south as soon as the elections there have taken place. I wonder whether the United Kingdom's attitude toward Canada in these matters is conditioned, to some extent, by the feeling that we have no choice but to make the most satisfactory arrangement possible with them; that a far reaching deal with the United States is not in the cards. If they feel this way and base their policy toward us on that feeling, they are making, I think, an important mistake.

When you get this letter, will you cable me at once whether the idea of a visit to Ottawa appeals to you? If you come, I might be able to return with you, providing you could spend a week or ten days' leave here after the discussions with Cripps are finished. I have no doubt that you would welcome such a holiday.

Yours sincerely,

MIKE [PEARSON]

Note du ministère des Finances
Memorandum by Department of Finance

[Ottawa, September 1, 1948]

THE VISIT OF SIR STAFFORD CRIPPS, UNITED KINGDOM CHANCELLOR
OF THE EXCHEQUER

Sir Stafford is coming to this continent to attend the annual meetings of the Boards of Governors of the International Monetary Fund and the International Bank for Reconstruction and Development, which will take place in Washington during the week beginning September 27th. Before going to Washington Sir Stafford and Lady Cripps will visit Canada and will be in Ottawa for the greater part of the week beginning September 20th. Sir Stafford's party will include: Mr. Trent, Sir Stafford's private secretary; Sir Henry Wilson Smith, Second Secretary of the Treasury; Mr. Lesslie, Head of the Economic Information Unit; Mr. Grant, Head of the North American Division of the Treasury; a representative of the Board of Trade (as yet unnamed); and three lady secretaries.

In Sir Stafford's proposal to visit Ottawa no direct intimation was given of the matters he would like to discuss with the Canadian Government. It is obvious, however, that the discussions will centre upon questions concerning Canadian financial relations with the United Kingdom in the immediate future, and upon matters respecting general commercial policy and trade between the two countries now and in the years ahead. In particular it may be expected that Sir Stafford will, (a) raise the possibility of an early renewal of drawings upon the Canadian loan, and (b) explain the United Kingdom's four year programme for achieving reconstruction and economic viability under the European Recovery Programme.

RENEWAL OF UNITED KINGDOM DRAWINGS ON THE CANADIAN LOAN

Because of our own exchange difficulties it was arranged early in the year that drawings upon the loan should be suspended after the middle of April. No drawings have been made since that time. Up to mid April a total of \$1,015 million (\$540 mm in 1946, \$423 mm in 1947 and \$52 mm in 1948) had been drawn down leaving a balance of \$235 million still available to the U.K. out of the \$1,250 million originally provided for. When the drawings were terminated in April the United Kingdom, and authorities in Washington, were told that no further credit could be made available to the United Kingdom until the Canadian exchange position had improved sufficiently to warrant the extension of further aid. They were told also that the Canadian position would be re-examined during the latter part of September in light of the outturn of the 1948 crop. This attitude has been consistently maintained in response to the various queries that have been received during the past few months.

Recently two developments have occurred which have a bearing on the status of the remaining United Kingdom credit — one arising from the United Kingdom and

the other from the ECA in Washington. In connection with the preparation of the programme of ECA assistance required for the year June 30, 1948 to July 1, 1949, the United Kingdom has been under pressure by the other European countries (OECE in Paris) to indicate how much the United Kingdom expects to draw from their unused Canadian credit. Since the sixteen European countries are required to allocate the available ECA aid amongst themselves, the amount of help that may be expected from other sources is a matter of common interest. When the United Kingdom made informal enquiries on what amount of Canadian credit they might tentatively show in the programme for the year ending July 1, 1939 [sic], she was told that nothing ought to be shown. However, upon further prodding by the OECE the United Kingdom has, on her own responsibility, apparently shown an "estimate" of \$60 million for the period in question. It has been made clear that this estimate by the United Kingdom cannot in any way anticipate the decision of the Canadian Government.

A few weeks ago a number of officials of the ECA in Washington visited Ottawa for an informal discussion of Canadian-United States co-operation in the European Recovery Programme. In these discussions the United States officials said that the ECA was very anxious that Canada should renew the extension of credit assistance to Europe as soon as she felt able to do so. They stated that such action by Canada would be of great help in obtaining the necessary ECA appropriation from Congress next year. It would also strengthen the hand of the ECA in the attempt to secure contributions from a number of other countries. If further contributions could be obtained from Canada and other countries it would mean that the United States would not be left alone in financing European aid, and would thereby make it much more likely that Congress and the American people would be willing to carry on the European Recovery Programme on the scale required. The United States officials pointed also to the large "off-shore" ECA purchases being made in Canada this year. Nearly one-fifth of the entire ECA expenditures and almost one-half of the total "off-shore" purchases which have thus far been authorized will be spent in Canada. They felt that it would be difficult to justify to Congress the continued spending of such a large share of ECA money in Canada unless Canada herself was making an appropriate contribution to European aid.

In the discussions the Canadian position was fully explained. The United States officials were told that nothing could be said at the moment about what Canada might be able to do. They were reminded that the Canadian Government had undertaken to review the situation at the end of September. After that review had been made Canada would be prepared to discuss the whole matter of next year's arrangements with Washington. In order to establish the necessary degree of assurance and to make it easier for Canada to grant further assistance, the United States officials suggested the possibility that the ECA might be prepared to guarantee an over-all amount of off-shore purchases in Canada during the coming year. They felt that such a guarantee could be of very considerable importance to Canada in the light of the uncertainties that might arise. It was left that this proposal should be explored by both sides pending the discussions which are to take place at the end of September.

THE UNITED KINGDOM FOUR-YEAR PROGRAMME OF ECONOMIC RECOVERY

The sixteen participating ERP countries, including the United Kingdom, have each undertaken to submit to the OEEC in Paris by October 1st a four-year programme of recovery. The programmes are to be designed to achieve "as soon as possible and to maintain a satisfactory level of economic activity without extraordinary outside assistance." Each country is requested to explain its conception of "the general lines along which they intend to go in order to achieve viability in 1952-53, and how they anticipate the economy of their countries can be fitted into the pattern of a viable European economy." The various national programmes are to be combined by the OEEC into a composite European programme for submission to Washington by November 15th.

These four-year programmes, and the United Kingdom programme in particular, will inevitably have very far reaching implications for Canada. It is expected that Sir Stafford Cripps will be in a position to explain the United Kingdom's programme when he is here, especially those aspects which are of particular importance to Canada.

Thus far we have received very little direct official information on the nature of the United Kingdom programme which is still in early stages of preparation. In a circular telegram of August 11th from the Commonwealth Relations Office it is stated:

"4. The basic consideration in the formulation of our long-term programme will be that we must emerge after the E.R.P. period with gold and dollar reserves at no lesser amounts than they were at the beginning and it is in our common interest to resist any further drawing down of our reserves.

5. Each country will base its programme for submission to Paris on a tentative forecast of its balance of payments in 1952. In our own case certain conclusions which appear to emerge are that:

(a) We are likely to be in substantial deficit with the dollar area for some time to come (after 1952) and shall therefore still have to continue, and indeed to increase, our diversion of imports from the dollar area to other sources, and

(b) Even with considerably increased exports we might have to be content with a volume of imports lower than in 1938."

From information received through informal channels and through visits of British officials it is possible to indicate some of the basic objectives and assumptions on which the preparation of the programme of the United Kingdom and other European countries is proceeding at present. These may be summarized as follows:

(1) In 1952, and for some years thereafter, the Sterling area and Western Europe will continue to face the problem of a substantial dollar shortage. Consequently, during this period it will not be possible to establish a multilateral system of trade and payments with the Western Hemisphere; sterling and other European currencies will continue to be inconvertible to dollars.

(2) The attainment of Sterling area and European "viability" (i.e. doing without extraordinary U.S. assistance) by 1952 will require a material reduction in imports from the United States and Canada below the present levels. The loss of imports

from the Western Hemisphere will be progressively replaced by the expansion of production in Europe and the colonies, and by diversion to soft currency sources.

(3) By 1952, the United Kingdom and other Sterling area purchases in Canada will be brought approximately into balance with the Sterling area earnings from the export of goods and services to Canada. While a determined effort will be made to expand earnings by increasing exports to Canada, the achievement of such a balance it is expected will entail, an appreciable reduction in present imports of Canadian agricultural products (particularly livestock products), probably some reduction in imports of raw materials, and continued close control of the imports of manufactured goods on the present restricted basis.

Sir Stafford Cripps will be in a position to give an authoritative elucidation of this picture which, as yet, is based on tentative thinking and preliminary information. Sir Stafford's visit will provide an opportunity for determining to what extent a more promising outcome could be achieved or hoped for. In particular, the discussions with Sir Stafford will provide the opportunity for bringing Canadian viewpoint to bear upon the United Kingdom's programme respecting those matters which are of such fundamental importance to Canada.

678.

PCO/Vol. 104

*Note du gouverneur de la Banque du Canada**Memorandum by Governor of Bank of Canada*

SECRET

Ottawa, September 2, 1948

Between the two wars, Canada normally depended on a current account surplus with certain countries (notably the United Kingdom and Western Europe) in order to cover her deficit with certain other countries (notably the United States). This traditional, triangular pattern of Canadian foreign trade has been referred to so often that one almost apologizes for mentioning it. The "pattern" of course could only be maintained if the U.K. and Western Europe were able to obtain sufficient U.S. dollars (net) in their trade and other transactions with other countries to enable them to cover their deficits with Canada.

This triangular pattern of trade has been maintained. Indeed, it was exaggerated during the war and is still to some extent accentuated by abnormal export movements arising out of Canadian measures to speed European recovery. Whereas in 1938 we had a current account surplus with the sterling area (ex South Africa) and Western Europe of about \$175 millions, and a current account deficit with the United States of \$150 millions, for 1948 these two figures are expected to be something more than \$800 millions and about \$600 millions respectively.

While the pattern of trade remains what it was before the war, the pre-war pattern of financing broke down very early in the war and shows no sign as yet of being reconstituted. The United Kingdom, the sterling area and Western Europe have been unable to obtain sufficient dollars from their normal trade and other normal international dealings to pay Canada cash; what cash they have paid to us since the end of Lend-Lease has been made possible by:

- (a) Loans from U.S.
- (b) Use of the gold and dollar reserves of the countries concerned, and
- (c) ERP.

It is extremely difficult, indeed impossible, to assess exactly what will happen to Canada when ERP reaches its conclusion. Numerous questions come to mind:

(a) To what extent will recovery in the U.K. and Western Europe permit these countries to increase their exports to Canada on a competitive basis, and supply us with things which are presently coming from the United States?

(b) To what extent will the terms of trade move in favour of European countries, i.e., how far will raw material and food prices decline relative to those of manufactured goods? An improvement in the United Kingdom's terms of trade, for example, would not only tend to strengthen her U.S. dollar position and help to make U.S. dollars available to her for settlement of her trade with Canada, but would also reduce her deficit with Canada which needed to be financed in this way.

(c) What will be the level of business in non-European countries, particularly the United States, and therefore the opportunities for Canada to find alternative markets for some of the goods now going overseas?

These are not questions which can be answered. But a glimpse of the size and character of the problems we face can perhaps be obtained in another way.

Discussions which we have had with certain English officials in recent times indicate their belief that, post-ERP, the sterling area will have to balance its dealings with Canada. The English have not gone so far in bilateralism as to attach importance to achieving an exact balance with each country with which they deal. But they apparently see little prospect of achieving a significant U.S. dollar surplus in their dealings with countries other than Canada; and therefore expect to be unable to finance in U.S. dollars a large deficit with Canada. A cursory examination of the Western European situation, and a reading of the recent report of ECE, raises serious doubts as to whether most of our customers in that area will be able to find means of payment to permit them to cover a significant current account deficit with us.

The assumption that the sterling area will have to achieve a balance in its dealings with Canada may be too pessimistic. If the U.K. took really strenuous and painful measures to improve its competitive position in the world, a more optimistic attitude would be warranted. However, in appraising the situation we must naturally give great weight to the U.K.'s forecast of its own position at the end of ERP.

The dangers of our post-war position have been obvious since the commencement of the war, but there was reason for hoping that, with help from the U.S. and Canada, Europe would get back on its feet and be able to pay its own way without perpetuating severe import restrictions. Even before the end of the war, it was clear that when Lend-Lease came to an end the United States would extend tremendous credits to Europe; and when these credits were on the point of running out, it was equally obvious that the Marshall Plan would have to be adopted, because the alternative of no Plan would have produced a world debacle, and was therefore too horrible for the U.S. to contemplate. It may be the case that some form of U.S.

assistance to Europe will continue after ERP. But we cannot rely on such a development, certainly not on a basis that would provide a complete solution of our problems. The state of the world might be one which was extremely embarrassing and unfortunate for Canada, but not so calamitous that it produced further assistance from the U.S. on a substantial scale.

I revert to the fact that our current account surplus with the sterling area (ex South Africa) and ERP countries is likely to be more than \$800 millions in 1948. Even after making allowance for a possible increase in the exports of these countries to Canada, a very serious gap remains.

It is difficult to know what the allowance for increased exports should be. Their exports to us in 1948 will be about \$550 millions as compared with \$220 millions pre-war. If one increases present exports by 50 per cent in value, the improvement over 1948 would be \$275 millions. Even on the basis of this optimistic estimate, and after making allowance for their net earnings of "invisibles", sterling area and ERP countries would have to cut down the *value* of their 1948 purchases from us by about \$525 millions to achieve a balance.

If one looks at the composition of our 1948 sales to the countries concerned, the following very important items are distinguished for their vulnerability: (This does not purport to be an exhaustive list, and contains only the very sizable items.)

Animal products of all kinds, particularly bacon.

Wheat flour, and to some extent, wheat.

Lumber.

Trucks and cars, and car parts.

It is not suggested that the need for a commodity such as lumber will be greatly reduced, but if the buyers have not the wherewithal to pay, they must do without. The same line of reasoning would apply in the case of base metals, although the reduction of purchases in this field would presumably be no greater than the buyers were absolutely forced to make.

Apart from the damage to Canadian export industries arising from a great decrease in sterling area and Western European purchases, the question arises as to how we shall be able to pay for a tolerable volume of imports from the U.S. It is true that reduction of overseas exports will lower national income and so reduce the demand for imports from the U.S. But we cannot contemplate such a drastic lowering of agricultural income, and such a degree of unemployment, as would produce a balance in our current account transactions with the United States. Government would fight such developments by price support measures in the farm field, and measures designed to minimize unemployment.

It does not seem possible to escape the conclusion that unless we find an alternative *natural* market or markets for a substantial portion of those commodities which the sterling area and Western Europe cannot afford to buy, then we are likely to be forced into the making of special deals with these countries on a bilateral basis. Such deals involve special arrangements for increasing imports from the countries concerned; and this in turn presumably involves more severe restrictions on imports from the U.S., and full-fledged discrimination.

Situation in the U.K. and Sterling Area in General

Bilateral deals are the order of the day so far as the U.K. is concerned. Up to this time, no other country has been seriously hurt, thanks to boom conditions and to the high level of U.K. buying, financed by credits and grants. Under more normal conditions, the extension of these deals throughout the sterling area and between sterling area and, say, Western European countries, is likely to have very serious effects so far as Canada is concerned. The process is going on all the time. In the August 30th clippings I read of a new Australian-Swedish trade pact. Australia is to send Sweden certain specified products, and to get in return timber, pulp, cardboard and various other paper products. These commodities may well be admitted into Australia at higher prices than she would be charged by Canada.

In the same bunch of clippings, I see that important changes have been announced by the East African import control authorities, consequent on the application of the recent British Government directive that the sterling dominions, namely South Africa, Australia, New Zealand, India, Pakistan and Ceylon, be placed on equality with the United Kingdom in respect to imports. Open general licences will be freely issued for a wide range of goods coming from these countries, and also from France, Holland, Norway and Denmark. Licences for importations from Canada will presumably be severely restricted.

Since the end of the war, the U.K. has been making great and indeed expansive efforts to maintain and develop the sterling area connection. She has permitted free movement of capital at heavy cost to herself, particularly in the case of South Africa. She has released war-time sterling balances to an extent which she can ill afford. At a time when goods are in scarce supply, she has favoured exports to sterling area markets. I believe that these efforts are based on a belief that the sterling area, plus some "like-minded" countries, represent the U.K.'s future trading partners and as such must be kept reasonably well satisfied with their U.K. connections. At a later date, when the sellers' market ends, U.K. expects to reap its reward.

I should think it likely that the U.K. would suffer a distinct impairment in standard of living if she has to rely heavily on development of a trading area by means of special arrangements. Her chances for a reasonable degree of success would, of course, be greatly improved if Canada's resources were thrown into the pot and she could obtain what she wanted from us on a basis of automatic lending in the form of sterling accumulations or bilateral balancing based on heavy increases in U.K. exports to us on a non-competitive basis. Such a prospect, however, is distinctly unattractive to Canada as an economic proposition.

It is hardly necessary to say that no one can guess accurately what Canada's foreign trade position or problems will be some years hence. International political developments will have a major influence on the situation, and such developments are presumably unpredictable. For example, friendly relations between the U.S. and Russia would greatly accelerate world recovery, and might well produce an atmosphere in which foreign investment of American capital would take place on a substantial scale. On the other hand, unfriendly relations might necessitate U.S. defence expenditures abroad to an extent which would ameliorate some of the dol-

lar problems of U.K. and Western Europe. In the face of all these uncertainties, major decisions on policy are extraordinarily difficult to make. The great question to be resolved is whether or not deferment of major decisions involves greater risks than the adoption of new policies which, once initiated, could not readily be changed.

[GRAHAM TOWERS]

679.

CH/Vol. 2084

Note du premier secrétaire du haut-commissariat au Royaume-Uni

Memorandum by First Secretary, High Commission in United Kingdom

SECRET

[London], September 3, 1948

NOTES ON DINNER CONVERSATION WITH THE CHANCELLOR OF THE EXCHEQUER
AND INTERESTED UNITED KINGDOM OFFICIALS

Present:

Mr. N.A. Robertson

Sir Stafford Cripps

Sir Henry Wilson-Smith, Treasury

Sir James Helmore, Board of Trade

Sir Edwin Plowden, Central Economic Planning Staff

Sir Gordon Munro, United Kingdom Financial Minister in Washington

Mr. C.G.L. Syers, Commonwealth Relations Office

Mr. A.E. Ritchie

Importance of the Chancellor's Ottawa Talks

Mr. Robertson opened the conversation by stressing the importance attaching to the forthcoming talks of the Chancellor of the Exchequer in Ottawa, both politically and economically. He referred to the concern which was developing at the prospect of a division of the world into two blocs with only a minimum of trading relations between them. He observed that one of these groups, namely the sterling area, was apparently now expanding to include the other participants in the OEEC (as evidenced by the terms of the guidance paper regarding the assumptions to underlie the four-year programme), other countries with which members of the sterling area were making rather rigid and exclusive bilateral agreements, and possibly (if the proposals to be considered by ECE concerning the bases for expanding East-West trade were to be adopted, the countries of Eastern Europe generally. The prospect fore-shadowed by these trends was one which must create grave concern in the minds of those interested in promoting Commonwealth relations and in consolidating the "North Atlantic community". For Canada both the economic and political consequences of these developments appeared very serious. The immediate economic impact would be relatively harsher on Canada than on the United States, since such a relatively higher proportion of the Canadian national product goes into exports or is dependent on imports. Canadian international attitudes could not but be adversely affected by the results of such economic developments. Probably even more important from the point of view of international political relations

would be the eventual reaction of the United States when their sensitive exports, even though those exports represent a relatively small percentage of the U.S. national product, suffer a reduction as a result of these events. Even though it might be expected that the U.S. reaction would be tempered somewhat by the realization that these tendencies had been encouraged by the U.S. Government through OEBC, it was not unlikely that, particularly if a recession were to occur, U.S. attitudes towards the Commonwealth and towards the North Atlantic union would be impaired. Both because of the direct effect on Canada of the further development of these present tendencies, and because of the indirect consequences for U.S. attitudes on matters of concern to us, the examination of these trends in U.K. and European policy seemed to us to be of prime importance and the Chancellor's visit to Ottawa would be expected to provide the opportunity for a thorough and basic discussion of these subjects with all of their implications.

2. Sir Stafford Cripps indicated his awareness of the importance of both the political and economic issues involved and asserted his intention to discuss these fundamental questions while in Ottawa. He expressed some doubt that the following out of present trends would result in the dichotomy which Mr. Robertson foresaw. While trade between the two groups would be temporarily reduced, it would still continue in substantial volume and there was hope that eventually the volume would increase. He recognized the importance of the eventual U.S. reaction and remarked that when the change in attitude would come could not be determined but he felt that some of the problems would come up in the Congressional discussions of future appropriations for ERP. He added that, while present planning had to proceed on the assumption that further appropriations would be forthcoming, it was by no means certain that such would be the case. He observed that it was largely as a result of American pressure that the U.K. was now doing the two things which the Americans found most offensive, namely planning and discriminating (presumably in connection with the latter Sir Stafford had in mind the insistence of the Americans on the premature period of convertibility and the unwillingness of the Americans in the Geneva tariff negotiations to offer import duty concessions as a means of stimulating dollar earnings and thus enabling the U.K. to avoid discrimination. Although, as is probably apparent from the above summary of his remarks, Sir Stafford was rather on the defensive, he did seem aware of the seriousness of the political consequences for the Commonwealth and for North Atlantic union of the possible U.S. and Canadian reactions to present and prospective policies and he seemed also to agree that such policies (even though they might be inevitable) were likely to evoke sooner or later the sort of unfavourable reaction foreseen by Mr. Robertson.

Agricultural Policies

3. Mr. Robertson then raised the general question of the extent to which present policies or proposals would involve the diversion of resources from the production of goods for export to dollar markets to the production less economically of goods for exchange within the group. He referred particularly to agricultural plans which would be of special concern to Canada. The Chancellor remarked that present agricultural plans might adversely affect trade with the Argentine but doubted that by

themselves they would affect trade with Canada since it was envisaged that the limitations on such Canadian trade would be imposed not by domestic production but by the general inability to earn enough dollars. Sir Stafford felt that neither in terms of the commodities involved nor in terms of their effects on dollar earning capacity would the U.K. agricultural plans significantly affect future trade with Canada. Sir Edwin Plowden remarked that the U.K. programme of expansion was largely in respect of livestock, coarse grains, and poultry, rather than of cereals. Helmore observed that, of course, an expansion in coarse grains production implied an expansion in pig production as well. There might be some effect on the U.K. demand for these commodities from Canada but the effect would fall primarily on the sources from which these items were principally imported, such as the Argentine. Plowden stated that by 1952 the U.K. would still wish to import from Canada more agricultural products than it could finance from its export earnings. He intimated that present plans assume a continuation of rationing of principal foodstuffs beyond 1952. Accordingly, he supported the view of the Chancellor that the agricultural programme should not be regarded as responsible for any reduction in the demand for imports from Canada. Sir James Helmore felt also that the diversion of resources to the agricultural programme was not considered as reducing dollar earning ability, since those resources could not have been used effectively in any export industries of significance. Apparently Helmore was thinking primarily in terms of agricultural labour rather than in terms of materials for housing and for the manufacture of farm machinery or supplies.

4. Regarding the development within the sterling area of sources of supply for the U.K., Sir Stafford mentioned the African groundnuts scheme and remarked that while in comparison with pre-war prices this arrangement had been criticized as unsound, it was to be remembered that one of the principal sources of pre-war supply, namely India, was unlikely to produce exportable surpluses for a long time to come.

5. Concerning the agricultural policies of the other countries participating in OEEC, Sir Stafford felt that they would not go beyond the pre-war position when, he observed, Europe was not a regular net importer of food. Accordingly, he seemed to feel that these policies were not to be regarded as responsible for any difference between the present difficult trading relationships with Europe and the less unsatisfactory trading relationships existing before the war. He noted particularly that in the case of France the plans did not involve much of a change from the pre-war position. Mr. Robertson questioned whether even if present policies were limited to a return to the pre-war state of affairs we should necessarily regard them favourably since the ability of Europe as a whole to avoid net imports of food in that period had been based on Danubian preferences, arrangements aimed at varying degrees of national self-sufficiency, and other uneconomic practices resulting in a smaller volume of trade in agricultural products between Europe and the Western Hemisphere than would have been desirable.

6. The Chancellor and the U.K. officials referred, of course, to the strategic and political importance of developing local sources of food supply where possible and where reasonably economic.

Other Investment Programmes

7. Mr. Robertson recognized that certain proposed investments were necessary to deal with the present problem and could make a contribution to its solution but that apparently other investments were contemplated which would actually aggravate and lengthen the duration of the present difficulties, since they were absorbing resources which might have been available for current export and were themselves not likely to yield any return for many years to come — and even then their justification would appear to assume a continuation of the protection and discrimination of the present. He wondered whether it would not be desirable and feasible, in considering the advisability of capital investments within the sterling area and Europe, to separate short-run from longer-term considerations and not to regard all of the present short-run considerations as applicable to longer-term projects. He mentioned particularly rumours that new aluminium capacity was being contemplated for Borneo. Plowden remarked with reference to this particular project that in his judgment such an expansion of aluminium capacity might be desirable if the diversion of resources to it did not impede current dollar earnings since in the longer-term the demand for aluminium was likely to be great enough to keep all prospective capacity for aluminium production. On the more general question the Chancellor agreed on the desirability of separating short and long term considerations and felt that in most cases this separation was in practice being made.

U.K. Exports to U.S. and Canada

8. Mr. Robertson asked whether any attempt had been made to secure from the U.S. authorities the same cooperation in promoting imports from the U.K. as had been secured from the Canadians. The general answer was that such cooperation had not been secured and was unlikely to be given even if it were sought. Helmore felt particularly keenly that the U.S. Administration (even a Democratic one with its trading tradition) was not prepared to incur the unfriendliness of domestic producers by making a real effort to encourage imports. He referred to the Geneva tariff negotiations in which, in his view, the U.S. representatives had been quite unwilling to make reductions on items of genuine interest to the U.K. He mentioned the case of certain textiles on which the U.S. had agreed to substantial reductions for types not produced in the U.S. and not of the greatest interest to the U.K. but that the U.S. delegation was not prepared to grant concessions in respect of types produced in the U.S. which were of particular interest to U.K. exporters.

9. Both Sir Stafford and Helmore emphasized the potential importance to the U.K. of a change in the U.S. (and in the Canadian) practice regarding the proportions in which natural and synthetic rubbers are mixed in commercial rubber products. They indicated that while no statutory proportion had been established there apparently was an understanding between producers of synthetic rubber and manufacturers of finished products (such as tires) whereby the percentage of synthetic rubber would be kept at something like 25 to 30 percent. They felt that if this practice could be changed, the effect of this change in terms of the import demand (both as to quantity and as to price) for natural rubber from the sterling area would be more substantial than probably any one other action which might be taken to assist the U.K. in earning dollars. They appreciated that for strategic reasons it was desir-

able to keep synthetic rubber capacity in usable condition and to make improvements in the synthetic product but they felt that these purposes could be accomplished without requiring the commercial use of synthetic rubber on the present scale. On the subject of rubber and other strategic materials the question was asked whether the U.S. efforts to accumulate stock-piles would yield substantial amounts of dollars (after the available part of the five percent of local proceeds from ECA supplies had been exhausted). It was noted that already the U.S. had been reported to have purchased some 30 to 40 thousand tons of sterling area rubber. The Chancellor and Helmore doubted that this source would yield substantial dollar earnings, at least not in comparison with the earnings which would be possible — and which would be recurrent — from the more widespread commercial use of natural rubber in the U.S. and Canada.

Other European Exports to Canada

10. Helmore enquired whether the same efforts were being made to facilitate imports into Canada from other European countries. Both he and the Chancellor felt that something could be accomplished in this direction which would assist in alleviating our present common difficulties.

Encouragement of Tourist Traffic to the U.K., Sterling Area and Europe from the U.S. and Canada

11. In connection with the earlier discussion on the diversion of resources to capital investment Mr. Robertson had suggested that if such resources had to be diverted the diversion most likely to contribute to a solution of the shorter run problem and least likely to involve long-term dislocations might be to the tourist industry either for the improvement of tourist facilities and accommodations within the group of countries or for facilitating ocean transportation. Sir Stafford felt that both they and the European countries (particularly the French) were keenly aware of the desirability of catering to Western Hemisphere tourists. From the subsequent discussion, however (including uncertainty concerning present facilities and the air of novelty evident in their remarks concerning possible future arrangements) it appeared that the possibilities in expanding and facilitating ocean transportation of tourists might not yet have been fully considered. It appeared that no ocean-going passenger vessels are under construction and doubt was expressed that the construction of such vessels could be undertaken in the present state of the shipbuilding and steel industries. There was some suggestion (and apparently at least for those present this was the first occasion on which the possibility had been considered) that suitable passenger vessels might be diverted from the Australasian run or (with the change in immigration policy in South Africa) from the South African run. The advisability of the diversion from Australia seemed questionable in view of the probable unsuitability of the vessels and in view of the fact that these vessels, insofar as they are running on tours, are already earning more dollars than they might yield (either in terms of fares or in terms of subsequent tourist expenditure) on the North Atlantic route. The second possibility — a diversion from South Africa — was not ruled out. From the conversation on the subject it was apparent that the maximum yield from tourism (or even the pre-war yield when present fleets — except for the "Queens" — were larger and were supplemented by Italian

and German ships) — and allowing for the continued expensiveness and inadequacy of air travel — is not likely to be realized for some time to come and it appeared questionable that much allowance for improvements in ocean transportation of tourist class passengers was being made in plans for the near future.

Freedom to Devalue Currencies

12. Mr. Robertson enquired whether some of the unsatisfactory aspects of the present and prospective situation might not be attributable in some part to the acceptance by the European countries of the exchange rate rigidity imposed by the Fund articles of agreement. He was not sure to what extent exports could be stimulated and imports reasonably impeded by devaluation but he wondered whether the mere fact that governments were regarding themselves as not free, to vary their exchange rates might not account in some degree for the alacrity with which they seemed willing to employ other devices, such as quantitative import restrictions. The Chancellor and Wilson-Smith doubted that reductions in European exchange rates would yield much result and doubted also that the obligation imposed by the Fund agreement (which was not an inflexible obligation in any case) had conditioned much of the thinking or policy making in all the OEEC countries. Sir Stafford felt that most European countries refrained from devaluation, not because of the Fund commitment, but because of a lack of evidence that imports and exports would be significantly affected and because of the pressure exerted by other countries in the group which might be involved. There was no discussion of a suggestion that a principal deterrent from devaluation is probably the unwillingness of governments to take action deliberately which would entail or imply a reduction in a standard of living. Sir Stafford volunteered the opinion that a really helpful adjustment in exchange rates might be an appreciation of the American dollar.

A.E. R[ITCHIE]

680.

PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], September 8, 1948

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CANADA-U.K. FINANCIAL RELATIONS; DISCUSSIONS
WITH U.K. CHANCELLOR OF THE EXCHEQUER

18. *The Minister of Finance* reported that Sir Stafford Cripps, with a small group of U.K. officials, would be visiting Ottawa during the week of September 20th en route to Washington for meetings of the International Bank and the International Monetary Fund. Basic problems in Canada-United Kingdom financial and economic relations might be expected to arise in the course of this visit.

On the one hand the United Kingdom would be interested in ascertaining the government's intentions with regard to further drawings on the balance of the U.K. credit. On the other hand, we would be deeply concerned with the plans of the U.K.

government and other western European countries for the achievement of a viable economy and a stable payments position by 1952 when the present European Recovery Programme was expected to end.

The traditional pattern of triangular trade, with large Canadian sales to western Europe and heavy Canadian purchases in the United States, had been maintained during the war and immediate post-war period. During these years gifts and loans by Canada and the United States, Mutual Aid, Lend Lease and other temporary expedients, and most recently E.R.P., had taken the place of convertible currencies in permitting the continuation of large purchasing programmes in North America. Since the previous autumn, however, because of her own serious balance of payments position, Canada had found it impossible to continue extensive assistance to the United Kingdom and other European countries.

19. *Mr. Abbott* said that reports indicated that the four year programme being prepared by the United Kingdom (paralleled by those of other European countries) was intended to achieve a substantial reduction of imports from the dollar area by 1952, a diversion of purchases to soft currency areas and a considerable further increase in exports to dollar countries. This programme would be based on the retention of stringent controls over imports and foreign exchange.

As a result of these measures, the United Kingdom hoped to achieve a more or less stable balance of payments position by the end of the E.R.P. period. If the U.K. government's objectives were realized, the results to the Canadian economy would be extremely serious. Canadian exports to the United Kingdom, especially of agricultural products, would be substantially reduced. The traditional pattern of Canadian trade could no longer be maintained without artificial stimulus on a long-term basis. As a consequence Canada would be unable to maintain her normal level of purchases from the United States unless large alternative markets could be developed.

In this situation it was difficult to see what justification could be found for the extension of further credit. On the other hand, over the next three or four years, the maintenance of the Canadian economic position would depend on the continuation of offshore purchasing by the United States under the E.R.P. It was estimated, for example, that an expected U.K. deficit with Canada of some \$600 to \$700 million in the coming year would be largely met by such offshore purchasing by the United States. It was evident that, in the U.S. view, the continuation of such purchasing would be dependent upon Canadian willingness to assist in E.R.P. by further financial contribution. In this connection it might be necessary for the government to consider the release of a further \$60 or \$70 millions from the balance of the U.K. credit though no early decision need be taken.

The Canadian reserve position had improved somewhat since the imposition of the programme of restrictions in the autumn of 1947. Exclusive of proceeds of loans, reserves were now some \$200 millions better than at December last.

20. *Mr. Abbott* said that the solution of these problems, both in the short- and long-run, depended upon the economic relations between Canada and the United States. It should be kept in mind that, in relation to any possible reductions in trade barriers between the two countries, the coming Presidential election and the attitude

of the new administration would be of outstanding importance. Little benefit was likely to result from an immediate approach to the U.S. government.

These and related matters of material concern would be discussed with Sir Stafford Cripps and his party in Ottawa. It was proposed that, after preliminary meetings with the Minister of Finance and the Acting Prime Minister, the discussions be carried on under the auspices of the Cabinet Committee on External Trade Policy.

21. *The Cabinet*, after discussion, noted the Minister's report and agreed that discussions with the U.K. party be carried on as suggested under the auspices of the Cabinet Committee on External Trade Policy.

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PCO/Vol. 105

*Note du secrétaire du Comité du Cabinet
sur la politique du commerce extérieur*

*Memorandum by Secretary of Cabinet Committee
on External Trade Policy*

SECRET

Ottawa, September 14, 1948

POSSIBLE POINTS FOR DISCUSSION WITH SIR STAFFORD CRIPPS

Officials from Finance, External Affairs, Trade and Commerce, Bank of Canada and the Privy Council Office yesterday discussed the following specific points (as distinct from the general trends and framework) which Sir Stafford Cripps may raise or which, alternatively, the Canadian representatives may wish to raise in the discussions next week.

(1) *Canada-U.K. Wheat Contract and Settlement of the "Have Regard To" Clause*

Chicago prices are presently running a little over \$2.20 so that the \$2.00 price to Canada this year will not offer much in the way of adjustment under the "have regard to" clause. The earlier U.K. offer of \$2.00 for the last year of the contract was not accepted and was subsequently withdrawn so that the 1949-50 price remains to be negotiated. One possibility that has been considered is to earmark a portion of the outstanding balance of our credit to be used at the end of the contract period for making any adjustments considered necessary. The chief difficulty may be that the United States could take serious objection to this sort of arrangement and refuse to provide U.S. dollars for the offshore purchasing of Canadian wheat, on the ground that in effect the U.K. was being charged a price substantially higher than the world market price; further, the United States, which is extremely anxious to have Canada make a further contribution to European recovery, would scarcely consider that this sort of adjustment was a contribution.

(2) *Continuation of U.K. Contracts*

Indications are that the United Kingdom will continue to require Canadian wheat but may by 1952 curtail substantially its other food purchases here. The question of further U.K. purchases of wheat has, of course, a bearing on the settlement under the present contract.

If the U.K. market for agricultural products other than wheat is to be a dubious quantity, Canada's immediate interest would lie in a gradual tapering off, which would fit in with our ability to develop alternative markets; we would have a preference as to which things should be cut down first and which things should be carried on and cut down more gradually. Cheese, for example, probably represents a commodity which could and should be dropped now. Alternative markets for cheese can be found and milk products in any case could be diverted into domestic butter production. Bacon and possibly eggs offer greater difficulties.

(3) *Newfoundland Fish Exports*

The major problem in connection with the Newfoundland fish industry is the fact that a very substantial portion of its output is presently being sold in sterling markets and paid for in sterling, chiefly in Portugal and Greece. Some method of continued marketing must be found if a breakdown in the industry is to be avoided. While the actual details may have to be worked out in the Newfoundland discussions rather than in the talks with Sir Stafford Cripps, it will probably be necessary to get U.K. concurrence. One possibility would be to earmark part of the U.K. credit for fish sales although this might have to cover Maritime and B.C. as well as Newfoundland exports. Alternatively, we could permit the continued sale of Newfoundland fish for sterling, using the sterling so received to pay off the Newfoundland sterling debt which the Canadian government has agreed to assume. The U.K. objection to this might be that they would lose Canadian dollars which they would otherwise receive when Canada took over this debt, although we have never given them any assurance that the assumption of the Newfoundland debt would be on the basis of a direct dollar payment to the United Kingdom.

(4) *Token Imports*

The United Kingdom has accepted a scheme of token Canadian imports which, although negligible in terms of quantity or in terms of cost, does a great deal to relieve the complaints of Canadian industry. Recent discrimination against Canadian products in another traditional Canadian market, the British West Indies, has led to the suggestion, already forwarded to the U.K., that a similar system of token imports be adopted there. No reply has been received to this suggestion. It was understood that the matter might be raised again when Cripps was in Ottawa.

(5) *Canadian Shipping*

Difficulties which the Canadian merchant marine was experiencing and the extent to which these might be expected to increase as a result of the requirement that 50% of E.C.A. supplies from the United States should move in U.S. vessels and as a result of the desire of the U.K. and other Western European countries to improve their own comparative shipping position, had been considered several times over recent months. While the E.C.A. problem may not become serious for some time, there are continuing evidences of discrimination on the part of the United Kingdom against Canadian shipping. It has been suggested that it might be necessary to consider attaching some conditions in this regard to any further use of the Canadian credit.

I understand the Chairman of the Canadian Maritime Commission has prepared a brief on the subject.

(6) *U.K. Immigrant Capital*

U.K. immigrants to Canada have always been under a dollar restriction which has been a handicap in comparison with U.K. immigrants going to other parts of the Commonwealth or to the sterling area. This restriction has become burdensome with the reduction of the amount of capital which they may bring to Canada from £5,000 to £1,000, spread over a four-year period. This in effect means that the U.K. emigrants who are in a position to take capital abroad and the emigrants in whom the most money has been invested in specialized training are lost to Canada and that we get the least valuable class.

It has been suggested that, since we have made an arrangement under which U.K. industries can bring capital to Canada, a similar arrangement would be logical in regard to U.K. immigrants. Under this arrangement the additional capital might be offset against dollars realized in the U.K. on the sale of Canadian securities there, which otherwise would be set off against the interest-free loan. The argument on the other side is that we have already strained this sort of arrangement so far that to use it again would be in effect to open the door wide.

These are some of the points that were discussed. Underlying the whole discussion, of course, was the question of the extent to which, if further credits were allowed, we could earmark those credits in relation, for example, to the "have regard to" clause, livestock contracts, fish exports if necessary, token import schemes or shipping. It was also suggested that, while we might not find it feasible to earmark any further part of the U.K. credit as available for other sections of the sterling area, e.g., Australia and New Zealand, we should in future consider seriously the possibility of dealing directly with individual parts of the sterling area, making direct arrangements with Australia and New Zealand with regard, for example, token import schemes or trade arrangements, rather than treating the sterling area as a whole as hitherto.

It was suggested that future sales of Canadian lumber to the U.K. and price arrangements in this connection might be mentioned in view of reported arrangements being made between the U.K. and U.S.S.R. for U.S.S.R. lumber.

It was suggested that in certain specific fields it might be possible to increase U.K. exports to Canada, relieving both the Canada-U.K. and Canada-U.S. exchange position. For example, U.K. production of Hydro Electric machinery such as generators could be absorbed in substantial quantities by Canada but it was reported that we are compelled to buy instead from the U.S. because of cartel arrangements.

Further, the U.K. expects to realize considerable earnings from oil over the coming years. If part of the oil could be diverted to Canada, it would substantially improve our trade position with the U.K. and lessen our deficit with the U.S. As far as the U.K. is concerned, this might merely be a diversion from one dollar area to

another but an attempt might be made to persuade the U.K. that this would be in its interest since it would help to solve difficulties with Canada.

J.R. BALDWIN

682.

DEA/154 (S)

*Note du chef de la Direction économique
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Head, Economic Division,
to Secretary of State for External Affairs*

TOP SECRET

[Ottawa], September 18, 1948

At a meeting attended by members of the Cabinet and the Interdepartmental Committee on External Trade Policy held on Friday, September 17th, Mr. Abbott said that he would meet Sir Stafford Cripps on his arrival and have a preliminary discussion with him, and then on Monday morning take him to Mr. St. Laurent's office to arrange in greater detail the method in which the talks would be carried out. It was felt that he would not want to meet with the full Cabinet and that the best solution would be for the discussions to be under the aegis of the Cabinet Committee on External Trade Policy. Discussions on the official level would also take place between those accompanying Sir Stafford and the Canadian officials who were concerned with the matters on the agenda.

Attached hereto is a list of questions† circulated by Mr. Abbott which he thought the Ministers with their advisers would wish to discuss and perhaps arrive at conclusions. However the meeting when it terminated had not progressed beyond the second item and no firm decisions were reached on either of the two subjects which were discussed.

Mr. Abbott explained that he would not wish at this time to circulate any balance of payments forecast and he was especially anxious that the information which he would give out would not be discussed outside that room. He proposed giving only round figures and explaining generally the assumptions on which his calculations had been based. He told us it was anticipated that the trading surplus on current account for the calendar year 1948 would be about \$400 million and that it would probably run to the same figure for the calendar year 1949. In making these calculations it was assumed that United Kingdom exports to Canada would reach the level of the forecast which they had made earlier this year that Canadian exports would continue at about the same figure and that the agricultural contracts with the United Kingdom would be abandoned except in the case of wheat.

Referring to our reserves of United States dollars he said that our position had improved since the beginning of the year by about \$370 million which includes the loan from the Export/Import Bank. As our reserves at the beginning of 1948 totalled \$500 million it meant that they now stood at \$870 million which is the minimum figure which can be regarded as a safe reserve in these times.

In the matter of financial assistance to European countries during 1948 he felt that we could take credit for a total of about \$316 million composed of:

\$150 million under the price differential in our contracts with the United Kingdom. This applies almost entirely to the Wheat contract.

\$148 million in credits.

\$17½ million post-UNRRA relief.

As to the future he made it clear that what can now be described as a tough fiscal policy will have to be modified and in response to public pressure some relaxation in our Exchange Conservation Programme must be contemplated.

The interest of Mr. Howe was principally to find outlets for Canadian production and he also shared with Mr. Abbott the view that if our present standard of living is not to be affected between \$500 million and \$600 million United States dollars would have to be spent in Canada under ERP in addition to the United States dollars we will acquire from other sales.

Mr. Gardiner clung tenaciously to the view that the only long term market for his agricultural products is in the United Kingdom. He is not concerned about markets in the next two years because overall shortages will enable him to dispose of most of the commodities which in the past have been going to the United Kingdom under contract but he emphasizes that as agricultural productivity recovers throughout the world and surpluses develop in the United States our only continuing market will be the United Kingdom and it would be permanently prejudicial to withdraw for any reason from that market at this time. He favours, therefore, continuing financial assistance to the United Kingdom but with dollars earmarked for the purchase of bacon, eggs and cheese. He touched on certain agricultural surpluses which we have already encountered, like Flaxseed and apples, and explaining that agricultural production had reached its highest peak in our history predicted that in addition to what we can sell elsewhere during the coming year we will have approximately \$150 million worth of agricultural products which we want to dispose of in the United Kingdom. The existing United Kingdom contracts, exclusive of wheat, total about \$135 million. He also strongly argued the case of earmarking about \$120 million of the unspent portion of the Canada-U.K. loan for settlement under the "have regard to" clause of the Canada-U.K. Wheat Agreement in the event that satisfactory arrangements cannot be made with the United Kingdom Government. He pointed out that the price differential between the contract and world market prices will have to be paid by the Canadian Government to the Canadian farmer and if his proposed earmarking is not accepted it may be that we will end up paying this amount twice, once to the Canadian farmer and once as part of our advances to the United Kingdom Government under the loan.

Mr. St. Laurent took a much broader view of the problem which is facing us and expressed the opinion that up until now we have regarded the United Kingdom primarily as a market in which we hoped our pre-war trade would continue to operate. It may now be necessary, however, to amend that view to a consideration of how, with the resources which we have available, we can best assist the economic recovery of the United Kingdom and Europe. We should perhaps now be regarding those areas not so much as a market but as a buffer between the Iron Curtain and the Western Hemisphere and directing our efforts to making it a self-supporting area.

Certain facts seemed to emerge clearly from the discussion:

(a) Sir Stafford Cripps will undoubtedly argue that the United Kingdom plan is not one which his Government wishes to adopt but is one made necessary by ECA because of the obligation implicit in ERP that each recipient country develop a four-year plan which will enable it to stand on its own feet after 1952. He will say that his Government had already made provisions to reduce expenditures in the dollar areas by some \$500 million and now in order to meet the ERP obligation they propose to reduce these expenditures by another \$400 million.

(b) The United Kingdom proposes to meet its food requirements by:

(i) Increased production in the United Kingdom. The plan provides for the direction of an additional 100,000 men into agriculture and the expenditure of several millions of dollars in its development

(ii) Reduced consumption in the United Kingdom of agricultural products

(iii) Increased purchases in the sterling area even if at prices in excess of Canadian prices.

(c) The attractiveness of lower Canadian prices will be disregarded in favour of sterling payments. Mr. Howe cited an example of this policy in the cancellation of the signed ten-year contract with Canada to purchase newsprint at \$96 a ton and obtain it from Sweden at £45 per ton or almost double the Canadian price.

(d) A loan from Canada tied to agricultural products would not be in the United Kingdom interests because it would reduce on a pro rata scale the amount of ERP dollars which would be available and with which the United Kingdom could elect to purchase commodities which it considers more essential than some of these food items.

(e) The United Kingdom may not seek financial assistance from us because:

(i) The United Kingdom may fear that Canadian financial contribution would affect its allocation of United States dollars.

(ii) Knowing the United States' desire for Canadian participation in ERP the United Kingdom may decide that United States' pressure will achieve the desired result.

(f) Reduced United Kingdom consumption rather than United Kingdom productivity is the important factor because increased productivity over pre-war levels has been remarkable and further expansion would be extremely difficult. This is evidenced by the fact that the United Kingdom programme estimates an increase in 1952 production of only 10% above the 1948 figure. The results of the increased production of not only the United Kingdom but of the Western Hemisphere has made itself felt to such a limited extent because of the abnormal requirements of the United Kingdom caused by war devastation and heavy loss of invisible exports.

(g) Cripps will undoubtedly seek our views on ways in which the programme can be amended to assist us without prejudice to the United Kingdom.

(h) Economic developments between now and 1952 are so unpredictable, even a continuing of ERP is uncertain, that it would not be possible to establish at this time what help will be needed or what assistance we could give after that date.

From a purely Canadian standpoint we can probably reach these conclusions:

(a) That financial assistance in the form of a loan or grant at least to the United Kingdom and possibly to some other European countries must be made by Canada. Even the Minister of Finance has given an indication that this will be done if for no other reason than because of United States pressure.

(b) The form and amount of Canadian assistance should be decided at an early date in order that we may communicate our intentions to ECA who are already giving indications that offshore purchasing in Canada will be restricted if we cannot soon advise that Canada will participate financially in ERP.

(c) A loan to the United Kingdom tied to agricultural products will be neither practicable nor in the overall interests.

(d) Canadian financial assistance even if it means a tightening of belts in Canada can be explained satisfactorily to the Canadian public. In the first instance we justified our credit programme on the basis that by assisting the reconstruction of Europe we were ensuring future outlets for Canadian products. Although such a hope does not seem to be materializing we can now satisfy the Canadian public that it is in their long term interests to make expenditures to rehabilitate and strengthen our Allies in Europe against the growing threat of Communism.

(e) Some barter arrangements can perhaps be worked out with the United Kingdom under which they can pay for Canadian commodities with goods produced in the United Kingdom and which we need in this country. The Canadian Government has never approved this form of trade except in the Argentine newsprint, vegetable oil deal, but Mr. Howe on Friday indicated that Canada would have been interested in the deal which the United Kingdom finalized with the U.S.S.R. of grain for heavy machinery.

(f) A gift of agricultural products to the United Kingdom may be possible with payment to the Canadian farmer being made from our growing budget surplus. Already a Government decision has been made that our \$8 million surplus of apples may be disposed of in this way. Politically it would be difficult to justify special treatment for one section of the Canadian economy.

H.O. M[ORAN]

683.

CH/Vol. 2084

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

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

SECRET

[Ottawa], September 18, 1948

VISIT OF SIR STAFFORD CRIPPS

The meeting of the Cabinet Committee on External Trade Policy which took place on September 17 demonstrated, as was to be expected, the differences of opinion in the Cabinet. It also demonstrated how difficult it will be to keep constantly before the members of the Cabinet the fact that the determination of a Cana-

dian policy which is in the interests of Canada will require the very careful balancing of political, economic, strategic and psychological factors. Some of those present were obviously thinking almost entirely in broad economic terms, such as the future of Canadian trade. Others were thinking in narrow economic terms and were concerned with the protection of a special economic interest in Canada — the agricultural community. Mr. St. Laurent, of course, on a number of occasions drew to the attention of the Committee that the considerations were political and strategic as well as economic.

2. There was also confusion between the problem of Canada's economic and financial relations with the United Kingdom up to 1952 and the problem of our relations from 1952 on, when special E.C.A. assistance comes to an end.

3. In view of all this, I have tried to put down in this memorandum some of the considerations which, it seems to me, would be useful if you could have in mind when you are participating in the discussions in the Cabinet Committee.

4. There is no necessity for argument about the fundamental basis of any decision which is to be reached. All the members of Cabinet are agreed that the policies adopted must be in the national interest of Canada. This is not a question of Canada giving charity, or of the Canadian Government recommending that Canada give assistance to the United Kingdom which it is not willing to give to its own people.

5. The argument mainly used by the Canadian Government in supporting requests for economic aid to Europe since the war has been that this economic aid would help, in the short run, to maintain the flow of Canadian exports, and, in the long run, would create an economy in Western Europe which, under a multilateral system of trading, could purchase Canadian goods. If the thesis put forward in the United Kingdom paper is correct, the second argument has no longer much validity. This does not mean that the aid hitherto given has not been in Canada's national interest; this aid, along with United States aid, has helped to keep Western Europe, including the United Kingdom, from relapsing into chaos. That chaos would have furthered the advance of the Soviet Union in Europe and would have made impossible any hopes that in the future Western Europe could be a substantial market for our goods.

6. If the thesis in the United Kingdom paper is correct, further financial assistance by Canada on any scale which is possible would not by 1952 enable the United Kingdom to resume multilateral trading. The United Kingdom is not intending to resume multilateral trading but is contemplating a substantial reduction in imports from dollar areas, together with a continuation of controls of dollar imports. This does not mean that it is not in Canada's interests to extend further assistance to Western Europe and the United Kingdom. It does, however, mean that the argument for that assistance is now mainly political and strategic rather than economic. In effect, the premise on which our past assistance was given has disappeared, but a new premise has emerged.

7. The Canadian Government has been engaged in a crusade for a North Atlantic Security Pact under which the member nations would pool their resources to resist aggression. The weaker economically that the Western European nations are the less they will be able to contribute to that pool and the more will be required from

North America. The weaker economically the Western European countries are the more susceptible they will be to Communist penetration.

8. One reason why we have been engaged in a crusade for the North Atlantic Pact is that we cannot safely continue to live next door to a Western European firetrap. That Western European firetrap is now being rehabilitated with aid from North America into a relatively fire-proof house. By 1952 the erection of that house may, as Mr. Robertson has put it, close off some of our "ancient lights". That, however, does not mean that the rehabilitation of the firetrap is not in our interests.

9. In the kind of world in which we are living, it is impossible that the Canadian Government can adopt any policy with respect to assistance — economic, financial and military — to Western Europe which will not injure some special interest groups in Canada. Indeed, it is impossible that we can adopt any policy which will not injure the Canadian economy as a whole. The fantastically large military expenditures which we would be involved in if Western Europe should collapse would result in a violent fall in the standard of living of Canadians.

10. So far as the proposed United Kingdom policy will really serve to maintain the economic and military strength of the United Kingdom, it is in our interest, since we require a strong ally. The fact, therefore, that a specific United Kingdom proposal may damage Canada economically is not in itself an argument that it is not in the national interest of Canada.

11. It has been suggested that we should virtually force the United Kingdom to continue purchasing Canadian bacon, eggs and cheese, even though the United Kingdom does not consider that it can afford to purchase these goods. If we were to succeed in forcing the United Kingdom to continue to purchase these goods, it will presumably have to cut down on imports of goods which it considers are more essential for its recovery.

12. It seems to me that the discussions from our side should start with a tribute to the extraordinary accomplishments of the United Kingdom since the end of hostilities in building up its productive resources to the point where their volume of exports in 1948 is 145% of the pre-war volume. This has been accomplished in spite of the ravages which the war caused to their industrial machine.

13. Having started on our side with a tribute to the accomplishments of the United Kingdom, we should then, I think, make clear to Sir Stafford Cripps that we do not question his good faith when he says that the United Kingdom does not want to adopt the kind of policy set forth in their paper but that it feels it will be compelled to adopt such a policy. We should make clear, however, from the beginning that, though we accept Sir Stafford Cripps' statement in good faith, this does not mean that we believe that all the specific proposals set forth in the United Kingdom paper are necessary or are in the interests of the United Kingdom.

14. We might then suggest that the most fruitful course to follow would be for us jointly to examine the United Kingdom program in an effort to discover *first* whether all the assumptions the United Kingdom has made in its paper are sound, and *secondly* whether there are not changes which the United Kingdom could make in their program which would accomplish their purposes and at the same time not damage Canada as much as would their present proposals. They will undoubtedly

be sympathetic to this since they, no more than we, desire that, as the result of their program, Canada's political relations with the United Kingdom will be subjected to a severe strain.

Assumptions in U.K. Paper

15. The United Kingdom has included in its balances for 1952 an annual payment of \$190,000,000 on its loans from Canada and the United States. It is not inconceivable that both Canada and the United States might in 1952 agree to waive these payments for a further few years. Such a waiver would be equivalent to a continued annual grant of \$190,000,000 from North America to the United Kingdom.

16. The United Kingdom paper appears also to be based on the assumption that there will be no flow after 1952 of private investment to the sterling area from North America. This assumption can be questioned. It is probably unrealistic, for two reasons, to expect that there will be any considerable flow of private North American investment to the United Kingdom and Western Europe. The first is that the North American investor would fear that the plant in which he invested might be destroyed in war. The second is that he probably fears that the trend towards socialism in Western Europe would result in his property being expropriated. These two considerations, however, are not applicable to investments at least in certain colonial and sterling areas, and this flow of investment would help the United Kingdom to maintain its balance of payments position without the extensive kind of discriminatory measures which it now contemplates.

17. A third assumption made in the United Kingdom paper is that E.C.A. aid and accompanying Canadian aid will cease in 1952. This assumption can also be questioned. If, as we hope, we get the North Atlantic Pact next spring, the North American public should, after three years' experience of that pact, realize more clearly than they do today that the Western European countries are our allies and that it is in our interests to support them economically. What may seem politically unrealistic in 1948 may be practical politics in 1952.

18. There also appears to be a fourth assumption which could be questioned. It is that North America will not by 1952 be providing munitions to Western Europe free of charge. North American assistance in the re-armament of the United Kingdom will lessen the need of the United Kingdom for dollars with which to purchase armaments and other materials for its armed forces. It will also make it possible for the United Kingdom (and other Western European countries) to divert men and resources from their armament industries to the production of goods for export to dollar countries. Another military development which might favourably affect the United Kingdom dollar position would be dollar expenditures by United States forces in the United Kingdom and other parts of the sterling area.

Measures Which the United Kingdom and Canada Might Take

19. I am not competent to suggest changes which the United Kingdom might make in its program which would accomplish its purposes but not damage us as much as the present United Kingdom proposals. Mr. Robertson suggested a number of possibilities at his dinner with Sir Stafford Cripps. (See memorandum of September 3.)

20. In addition to exploring these possibilities, it would be possible to explore the possible measures which Canada might take to diminish its need for United States dollars and to provide Canadian dollars for the United Kingdom.

21. One such measure would be the building up in Canada of sources of supply of goods which we now purchase from the United States. Another would be a switch from United States sources of supply to sources of supply in the sterling area and Western Europe. This might be done either by a lowering of the barriers which now exist against imports to Canada from the sterling area and from Western Europe, or, if necessary, by barter deals between Canada and those areas; these steps could only be taken after close examination of our commitments under the General Agreement on Tariffs and Trade.

Peculiar Canadian Considerations

22. It would seem to me that there is a good deal to be said politically for our considering the problem not as one of aid to the United Kingdom but as one of aid to the sixteen O.E.E.C. countries. The war-time billion dollar "gift" to the United Kingdom caused the Government much more trouble in Quebec than the billions later granted under Mutual Aid. Another analogy is the airlift to Berlin, where it would be politically easier for the Canadian Government to accept a request for assistance that came jointly from the United States, the United Kingdom and France, than one which came only from the United Kingdom.

23. Our goal, of course, must be that any credit we give to the United Kingdom or to O.E.E.C. will add to their total resources, instead of lessening the resources to be given by the United States. It may be impossible for us to accomplish this but we should, I suggest, try. It is everywhere realized that the E.C.A. appropriations are the barest minimum. If we could supplement them by, say, 5%, this would provide an extra margin of safety.

24. It is politically unrealistic for us to proceed on any other assumption than that we are going to contribute further financial assistance to Western Europe. We are under heavy pressure from Washington to contribute; in fact, they are now beginning to subject us to a pretty tight squeeze. It would be better for us to give in quickly with good grace than to give in grudgingly later on. The Lord, and the United States, loveth a cheerful giver. If we give in grudgingly, we will endanger our good relations with the United States. If we give in as quickly as possible, we will not only better our political relations with the United States but we will make it easier for the incoming Republican administration to secure the necessary E.C.A. appropriations from Congress. The task of the new administration is going to be hard, particularly when the American public realizes the kind of economic trading system which the Western European countries are likely to set up in 1952. This they will realize when the sixteen O.E.E.C. countries present to the United States administration and the United States administration presents to Congress the report which O.E.E.C. will draw up of a long term program of the sixteen European countries. This program, which the United States has requested, will presumably be along much the same lines as the draft United Kingdom paper which we have now received. This O.E.E.C. paper is going to shock American opinion.

25. It is also, I think, politically unrealistic for us to think that we can get by with financial assistance to the United Kingdom which will be merely assistance on paper and which will not result in any real costs to the Canadian people. The United States administration and public will demand something more of us, for example, than a paper grant of a credit of, say, \$100,000,000 to the United Kingdom which they will immediately use to discharge their "in regard to" obligations under the Wheat Agreement.

26. The United States administration and public will also look skeptically at a grant of credit by Canada which is hedged about with conditions under which the United Kingdom will not be able to purchase in Canada the goods which it needs but the goods which we want to get rid of.

27. One point which I think should be made clear to Sir Stafford Cripps is that we are very apprehensive, as he must be, about the effect on American public opinion when the news gets around that the goal of the United Kingdom and the other Western European countries in 1952 will be a closed economic system. We are ourselves worried about the effect on Canadian public opinion. United States opinion may react even more strongly than Canadian opinion. There may indeed be an outburst in the United States and the United States reaction will itself have an influence on Canadian opinion, thus making it more difficult for the Canadian Government to give financial assistance to Western Europe. Unless the matter is handled with extraordinary skill on all sides, there may be a mounting demand in the United States that Congress refuse to pass further E.C.A. appropriations. If, however, the matter is handled with the necessary skill, the effect of the shock on American opinion might be beneficial instead of the reverse. The American administration, Congress and the American public might realize that what is needed is not the negative act of stopping E.C.A. appropriations but the positive act of re-examining the nature, extent, duration, conditions and goals of the economic assistance which the United States is giving to Western Europe.

28. One specific Canadian aspect of the whole problem of the discussions with Sir Stafford Cripps must cause us grave concern. It seems to me from the discussions at the Cabinet Committee on September 17 that there is serious danger that the issues which are now up for discussion will be distorted into a simple choice for Canada between (a) complete alliance with the United States economy and separation from the United Kingdom economy, and (b) the maintenance of our traditional markets in the United Kingdom. This is a simple but a false way of putting the issue. I am convinced that it is possible for us, given good will, intelligence and creative imagination, to work out some middle course. We will not be able, however, to work out such a middle course if we either accept too readily all the projections, assumptions and conclusions of the United Kingdom paper or if, out of inertia and political cowardice, we refuse to accept the necessity of some readjustments in the Canadian economy.

29. I doubt whether we can intelligently examine the possibility of a middle way until Sir Stafford Cripps has presented to us the United Kingdom yearly programs for 1949, 1950 and 1951.

30. Though it is misleading and dangerous to think of the issues now before us in the simple terms of a choice between our allying ourselves completely with the United States economy and maintaining our traditional markets in the United Kingdom, there is, I think, one very simple and profound issue before us. It is that if the Western European countries are compelled to adopt the kind of policy forecast in the United Kingdom memorandum, there will be a conflict between the trend which is now setting in towards the political and military unification of the North Atlantic countries and the trend towards the division of the North Atlantic countries into two groups economically — the North American group and the Western European group, with the European group building up a closed economic system. Clearly, in the long run it would be extremely difficult, if not impossible, for a North Atlantic community to develop if it is split economically. There seems to be little hope for a continuance of civilized life unless a strong and united North Atlantic community develops over the next decade. It is therefore in the national interest of Canada to do everything we can to diminish the possibility that economic developments in the North Atlantic countries may in the long run make impossible the success of those political and military developments which are today the main goal of Canadian foreign policy.

E. R[EID]

684.

DF/Vol. 3439

*Rapport des réunions du Comité du Cabinet
sur la politique du commerce extérieur le 21 au 23 septembre*

*Report of Meetings of Cabinet Committee
on External Trade Policy, September 21 to 23*

TOP SECRET

Ottawa, [October 9, 1948]

Present:

For Canada

The Acting Prime Minister and Minister of Justice (Mr. St. Laurent), in the Chair,
 The Minister of Reconstruction and Supply and Minister of Trade and Commerce (Mr. Howe),
 The Minister of Agriculture (Mr. Gardiner),
 The Minister of Finance (Mr. Abbott),
 The Minister of National Revenue (Dr. McCann),
 The Secretary of State for External Affairs (Mr. Pearson),
 The Secretary (Mr. Baldwin), Privy Council Office.
 The Deputy Minister of Finance (Dr. Clark),
 The Secretary to the Cabinet (Mr. Heeney),
 The Deputy Minister of Trade and Commerce (Mr. Mackenzie),
 The Governor of the Bank of Canada (Mr. Towers),
 The Deputy Minister of National Revenue (Mr. Sim),
 The Acting Under-Secretary of State for External Affairs (Mr. Reid),
 The Deputy Governor of the Bank of Canada (Mr. Gordon),
 Mr. J.G. Taggart, Department of Agriculture,
 Mr. H.O. Moran, Department of External Affairs,
 Mr. J.J. Deutsch, Department of Finance.

For the United Kingdom

The Chancellor of the Exchequer (Sir Stafford Cripps),
The High Commissioner in Canada (Sir Alexander Clutterbuck),
Sir John Woods, Permanent Secretary, Board of Trade,
Sir Henry Wilson Smith, Second Secretary, Treasury,
Sir Gordon Munro, Treasury Representative in the United States,
Mr. G.P. Hampshire, Office of the High Commissioner,
Mr. R.K. Jopson, Office of the High Commissioner,
Mr. A.T.K. Grant, Treasury,
Mr. S.C. Leslie, Treasury,
Sir Andrew Jones, Food Mission in Canada.

UNITED KINGDOM-CANADA FINANCIAL AND TRADE RELATIONS

1. *The Chancellor of the Exchequer* presented the draft U.K. long-term economic programme to be submitted to the European Economic Co-operation Committee, and described the position, particularly in the matter of external trade and balance of payments, which the U.K. government hoped to achieve by 1952.

(U.K. Cabinet Memorandum, The Long-Term Programme, September 6, 1948).†

2. *The Minister of Finance* pointed out that, since the conclusion of the war, Canada had made a substantial investment in the economy of the United Kingdom through credits and other direct assistance. Special efforts had also been made to assist the expansion of U.K. exports to Canada. These policies had been directly related to Canada's interest in maintaining a substantial market in Britain for Canadian primary products and raw materials. It was hoped that this considerable investment would not prove fruitless and that, in the years ahead, traditional U.K. purchasing programmes in Canada would not be unduly curtailed or subjected to sudden and severe changes.

Further details of the U.K. annual programmes of imports from Canada between 1948 and 1952, — that is, of the methods by which the U.K. government expected to achieve the position forecast for 1952, would be helpful as would some indication of the nature of imports from Canada after that period.

The prospects for Canadian sales in U.K. markets after 1952 appeared dubious in view of the planned curtailments of purchases in the dollar area. It would be regrettable if the United Kingdom should embark on a programme which involved continued and substantial purchases of primary products and raw materials in other and more costly markets.

3. *Sir Stafford Cripps* emphasized that the objective of the U.K. government's programme was to achieve by 1952 a position of self-reliance, particularly as regards dollar supply, purchases and payments. This objective, shared by the other countries participating in E.R.P., could only be attained by substantially increased productivity which would enable western Europe to compete with and trade freely with the dollar area.

There were two stages in the process of recovery, during the first of which, the period up to 1952, deliberate steps required to be taken to achieve a viable economy and a stabilized balance of payments. After 1952 it was hoped that drastic

restrictive policies would no longer be necessary and that there could be a gradual return to multilateralism.

If, during this first stage, U.K. purchases of certain Canadian products had to be curtailed, it should be kept in mind that the objective was an overall expansion in world trade which should provide a general increase in Canada's external markets even though certain transfers in direction might be involved. It would continue to be the desire and policy of the United Kingdom to concentrate as much purchasing in Canada as the U.S. dollar position would permit.

4. *The Minister of Trade and Commerce* referred to certain specific problems of concern to the Canadian government.

In the hope that, eventually, a return to freer multilateral trade would be possible, the government was anxious to maintain the Canadian position in traditional markets. Already a token import scheme for Canadian goods in Britain had been accepted by the U.K. government. This was proving very helpful. Similar measures for the British West Indies, long a Canadian market, and possibly other parts of the sterling area might be considered.

The U.K. government had recently embarked upon certain bilateral arrangements with other countries which involved, in effect, direct exchanges of goods. In some cases the goods received by the United Kingdom in such deals were of a type and kind which might have been provided by Canada, while the goods shipped by the United Kingdom could have been sold in this country.

5. *The Committee*, after further discussion, adjourned at 12.45 p.m.

The meeting was resumed at 3.00 p.m.

6. *Sir Stafford Cripps* submitted a detailed statement of expected U.K. imports from Canada in 1948-49, 1949-50, and 1952-53 (July 1 to June 30 in each case), together with an estimate of the balance of payments in those years between Canada and the United Kingdom and sterling area.†

Imports from Canada to the United Kingdom were expected to decline from \$727 million in 1948-49 to \$689 million in 1949-50 and \$661 million in 1952-53, a decrease of some \$66 million over the period.

7. *Mr. Abbott* remarked that apparently the most significant changes in the United Kingdom programme were the decreased purchases of agricultural products, notably bacon and eggs. These indicated a reduction from \$427 millions during the present year to \$367 millions next year and to \$325 millions in 1952-53. Purchases of raw materials would rise from \$282 millions to \$303 millions next year and to \$310 millions in 1952-53. The sharpest decrease would take place during 1949-50 when purchases of eggs would be reduced from \$36 millions to zero and bacon from \$73 millions to \$40 millions.

The table also contemplated an increase in U.K. exports and re-exports to Canada from \$310 millions in 1948-49 to \$332 millions in 1949-50 and \$365 millions in 1952-53; and a decrease in the net deficit for the rest of the sterling area over the same period.

8. *Sir Stafford Cripps* pointed out that, taking into account invisible payments and receipts, the total deficit with Canada was estimated at \$542 millions during the

present year, \$456 millions during 1949-50 and \$389 millions in 1952-53. All estimates of course were based upon 1948 prices.

It was hoped to be able to cover the estimated deficit with Canada in 1952-53 by dollars earned in other quarters. Should this not prove possible or should the United States refuse to permit the United Kingdom to use an expected dollar surplus with the United States to help cover its deficit with Canada, then the U.K. programme would have to be readjusted and substantial further reductions in Canadian purchases would have to be contemplated. Tentatively, it was estimated that, in this event, an additional \$100 million would have to come off imports from Canada (down to \$560 millions). This would mean the elimination of all livestock and dairy products and the reduction of wheat purchases while maintaining the level of raw material buying at about the present level.

9. *The Acting Prime Minister* observed that the U.K. government's programme appeared to involve the establishment of a large preferential grouping in western Europe; trade between that area and other parts of the world would be carefully controlled, restricted and in fact discouraged. Developments along this line offered little prospect for Canadian external trade unless it could be diverted to completely new fields other than the traditional western European markets. The programme proposed for western Europe would have an even more severe effect upon U.S. exports and the United States reaction might well be both strong and unfavourable.

10. *The Minister of Agriculture* pointed out that, to meet the wartime requirements of the United Kingdom, Canadian agriculture had embarked upon substantial programmes of expansion, particularly in bacon and eggs. If the U.K. market for these products was now to be lost, it would be a severe blow to Canadian agriculture.

11. *It was agreed*, after further discussion, that, before the next meeting, the detailed estimates of the Canada-United Kingdom balance of payments should be examined by Canadian and U.K. officials.

At this point, Sir Stafford Cripps and the U.K. officials left the meeting.

12. *The Governor of the Bank of Canada* pointed out that the U.K. programme as presented by the Chancellor was less serious in its long-term implications for Canada than might have been anticipated from earlier reports. So long as the United Kingdom was in a position to earn and use dollar earnings from other sources to cover its deficit with Canada after the cessation of E.R.P. aid, it seemed that a substantial level of Canadian exports of primary products to the United Kingdom could be maintained. The heaviest blow in U.K. reductions of imports both in the short and long-run would fall on the United States.

On the other hand, the U.K. programme, despite the apparent attempt to offer reasonable treatment to Canada, would place this country in a vulnerable position. Changes in circumstances, particularly the possibility that the United Kingdom (as a result of U.S. opposition) would be unable to use an estimated surplus of U.S. dollars to cover her deficit in trade with Canada, could have chaotic results for the Canadian economy. It was extremely important to urge the desirability of further attempts on the part of the United Kingdom to increase her exports to this country.

13. *The Acting Under-Secretary of State for External Affairs* suggested that, while certain features of the U.K. programme did leave Canada in a vulnerable position, it was equally true that other circumstances could develop which would ease the Canadian position. For example, arrangements covering a continued flow of strategic and military materials to western Europe, supported by the United States, increased private U.S. and Canadian capital investment in the sterling area, or a change in favour of the United Kingdom in the present terms of trade might increase the U.K.'s capacity to purchase in the Canadian market.

14. *Mr. Howe* referred in this connection to the desirability of persuading the United Kingdom to make available even small quantities of steel for export to Canada.

15. *The Deputy Minister of Trade and Commerce* said that, while the United Kingdom appeared to contemplate the maintenance of a substantial level of imports from Canada, it was also part of their programme that Canada's deficit with the rest of the sterling area would be substantially reduced, presumably in large measure by a decrease in Canadian exports to other sterling countries. Even allowing for the fact that a decrease, particularly in trade with South Africa, might be inevitable, this prospect raised serious problems.

16. *Mr. St. Laurent* observed that the U.K. programme involved by 1952 a net decrease in Canadian imports of \$66 millions; in bacon and eggs, the decrease would amount to \$89 millions. Such a severe cut would undoubtedly have a serious effect upon our economy and should be avoided if possible. If it were necessary to accept it, some programme on a large scale for development of Canadian resources should be explored as an offset.

17. *The Committee*, after further discussion, adjourned at 6.30 p.m. and re-assembled at 3.00 p.m. on September 22nd.

18. *Mr. Deutsch* reported that the U.K. statement on its Canadian import programme for 1948-49 and the balance of payments with Canada during that period had been examined jointly with U.K. officials. The overall result did not differ substantially from Canadian estimates.

Expected imports of bacon and eggs were based on maintenance of the present level of supply to June 30, 1949 (though the present contracts would expire at the turn of the year). U.K. estimates for purchases of cheese were slightly high in relation to current and prospective rates of delivery.

Estimates of other imports appeared reasonable for 1948-49 but perhaps rather high thereafter in base metals. The figure given for paper and board was larger than our expectations, while the figure for machinery and manufactures involved a decrease from about \$19 millions to \$11 millions.

The U.K. estimate of exports to Canada during 1948-49, \$310 millions, was reasonable since the rate had expanded and the total was expected to reach \$280 millions during the calendar year 1948.

No detail was available as to the deficit on capital transactions estimated by the United Kingdom at \$13 millions annually. Probably continued U.K. capital investment in Canada was involved.

19. *Mr. Reid* reported upon meetings held earlier in the day between Canadian and U.K. officials and subsequent consideration of the result by the Interdepartmental Committee on External Trade Policy.

Under the U.K. programme as presented, Canada would continue to receive reasonably good treatment in the U.K. market up to June 30th, 1949. The fulfilment of this programme was based on the assumption, on the part of the United Kingdom, that drawings on the Canadian credit at a rate of \$10 millions a month would be resumed on January 1st. U.K. officials expected certain conditions to be attached to the renewal of such drawings but no discussion had taken place on this subject.

U.K. officials had pointed out that the proposed method of financing their deficit with Canada in 1952 and, therefore, the extent of their import programme from Canada might have to be reconsidered in the light of the U.S. government's views. But the United Kingdom were proceeding on the assumption that, if the next Congressional appropriation for E.C.A. was forthcoming, there would be little difficulty with regard to subsequent appropriations. Nevertheless, it should again be emphasized that the U.K. programme was based on certain assumptions that might not be realized. If they were not, the United Kingdom would be forced to curtail sharply its intended programme of imports from Canada.

Canadian officials had urged upon the United Kingdom the desirability of taking further steps to increase their planned level of exports to Canada. It had been agreed that arrangements should be made for continuing discussions on this subject.

Canadian representatives had also made it clear to U.K. officials that, in their view, certain features of their draft programme were not in the best interests of the United Kingdom itself. They involved the development, in a separate compartment, of an artificial high-cost economy which by its very nature limited both the possibility of imports from other countries and the fullest flow of exports to other countries.

Canadian officials had also suggested that the United Kingdom could make better use of its techniques for direction of exports in order to increase its exports to Canada and the dollar area. These included moral suasion, export permits, allocation of raw materials and financial controls.

Canadian officials had drawn attention to the very serious effect on Canada of certain phases of the U.K. programme after June 30th, 1949. Imports of Canadian eggs would disappear and imports of Canadian bacon would be cut heavily. No allowance had been made for settlement of the "having-regard-to" clause in the wheat contract. Apart from a small "basket" item, no allowance had been made for possible purchase of other Canadian foodstuffs which might be in surplus supply, such as fish, apples and flaxseed. The heavy drop in Canadian exports to the rest of the sterling area could also involve serious consequences.

Some consideration had been given to the nature of continuing arrangements for U.K. purchases of Canadian food. While it was clear that the U.K. Ministry of Food contemplated further contracts, no details had been available on this subject. It would appear that from the Canadian point of view contracts for small quantities

at fixed prices would not be desirable, though agreements for minimum quantities at market prices might be acceptable.

The attention of the U.K. officials had been drawn to the fact that proposed U.K. agricultural policies implied in their programme would not be in the best interest of either Canada or the United Kingdom. The reply had been that the U.K. officials present were not competent to discuss this matter.

It appeared that the U.K. representatives hoped not only to obtain Canadian consent for renewed drawings upon the credit but some expression of approval or acceptance of their draft programme. In the view of the Interdepartmental Committee, it would be undesirable for Canada to give any such approval; in fact, the vulnerable position of Canada under the U.K. programme emphasized the importance of seeking some method by which further drawings on the credit could be related to the achievement of higher U.K. export objectives to this country.

This situation would be an argument against any commitment regarding drawings on the credit after June 30th, 1949. Canada could not easily make promises as to that period until the economic position at that time could be more clearly foreseen. It would be necessary, as well, to have some knowledge of the success of the United Kingdom in reaching its export objectives and the attitude of the United States in regard to continuation of E.R.P. aid and offshore purchasing in Canada. Such an attitude on our part would also leave room for further discussion of unsatisfactory phases of the U.K. import programme from Canada for 1949-50.

Meanwhile, it was proposed that further discussions at the official level would take place. These would cover the possibility of increasing U.K. and sterling area exports to Canada including the difficulties created by U.K. preemptive buying, the extension of the token import scheme, U.K. food purchases and shipping matters.

20. *Mr. Abbott* suggested that it would be undesirable to make any commitment now regarding drawings on the credit after June 30th, 1949. However, in view of the relatively satisfactory nature of the U.K. import programme up to that date, and in view of the U.S. attitude, the government would have to give serious consideration to allowing drawings upon the credit for the six months beginning January 1st next, at a rate of \$10 millions monthly. The position could be reviewed prior to June 30th in the light of developments.

It should be clearly understood that the United Kingdom would use its best efforts both to purchase the proposed total value of commodities from Canada and at least to reach its export target of \$310 millions.

At 4.00 p.m. Sir Stafford Cripps and the U.K. officials re-entered the meeting.

21. *Mr. St. Laurent* said that Canada could not be enthusiastic about the apparent goal of the U.K. programme, the development of a closed area within which internal commercial relations would be deliberately stimulated and from which the trade of other parts of the world would be excluded or placed under heavy handicaps. The Canadian government was not in a position to propose any different course for the return of western Europe to economic stability or to decide whether the proposed course was the only one by which recovery could be achieved. Nevertheless this pattern of development emphasized the great vulnerability of the Canadian economy, particularly in the period after 1952.

The importance of its external trade made Canada anxious to maintain its position, even with reduced volume, in all its traditional markets in the hope of an eventual freeing of present restrictions on international trade. It was very much hoped that some extension of the token import scheme to other parts of the sterling area might be considered.

Further, the difficulties in the U.K. programme of food imports for 1949-50 placed Canada in considerable difficulty since at a very early date Canadian producers must be given some public indication of market expectations for the calendar year 1949.

22. *Mr. Gardiner* stated that the cessation of egg purchases by the United Kingdom on June 30th would have a disruptive effect upon a small specialized agricultural industry which in part had been built up by war veterans. Similarly, the severe cut in bacon purchases on that date would create a difficult problem. Canadian agricultural producers had been encouraged to build up production of these commodities during the war in order to assist the United Kingdom. They now found U.K. purchasers proposing withdrawal from the Canadian market. This must have its effect upon Canadian opinion in any future emergency which involved demands for increased Canadian agricultural production to assist the United Kingdom and western Europe.

23. *Sir Stafford Cripps* said that the United Kingdom was embarking with reluctance upon the programme under discussion. The long-term estimates represented honest guesses rather than elements in a hard and fast programme; aspects of the programme capable of adjustment might be found as a result of further examination of it in detail. For this purpose, a joint U.K.-Canada committee might be set up on our trade and financial relations.

The question of increased colonial markets for Canadian goods, on a "token" basis or otherwise, would also merit further detailed examination. As regards food purchases, however, any suggestion that U.K. purchases of Canadian cheese be ended and replaced by increased purchases of bacon and eggs would impair the U.K. dollar position since cheese would then have to be purchased in the U.S. market instead.

24. *Mr. St. Laurent* again pointed out that the maintenance of a healthy Canadian economy was of importance to the United Kingdom. The U.K. policy of returning to pre-war sources of agricultural supply outside Canada would not contribute to this end. The trend evident in the U.K. programme would have to be given thorough consideration by Canadian authorities in an effort to reduce the degree of vulnerability to which Canada was subject. The Canadian agricultural population would feel deeply the fact that, regardless of their wartime efforts, they had not been able to maintain the position which they had expected in the U.K. postwar market.

25. *Sir Stafford Cripps* observed that the U.K. programme was based on the assumption of renewed drawings upon the Canadian credit. The rate and extent of these drawings might have some effect upon the nature and extent of U.K. purchase in Canada.

26. *Mr. St. Laurent* remarked that Canada's capacity to permit further drawings on the credit depended on the policy of the U.S. government in the matter of aid to western Europe and their continued offshore purchasing in Canada. It would be difficult to reach any final decision on this subject until Canada had some clearer idea of U.S. intentions.

27. *The Committee*, after further discussion, adjourned, pending further discussions between Canadian and U.K. officials.

28. *The Committee* met again the following day, September 23rd, at 3.00 p.m., with the Canadian officials.

29. *Mr. Mackenzie* reported that further discussions had taken place with U.K. officials on a number of problems — increased U.K. exports to Canada, increased Canadian purchasing in the rest of the sterling area, difficulties created by U.K. pre-emptive buying and possible extension of the token import scheme (possibly in the first instance only to the British West Indies).

The results had been encouraging, though further discussion would be necessary before any definite agreements could be reached. For example, the U.K. representatives were optimistic regarding a substantial increase in anthracite exports to Canada and would give serious consideration to a small flow of steel exports.

30. *Mr. Taggart* reported that further discussions with U.K. officials on food supplies had made it evident that Canadian funds to the extent of, say, \$20 to \$30 millions additional for 1949-50 would be required to provide the increase in U.K. purchases during the period, July 1st to December 31st, 1949, sufficient to maintain a constant flow of Canadian food products at the 1948-49 level until the end of the calendar year 1949. This additional amount would include eggs and bacon at current volume.

Should the U.K. not find it possible to make available or obtain dollars to cover these additional purchases, the Canadian government would be confronted with a difficult choice. The current food contracts might be allowed to expire and the U.S. market opened to Canadian producers of hogs and eggs, leaving the U.K. to purchase at market prices in Canada without any fixed agreement. Alternatively, some agreement with regard to fixed quantities but without fixed prices could be suggested to the United Kingdom.

31. *Mr. Gardiner* pointed out that in order to achieve the level required by the U.K. programme during the first six months of the year, agricultural producers would have to plan in the near future their annual production for the whole of 1949. Farm programmes could not be planned on any other basis and purchase arrangements had to be related to the calendar year. Furthermore, the farmers would have to be given their production targets in December.

The United Kingdom should establish an overall figure for purchases of all Canadian farm produce, other than wheat, leaving detailed arrangements for quantities of individual foodstuffs within that amount to be worked out by subsequent agreement between the food authorities in each country.

32. *Mr. Moran* reported that the Chairman of the Canadian Maritime Commission had brought to the attention of U.K. officials certain problems of Canadian merchant shipping in relation to overseas shipments. One consideration raised was the importance of a continuing flow of cargoes for Canadian vessels in relation to the strategic importance of maintaining a reasonable Canadian merchant marine.

33. *The Deputy Minister of Finance* reported that there had been discussion with U.K. officials concerning drawings on the Canadian credit.

The U.K. officials had been anxious to obtain some firm commitment stating that they were counting on \$120 millions from Canada during 1949-50, as well as \$60 millions during the first half of 1949.

The United Kingdom hoped to obtain \$920 millions from E.R.P. during 1949-50. There would be serious effects upon the U.K. import programme (and consequently for Canada) if this figure for E.R.P. aid were to be forthcoming.

34. *Mr. Gardiner* said that, if no acceptable arrangements could be reached covering U.K. food purchases for the whole of 1949 it would probably be necessary to open the U.S. market for Canadian hogs and eggs leaving the British to buy in the open market up to an agreed quantity. This course would allow Canadian production objectives to be forecast.

35. *The Secretary of State for External Affairs* suggested that it could be made clear to the United Kingdom that, in view of their proposals respecting food purchases after June 30th, 1949, any decisions to permit further drawings on the credit after that time would have to be related directly to purchase by the United Kingdom of any agricultural surplus available at and after that date, including particularly bacon and eggs.

36. *Mr. Howe* felt that U.K. estimates of purchases of other Canadian commodities, notably raw materials, in 1949-50 and thereafter were unduly optimistic; this being so the U.K. programme left room for substantial internal adjustment. It was unlikely that the expected quantities of raw materials could be made available; in this event the United Kingdom might be able to find dollars for additional foodstuffs.

37. *Mr. St. Laurent* said that any final decision respecting further drawings on the credit would have to be taken by the government as a whole. Further, the decision in this respect for the first six months of 1949 must depend on United States' intentions concerning the continuance of offshore purchases in Canada. What might be done after July 1st, 1949, must, in turn, depend as well on the action of the next U.S. Congress in relation to the continuation of E.R.P.

In the present situation, however, it might be reasonable for U.K. authorities, in their calculations, to include that their ability to draw on the Canadian credit during the first half of 1949 to the extent of \$60 million was a reasonable assumption in all the circumstances.

Certainly any extension of credit beyond June 30th should be related in some fashion to arrangements for disposition satisfactorily of surplus Canadian foodstuffs developed primarily for U.K. use.

At 4.30 p.m. Sir Stafford Cripps and the U.K. party re-entered the meeting.

38. *Mr. St. Laurent* stated that, in spite of further serious and careful consideration, the Canadian authorities continued to find it difficult to adjust their thinking to certain tendencies inherent in the draft programme which the U.K. representatives had put forward. The Canadian attitude was based on a sincere desire to see the maximum progress at all times in reducing the restrictions which prevented free access to world markets and in eliminating closed and exclusive areas of trade.

As regards the U.K. programme of agricultural purchases during 1949-50, the abrupt reduction in imports from Canada in the middle of 1949 was not feasible in relation to necessary plans for agricultural production. It would be understood that agricultural programmes must provide for a stable rate of production throughout the calendar year. This aspect of our trading relations would have to be given further earnest consideration by both sides and it was to be hoped that some adjustments could be made which would enable Canadian producers to plan relatively constant programmes over the production year. It would not be acceptable to maintain a high rate for production for the first six months of 1949 without any assurance of markets for the second half of the year.

The matter of further drawings on the Canadian credit would have to be referred for decision to the government. It might be expected, however, that the views of the Committee would carry considerable weight and the members of the Committee realized that, if assistance were to be provided for the recovery of western Europe, it would be reasonable to expect that Canada, as a direct and indirect beneficiary, should play her part. The nature and degree of Canadian assistance must depend on U.S. purchasing policies and the means by which the necessary U.S. dollars were made available. Given reasonable arrangements with the United States, it was probable that the Canadian government could make available to the United Kingdom \$10 millions a month for the first six months of 1949.

For the period after that date, it was to be hoped that the E.R.P. appropriation would be renewed and that the present U.S. policy of offshore purchasing would be continued. Obviously no decision could be reached by the Canadian government regarding credits after June 30th until the decisions of the United States in these respects were known. It might not be unreasonable, however, for U.K. authorities, in making their own plans, to proceed on the assumption that, if present U.S. policies of assistance to western Europe continued satisfactorily and in adequate measure, Canada would do what a reasonable nation should do in the circumstances. Any decision in this respect would of course be subject to the understanding that further discussions would take place on the actual U.K. import programme, particularly as regards foodstuffs which were wanted in Britain, the production of which had been developed for the U.K. market and for which no alternative market was available.

39. *Sir Stafford Cripps* expressed thanks for the attitude taken by *Mr. St. Laurent* and the Canadian Ministers with regard to further drawings on the Canadian credit. It was helpful to know that the Canadian authorities were disposed to take a favour-

able view with regard to the first six months of 1949. The difficulty of making any commitment beyond June 30th was fully realized. It was to be hoped, however, that Canada would not object if U.K. authorities included in their own calculations the sum of \$10 million a month from Canada during 1949-50 as a reasonable expectation.

40. *Mr. St. Laurent* said that such an expectation would be as reasonable as the assumption that E.R.P. would continue at a steady rate and would provide enough dollars to make it feasible for Canada to extend further credit to the United Kingdom.

The Canadian representatives on their side would hope that the U.K. programme for the period after June 30th would not be taken to represent a rigid schedule on specific items but rather an overall target within which considerable adjustment might be made on a mutually advantageous and agreed basis.

41. *Sir Stafford Cripps*, expressing agreement with the attitude described by Mr. St. Laurent, said that the selection of June 30th for reducing certain agriculture purchases had been made as a result of previous indications from Canada that arrangements for food purchases should be from mid-year to mid-year rather than on a calendar year basis. If, however, the calendar year was preferable, there was no reason why requirements could not be adjusted to the calendar year. For example, the amounts estimated for the first half of 1949 and the last half of 1949 in the U.K. programmes for 1948-49 and 1949-50, could be treated as a unit and perhaps spaced differently so as to be related to production over the calendar year. Further discussions on these matters directly between the Canadian Department of Agriculture and the U.K. Ministry of Food might well be the next step in dealing with this problem.

It was hoped that favourable consideration had been given to the idea of a joint continuing committee which would, within the limits of the policies determined by the two governments, keep under constant review the elements of the trade and financial relations between the two countries. In the past, consideration of these matters had usually taken place only when a serious situation arose; more regular consultation through such a body might have prevented some of these former difficulties.

42. *Sir Stafford Cripps* again emphasized that, both for reasons of friendship and economic self interest, the U.K. government had no desire to embark on a course that would result in the exclusion of Canada from British markets. Any features in the present programme that appeared temporarily to interfere with Canada's exports should be regarded as short-term emergency measures which would disappear gradually as general economic conditions permitted.

43. *Mr. St. Laurent* agreed that a joint committee for review and discussion of trade, financial, and general economic relations would be desirable and raised certain questions regarding organization and membership.

With respect to any U.K. assumptions concerning drawings on the Canadian credit after July 1st, 1949, for purposes of report to the O.E.E.C., it was assumed that any reference made by U.K. authorities would be in general terms and without particularization.

44. *The Committee*, after further discussion, agreed that the Secretary of State for External Affairs and the U.K. High Commissioner be charged with the responsibility of preparing a draft press announcement (for approval of the Acting Prime Minister and the Chancellor of the Exchequer) on the present discussions; reference to be made therein to the proposed establishment of joint machinery for continuing consultation.

685.

W.L.M.K./J1/Vol. 438

*Le secrétaire d'État aux Affaires extérieures
à la délégation à l'Assemblée générale des Nations Unies à Paris*

*Secretary of State for External Affairs
to Delegation to United Nations General Assembly in Paris*

TELEGRAM 32

Ottawa, September 24, 1948

SECRET. IMMEDIATE.

Following personal for the Prime Minister from Heeny, Begins: The meetings with Sir Stafford Cripps and his advisers which have occupied almost the whole of the last four days concluded last evening. On the whole I think it can be said that they have been as satisfactory as possible in the difficult circumstances.

2. On the Canadian side the discussions with the Chancellor have been conducted by Mr. St. Laurent and the other Ministers who make up the Cabinet Committee on External Trade Policy. Mr. Abbott, Mr. Howe and Mr. Gardiner have of course been those most directly concerned. Meetings between Canadian and United Kingdom officials have also taken place and there have been several joint meetings, the last of which was held last night when a communiqué was agreed upon along the lines indicated in the immediately following paragraph.

3. The subject of discussion in general was the economic and financial relations between the two countries including particularly a review of ERP and its probable effects upon the trade of the United Kingdom and Canada. The difficult problem of the balance of payments was examined and consideration given to ways and means by which the gap could be reduced to manageable proportions. The U.K. government will do everything possible to increase exports to Canada above current figures. At the same time it is recognized that the recent pattern of British imports into Canada will have to be adjusted somewhat. Both sides will do everything possible to prevent dislocations in trade between the United Kingdom and Canada. Both sides believe that trade between the two countries in the future will be at a high level and that raw materials and foods from Canada are an important element in the rehabilitation of the U.K. economy. It is agreed to recommend to both governments that a continuing joint committee representative of the two countries will meet regularly in Ottawa and London. The object of this committee will be a review of progress and continuing consultation upon import and export programmes. It is expected that recommendations will be made to the two governments from time to time as a result of such meetings and it was pointed out that the exis-

tence of the committee should assist in the fullest exchange of information of mutual interest on economic and trade matters.

4. This morning the final text of the statement referred to above has been settled by Mr. St. Laurent and Sir Stafford Cripps and it is to be released later today in Ottawa and London.

5. The joint committee referred to will be somewhat on the model of the many similar joint bodies set up by the Canadian and U.S. governments over recent years such as the Permanent Joint Board on Defence. It will of course have no executive authority of any kind and its primary purpose will be to ensure continuing consultation and prevent so far as possible spasmodic treatment of these questions. It is as yet undecided what type and level of membership will be appropriate. This is a matter for subsequent consideration by the two governments.

6. The figures presented by Sir Stafford for U.K. purchases in Canada during 1948 are much better in total than was anticipated. The central difficulty of course is the extent and nature of their agricultural imports from this country and this matter is not yet resolved. From June 30th next their plans call for the elimination of egg purchases and sharp reductions in bacon. These matters will be the subject of further discussions.

7. I shall be sending you later by bag a full report of the meetings. Meantime I am anxious to get this message off to you at once. Ends.

686.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], October 6, 1948

UNITED KINGDOM-CANADA JOINT COMMITTEE ON TRADE

18. *The Minister of Finance*, referring to discussion at the meeting of September 25th, reported that he had had further informal discussions in Washington with Sir Stafford Cripps regarding the proposed United Kingdom-Canada Joint Committee referred to in the joint communiqué issued at the conclusion of the discussions in Ottawa.

19. *Mr. Abbott* read a draft of the proposed communiqué to be issued in Ottawa, announcing the composition of the Committee as follows:

Canadian members —

- The High Commissioner in the United Kingdom,
- The Deputy Minister of Trade and Commerce,
- The Deputy Minister of Agriculture and
- The Director of Economic Relations, Department of Finance.

U.K. members —

- The High Commissioner in Canada and

Three senior U.K. officials to be nominated.

The purpose of the Committee would be to ensure maximum trade between the two countries.

(Draft communiqué, Oct. 6, 1948).†

20. *The Secretary of State for External Affairs* said that it should be understood that, when a High Commissioner did not find it possible to attend a meeting of the Committee, he would be represented by an alternate.

21. *The Cabinet*, after discussion approved the draft announcement as submitted for communication to the U.K. government and joint release at a time to be agreed, noting with approval the suggestion of the Secretary of State for External Affairs.

....

687.

DEA/8925-C-40

*Le chancelier de l'Échiquier du Royaume-Uni
au ministre des Finances*

*Chancellor of the Exchequer of United Kingdom
to Minister of Finance*

PERSONAL

[London], November 2, 1948

I am anxious to get settled as quickly as possible procedure for forthcoming discussions about 1949 wheat price and other United Kingdom purchases of food from Canada in 1949. It is of course essential that talks should cover not only problems of supply and price but also availability of finance to meet any particular programme. You will, I am sure, agree that talks on products without regard to ways and means of payment would be largely meaningless and could only embarrass both Governments. I trust therefore that you and your colleagues will agree that representation on both sides must be settled on the basis that the discussions will cover finance as well as food. My own preference is for talks in London at an early date between senior officials in advance of any Ministerial meetings that may be necessary, and I hope that this will be acceptable to Canadian Ministers.

688.

DEA/50002-40

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

*High Commissioner for United Kingdom
to Acting Under-Secretary of State for External Affairs*

SECRET

Ottawa, November 9, 1948

Dear Mr. Reid,

TRADE NEGOTIATIONS WITH RUSSIA

With reference to Commonwealth Relations Office telegram No. H 388 of the 15th September, I have now heard from London that these negotiations are continuing but that progress has been very slow. A list of Russian requirements from the United Kingdom has been received, and United Kingdom comments on this list were communicated to the Russian Delegation on the 2nd November. At the same time the Delegation was asked to seek agreement from Moscow to the negotiation of grain purchases in advance of a general settlement.

In the meantime the United Kingdom negotiators have placed contracts with Russia for 90,000 cases of salmon and 65,000 cases of crab from the 1948 pack, and for a comparable quantity from the 1949 pack, at a total cost of about £2,500,000. They have also received offers from Russia of 30,000 standards of softwood, 26,000 standards of mining timber and 4,000,000 cubic feet of hardwood.

I assume that the contracts for salmon and crab, and any resulting contracts for timber, will be conditional on the reaching of a general settlement covering the payments aspect. I am seeking confirmation of this and will in any case let you know of any further developments.

Yours sincerely,

ALEC CLUTTERBUCK

689.

DEA/8925-C-40

*Le ministre des Finances
au chancelier de l'Échiquier du Royaume-Uni*

*Minister of Finance
to Chancellor of the Exchequer of United Kingdom*

PERSONAL

Ottawa, November 10, 1948

I regret that I am only now in a position to reply to your personal message of November 2nd in regard to the negotiation of contracts to cover the United Kingdom's purchases of food from Canada in 1949. You will understand, however, that

this matter has had to receive the most careful consideration of Canadian Ministers and that in the recent past certain Ministers have had to be absent from Ottawa.⁴¹

I am now able to advise you that the discussions in respect of contracts for bacon, cheese and eggs can begin immediately and they could, I think, be carried on in Ottawa between your representatives here (I have in mind Sir Alexander Clutterbuck and Sir Andrew Jones⁴²) and officials of the Departments of Agriculture and Finance. We have, I believe, a very keen appreciation of the various considerations that are important from your point of view and are prepared to go so far in accepting the proposals which you yourself made to us that I would be surprised if an agreement could not quickly be reached as a result of discussions between our two sets of officials here.

In regard to the wheat price, we are not yet in a position to discuss this matter but my colleague, the Minister of Agriculture, intends, I believe, to visit London a little later for this purpose. I am, however, convinced you will agree that this should not delay the reaching of agreement in regard to the other contracts.

690.

DEA/8925-C-40

*Le chancelier de l'Échiquier du Royaume-Uni
au ministre des Finances*

*Chancellor of the Exchequer of United Kingdom
to Minister of Finance*

SECRET AND PERSONAL

[London], November 18, 1948

Thank you for your message of 10th November about the food talks. The proposals which we understand you have in mind should go a long way towards meeting our difficulties and I much appreciate the way in which you have kept them in mind. We are, therefore, very shortly sending instructions (covering prices, quantities, types, etc.) which will enable Clutterbuck and Andrew Jones to begin detailed discussions on bacon and eggs and cheese.

But Strachey⁴³ and I are still faced with a difficulty on wheat. Apart from our need to know the extent of our financial commitments, we cannot for obvious reasons reach any conclusion and still less have any announcement about bacon, eggs and cheese if we are unable to say at the same time what has been arranged about wheat, which is by far the larger and more important item.

We feel strongly therefore that the talks in Ottawa should cover wheat as well as the other products and we hope that you and Mr. Gardiner will agree that this is the best course.

⁴¹ Le Cabinet discuta cette question les 3, 5 et 9 novembre.
Cabinet discussed this question on November 3, 5 and 9.

⁴² Chef, Mission d'aide alimentaire du Royaume-Uni.
Head, United Kingdom Food Mission.

⁴³ E.J. Strachey, ministre de l'Alimentation du Royaume-Uni.
E.J. Strachey, Minister of Food of United Kingdom.

691.

DEA/8925-C-40

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

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

SECRET

[Ottawa], November 22, 1948

It may be helpful for you to have some background information on the item included on the agenda of this week's Cabinet meeting entitled "Report by Minister of Agriculture on United Kingdom Food Contracts."

At a Cabinet meeting some ten days ago, it was decided to advise the United Kingdom High Commissioner in Canada that if his Government could include in its purchase programme from Canada during the calendar year 1949 bacon, cheese and eggs to the value of \$56 million, \$15 million and \$14.8 million, respectively, which would probably absorb Canada's estimated surplus of cheese and pork for 1949, it would perhaps be possible for the Canadian Government to permit drawings on the Canada-United Kingdom loan at the rate of \$10 million monthly during the same period. The extension of such credit would be dependent on United Kingdom food purchases in the volumes indicated, and on the continuance throughout the period of a satisfactory ERP offshore purchasing programme in Canada. It was also decided that when detailed discussions took place with United Kingdom authorities, they would be urged to make, if possible, additional egg purchases to the extent of some \$9 million.

It was the view of the Minister of Agriculture that wheat need not enter into these discussions but negotiations concerning price and deliveries of wheat for 1949, together with any settlement under the "have regard to" clause, could take place when he met with Mr. Strachey later in the year.

The Canadian proposal concerning the food talks between the United Kingdom and Canada was communicated to London, and a reply has been received from Sir Stafford Cripps in which he states that they will be prepared to begin detailed discussions on bacon, eggs and cheese in the near future, but no conclusions could be reached on these commodities unless the United Kingdom Government knew and could announce what arrangements had been made for wheat. Cripps suggests, therefore, that the best course is for the talks in Ottawa to cover wheat as well as the other products.

I can understand the United Kingdom adopting this attitude, because with them wheat takes a priority position and if they commit themselves now on bacon, eggs and cheese, they may find, when the price of wheat is negotiated later, that they are without funds to purchase their full requirements of this latter commodity.

E[SCOTT] R[EID]

692.

PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], November 24, 1948

...

FOOD CONTRACTS WITH THE UNITED KINGDOM

23. *The Minister of Trade and Commerce*, referring to discussion at the meeting of November 9th, reported that it had been proposed to the U.K. government that the amounts set aside in their programme for the purchase of Canadian foodstuffs (other than wheat) during the first six months of 1949 be spread over the whole of that year and that contracts be made on that basis; also that some supplementary arrangement might be agreed for the purchase of additional quantities of eggs. In the absence of arrangements of this sort, it had been made clear that the government could enter into no contracts and the United Kingdom would have to buy Canadian produce on the open market in competition with other purchasers. In this event restrictions on exports to the United States would have to be modified.

It had been indicated that the wheat contract would be treated separately. In any arrangement regarding price for the next crop year, the Canadian government could not waive any rights acquired under the "have-regard-to" clause.

The views of the U.K. government on these proposals were now being awaited.

24. *The Cabinet*, after discussion, noted the Minister's report.

693.

DEA/8925-C-40

Le haut-commissaire du Royaume-Uni
au ministre de l'Agriculture
High Commissioner for United Kingdom
to Minister of Agriculture

SECRET

[Ottawa], November 26, 1948

Dear Mr. Gardiner,

1949 FOOD CONTRACTS

I reported to London the views which you had expressed to me in the course of our conversation on the 19th November, and these have since been carefully considered by United Kingdom Ministers.

My Government much appreciate the frank way in which you explained your attitude to me, and I have now been asked to inform you that, though for financial reasons they would have preferred that the wheat price for 1949-50 should be discussed with our other food purchases, they are prepared, in deference to your wishes, to fall in with the time-table you propose. Accordingly, they agree that negotiations for the conclusion of contracts for bacon, cheese and eggs should pro-

ceed at once in Ottawa in pursuance of the Canadian Government's offer of the 10th November, and that the question of the wheat price for 1949-50 should be left over for personal discussion with you in London immediately after the conclusion of the Agricultural Conference in Ottawa on the 9th December.

In accepting this procedure my Government feel bound, however, to ask that the contracts resulting from these negotiations should be regarded as provisional only pending the completion of discussions with you in London. They trust, therefore, that any announcement of the contracts which may be made at the Agricultural Conference will safeguard the position in this respect. They feel bound to make this request not merely from the standpoint of our overall dollar position but because of the obligation imposed on them to clear with E.C.A. their total expenditure on food purchases from dollar sources in 1949 before contracts can be made final.

I am sending copies of this letter to Mr. St. Laurent, Mr. Howe, Mr. Abbott and Mr. Brooke Claxton.

Yours sincerely,

ALEC CLUTTERBUCK

694.

DEA/8925-C-40

*Le ministre des Finances
au chancelier de l'Échiquier du Royaume-Uni*

*Minister of Finance
to Chancellor of the Exchequer of United Kingdom*

SECRET AND PERSONAL

[Ottawa], November 27, 1948

My colleagues and I have discussed your message of November 18th to me and the message to Mr. Gardiner received through Sir Alexander Clutterbuck on November 26th regarding the food contract discussions.

We are anxious to proceed at once with the detailed discussion of the bacon, cheese, and egg contracts on the basis of our proposals of November 10. I regret that, as Gardiner explained fully to Clutterbuck, we cannot regard these contracts as provisional or in any way dependent on the outcome of discussions as to price under the wheat contract. The question of the wheat price for 1949-50 will have to be left over for discussion with Gardiner in London early in December.

Unless you are able to concur in this procedure, we shall be compelled, owing to the necessities of the time table regarding our own agricultural programme for next year, to proceed on the basis that we will have no contracts with the United Kingdom for bacon, eggs and cheese during the coming year and that you will be purchasing your requirements from us in the open market.

695.

PCO

*Extrait des conclusions du Cabinet**Extract from Cabinet Conclusions*

TOP SECRET

[Ottawa], December 8, 1948

...

FOOD CONTRACTS WITH THE UNITED KINGDOM; BACON, CHEESE, EGGS

30. *The Minister of Agriculture* reported that, following the decision taken at the meeting of November 9th, discussions had been carried on with the U.K. Ministry of Food concerning arrangements for food purchases from Canada in 1949. The Prime Minister, the Minister of Trade and Commerce and the Minister of Finance had been kept informed as the discussions proceeded.

Negotiations with U.K. representatives had been completed the preceding day, when agreement had been reached to supply the United Kingdom with the following quantities of livestock products in 1949:

bacon	—	160,000,000 pounds,
cheese	—	50,000,000 pounds,
eggs	—	1,533,000 cases of shell eggs,

or the equivalent in the form of dried whole egg or frozen whole egg.

British agreement to these arrangements had to be subject to approval by E.C.A.; no difficulty in this respect was anticipated.

The prices agreed for bacon and cheese were the same as those stipulated in the 1948 agreement; for eggs, the prices were slightly lower.

31. *Mr. Gardiner* observed that the quantity of bacon agreed would probably absorb all available for export. If there were any surplus, the United Kingdom would be able to purchase at market prices. Export controls on pork products would be maintained.

With respect to cheese, there would be no requisitioning from factories in 1949.

With respect to eggs, the agreement represented 46,000,000 dozen for eleven months from February 1st next, as compared with 74,000,000 dozen for the current twelve month period. It was hoped that the lower price would be offset substantially by operating and processing economies and compensated to a considerable extent by partial removal of restrictions on exports to other markets.

32. *Mr. Gardiner* said that these arrangements had been made public today in London and announced simultaneously in Ottawa to the Dominion-Provincial Agricultural Conference.

(Announcement re U.K. Contracts for Bacon, Cheese, and Eggs, 1949, Dec. 8, 1948).†

33. *The Cabinet*, after discussion, noted with approval the arrangements concluded with the U.K. government by the Minister of Agriculture.⁴⁴

...

696.

DEA/50002-40

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

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

SECRET

Ottawa, December 21, 1948

Dear Sir Alexander [Clutterbuck],

I refer to your letter of November 9th addressed to the Acting Under-Secretary of State for External Affairs, in which you provided some information about the current United Kingdom trade discussions with the U.S.S.R.

I have discussed these developments with those of my colleagues who are interested in this subject, and all of them were somewhat concerned to learn that your Government has placed orders with the Soviet for salmon and crab and are also negotiating for shipments of timber from that country. These commodities with the substitution of lobster for crab are available, as you know, in Canada, and we fear that our salmon industry and timber producers who have been supplying the United Kingdom in the past will find it difficult to appreciate the circumstances which have forced your Government to shift its source of supply from Canada to the U.S.S.R. It will not be an easy task for us to furnish a satisfactory explanation based on the information which is available to us, and I am wondering if it would be possible to let me have fuller details of the transaction which may reveal the necessity and desirability, from your Government's standpoint, of having completed this arrangement.

You will recall that Mr. St. Laurent, during the visit of Sir Stafford Cripps, expressed the apprehension of the Canadian Government about the increasing number of bilateral agreements being negotiated by the United Kingdom and their tendency to prejudice the restoration of a viable system of multilateral trade which is the aim of both our countries.

The prices of the salmon and timber which we could make available would, I am sure, be at least as reasonable as those at which salmon and timber can be supplied by any other country. It is quite possible that as a provision of the Agreement, your Government may be undertaking to export to the Soviet Union some items which could be readily marketed in Canada. If such be the case, it would seem to us unfortunate that special efforts were not made to sell such goods in Canada at competitive prices in order to obtain the dollars with which to purchase Canadian

⁴⁴ Pour ce qui a trait aux discussions concernant le blé, voir la section suivante ci-après.
For discussions on wheat, see immediately following section.

salmon and timber. For that reason I would be most grateful if you could obtain for me a list of the commodities which your Government is considering exporting to the Soviet Union. It would also be helpful if you indicate what goods, if any, you anticipate that the Soviet Union may purchase in other parts of the sterling area with the sterling proceeds of the salmon and crab sales.

Yours sincerely,
L.B. PEARSON

6^e PARTIE/PART 6

ACCORD INTERNATIONAL DU BLÉ
ET ACCORD DU BLÉ ANGLO-CANADIEN
INTERNATIONAL WHEAT AGREEMENT
AND ANGLO-CANADIAN WHEAT AGREEMENT

697.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], February 12, 1948

...

INTERNATIONAL WHEAT AGREEMENT; CURRENT COUNCIL DISCUSSIONS

24. *The Minister of Trade and Commerce*, referring to discussion at the meeting of February 6th, reported that the Cabinet Wheat Committee had considered further developments in the current Washington discussions with respect to an international wheat agreement.

The U.K. government representatives had taken the position that such an agreement would automatically set a maximum price of \$2.00 per bushel on any wheat purchased from Canada under the present bilateral contract.

It was possible that, in the very near future, an agreement would be ready for initialling by the three major exporting countries — Canada, the United States and Australia — and by about twenty importing countries.

In the circumstances the Cabinet Wheat Committee, after careful consideration, had agreed that the Canadian delegate be instructed that the government could not accept an international agreement along the lines contemplated without prior agreement with the U.K. government as to the terms and conditions of the consideration to govern in the Canada-United Kingdom contract. The head of the U.K. delegation to the Council was being invited to come to Ottawa for the purpose of discussing such prior agreement.

(Cabinet Wheat Committee minutes, para. 4-8, Feb. 11, 1948).†

25. *The Cabinet*, after discussion, noted with approval the Minister's report.

...

698.

DEA/4171-40

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

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

Ottawa, March 5, 1948

RE CREDENTIALS FOR SIGNING THE INTERNATIONAL WHEAT AGREEMENT

The current meeting of the International Wheat Council very suddenly and somewhat unexpectedly reached the point where all members were prepared to sign an International Wheat Agreement.

2. The Agreement is similar to that drafted last Spring in London, when, you remember, the only point unresolved was that of the price range. The price range requested by exporting countries in Washington is as follows:

1948/49	\$2.00	—	\$1.50
1949/50	2.00	—	1.40
1950/51	2.00	—	1.30
1951/52	2.00	—	1.20
1952/53	2.00	—	1.10

3. For a long time the United Kingdom continued to insist that in the final three years the ceiling price should be dropped as well as the floor. As a result of urgent Cabinet consideration in the United Kingdom over the last week-end, the British yesterday consented to the exporters' price range.⁴⁵

4. It is now proposed that the Agreement be signed at 11.A.M., Saturday, March 6, and with a view to striking while the iron remained hot, Mr. Howe immediately telephoned Dr. Wilson⁴⁶ in Washington, authorizing him to sign on behalf of the Government of Canada. The State Department has, however, indicated a wish for some more formal authorization, even though it might arrive after the event. The attached Order in Council has accordingly been prepared, in order that we may meet the wishes of the State Department in this respect. The Full Power will be sent to you for signature after Council has approved of the Submission.

L.B. P[EARSON]

⁴⁵ Robertson a rapporté que Bevin avait persuadé ses collègues que :

Robertson reported that Bevin persuaded his colleagues that

'failure to achieve an International agreement at this time' would have serious 'political consequences'. DEA/4171-40 No. 242†

⁴⁶ C.F. Wilson, directeur, direction du blé et des grains, ministère du Commerce.

C.F. Wilson, Director, Wheat and Grain Division, Department of Trade and Commerce.

699.

PCO

*Extrait des conclusions du Cabinet**Extract from Cabinet Conclusions*

TOP SECRET

[Ottawa], March 11, 1948

...

INTERNATIONAL WHEAT AGREEMENT

5. *The Minister of Trade and Commerce* reported upon the recent conclusion of the International Wheat Agreement at the Wheat Council meetings in Washington. The general terms of the Agreement had been stated to the House of Commons on March 9th, 1948.

This matter had been under consideration by the Cabinet Wheat Committee and the Canadian representative had been instructed to initial the Agreement, subject, of course, to final government approval.

(Minister's memorandum, Mar. 9, 1948†; Hansard, Mar. 9, 1948, pp. 2003-5).

6. *The Secretary of State for External Affairs* submitted a recommendation to authorize the chairman of the Canadian delegation to the International Wheat Council⁴⁷ to sign, subject to acceptance, the International Wheat Agreement on behalf of the government of Canada.

The Minister had made reference in the House of Commons to ratification by Parliament. As an international agreement of importance, it was probably desirable that Parliamentary sanction be sought in due course.

(Minister's recommendation, Mar. 5, 1948).†

7. *The Cabinet*, after discussion, noted the report of the Minister of Trade and Commerce, agreed that an Order in Council be passed authorizing signature of the International Wheat Agreement, subject to acceptance, by the Canadian representative, and agreed that, in due course, Parliamentary sanction should be sought in appropriate form.⁴⁸

(Order in Council P.C. 1016, Mar. 11, 1948).†

...

⁴⁷ C.F. Wilson.

⁴⁸ Le Canada retira son instrument d'acceptation lorsque le Congrès des États-Unis ne ratifia pas l'Accord international du Blé avant la date limite du 1^{er} juillet.
Canada withdrew its Instrument of Acceptance when the United States Congress failed to ratify the International Wheat Agreement by the deadline of July 1.

700.

PCO

*Extrait des conclusions du Cabinet**Extract from Cabinet Conclusions*

TOP SECRET

[Ottawa], May 3, 1948

U.K. WHEAT CONTRACT; PRICE ARRANGEMENTS

4. *The Minister of Trade and Commerce*, referring to the discussion at the meeting on February 12th, reported that the Cabinet Wheat Committee had been considering price arrangements under the U.K. wheat contract, with particular reference to settlement of the "have regard to" clause.

A price of \$2.00 per bushel had been agreed for the 1948-49 crop. The U.K. government had offered, in final settlement of their obligations, a price of \$2.00 for 1949-50, the last year of the contract. These prices might not provide adequate compensation for low prices in the early years of the contract if world prices remained high over the next two years. It had, therefore, been suggested to U.K. authorities that the "have regard to" clause be operative for a further crop year. This proposal had not, however, proved acceptable to the U.K. government.

It was now proposed to inform the U.K. High Commissioner by letter that any difficulty in connection with U.K. financing of purchases in the crop year 1950-51 under E.R.P. might be overcome by providing that any excess over the then world price would be financed out of the outstanding balance of the Canadian credit; an appropriate amount of the remaining credit might be made available for that purpose.

In this connection a draft letter to Sir Alexander Clutterbuck was submitted and read.

(Letter, Minister of Trade and Commerce to U.K. High Commissioner in Canada, 2nd draft, Apr. 21, 1948).†

5. *The Minister of Agriculture* pointed out that should this proposal be put into effect it would be necessary to reserve some \$100 millions from the outstanding balance of the Canadian credit which at the moment stood at slightly over \$220 millions.

6. *The Cabinet*, after further discussion, approved the course proposed by the Cabinet Wheat Committee and approved the draft letter to the U.K. High Commissioner as submitted by Mr. Howe.

701.

PCO

*Extrait des conclusions du Cabinet**Extract from Cabinet Conclusions*

TOP SECRET

[Ottawa], December 8, 1948

...

WHEAT CONTRACT WITH THE UNITED KINGDOM; 1949-50

34. *The Minister of Agriculture*, referring to the discussion at the meeting of November 9th, reported that he proposed to proceed immediately to the United Kingdom, accompanied by officials of the Department of Trade and Commerce, to discuss with U.K. authorities arrangements under the wheat contract for the next crop year.

Before entering into these negotiations, he wished to have the views of the Cabinet upon the attitude he should adopt with respect to price and with respect to settlement of the "have regard to" provision. Upon his return, recommendations would be made for government approval.

35. *Mr. Gardiner* said that the price for the next crop year might be agreed and settlement of compensation under the "have regard to" clause left over for negotiation the following year, when the 1950-51 crop was under discussion. Alternatively, final settlement of the "have regard to" clause might be sought at this time. A number of considerations were involved, including the probable movement of world prices, the attitude of the United States and the desirability of retaining the British market on a regular basis.

36. *The Minister of Finance* drew attention to the practical limitation imposed by E.C.A. upon the price which the U.K. government would be able to pay. In the circumstances, it might be advisable to defer settlement under the "have regard to" clause until the following year, provided that the United Kingdom were prepared to recognize their obligation thereunder to compensate Canada later on. The balance of the U.K. credit, after deducting \$120 million for 1949 deliveries, could be retained until final settlement had been agreed.

37. *The Minister of Trade and Commerce* suggested that arrangements with the United Kingdom might be made henceforth on an annual basis, prices being negotiated each December in such a manner as to assure Canadian producers of a planned and regular outlet to the British market.

38. *The Cabinet*, after considerable further discussion, agreed:

(a) that it would be satisfactory if the price of Canadian wheat deliveries for the next crop year under the contract were fixed at \$2.00 a bushel, provided that U.K. authorities recognized and re-affirmed their obligation under the "have regard to" clause (the extent thereof to be the subject of negotiation later on); and,

(b) that the Minister of Agriculture be authorized to proceed on this basis in his negotiations with U.K. authorities.

702.

PCO

*Extrait du procès-verbal d'une réunion jointe du Comité du Cabinet
sur la politique du commerce extérieur
et du Comité du Cabinet sur le blé*

*Extract from Minutes of Joint Meeting of Cabinet Committee
on External Trade Policy and Cabinet Wheat Committee*

TOP SECRET

Ottawa, December 22, 1948

I. CANADA-UNITED KINGDOM RELATIONS; REPORT ON WHEAT CONTRACT

1. *The Minister of Agriculture* reported that, following the government decision that the price of wheat to Britain for 1949-50 should be \$2.00, with final settlement of the "have-regard-to" clause to be left open, he had proceeded to London for discussions. The United Kingdom authorities had suggested various alternatives, none of which was acceptable.

Finally, the Chancellor of the U.K. Exchequer had made proposals to the effect that, for the last year of the present contract, the crop year 1949-50, the price would be \$2.00 per bushel. If the average Canadian price to other countries in that year fell below \$1.50, all obligations with respect to the "have-regard-to" clause of the agreement would be considered fully discharged. If the price fell below \$1.75 but not below \$1.50, the United Kingdom would undertake to purchase from Canada in 1950-51, 100,000,000 bushels at \$1.40, at the option of the Canadian government. Should the outside price in 1949-50 equal \$1.75, or higher, the United Kingdom would, in addition, undertake to purchase in 1951-52, at the option of the Canadian government, 100,000,000 bushels at \$1.40.

A memorandum on the discussions in the United Kingdom was circulated.

(Memorandum, Minister of Agriculture, December 21, 1948).†

2. *Mr. Gardiner* stated that he had informed the Chancellor of the U.K. Exchequer that, although he considered these proposals unsatisfactory, he would take them back to Ottawa for the consideration of the government. The Chancellor indicated that it was thought that further discussions along the lines indicated in this U.K. proposal were advisable. U.K. representatives would be sent to Ottawa.

3. *The Minister of Trade and Commerce* suggested that, if a formula along these lines were generally acceptable, it might be possible to negotiate some modifications as regards both quantity and price.

4. *The Chairman* emphasized that if no agreement were reached it would create a difficult situation and would aggravate the problem of justifying any further release from the U.K. credit.

It might be suggested that Canada would accept the U.K. proposals if the price and quantity in the two optional years were \$1.55 and 140 million bushels respectively.

This, of course, might not be accepted by the U.K. government, but would leave the way open for further negotiations.

5. *The Secretary of State for External Affairs* pointed out that there might be some difficulties in reconciling a future international wheat agreement with arrangements made with the United Kingdom.

6. *The Committee*, after further discussion, agreed to recommend to the Cabinet the proposal made by the Prime Minister.⁴⁹

703.

DEA/50013-40

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

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

TELEGRAM 2149

Ottawa, December 24, 1948

TOP SECRET. MOST IMMEDIATE.

Following for Robertson from Pearson. Please convey with least possible delay following message to United Kingdom Government, Begins: The Canadian government has considered the proposal which the U.K. Chancellor of the Exchequer gave to the Minister of Agriculture immediately prior to his departure from England last week with regard to the price for the 1949-50 crop year under the wheat agreement and settlement of the "have-regard-to" clause of that agreement. The government is seized of the importance of finding some solution to this difficult problem in view of the serious effect on Anglo-Canadian financial and economic relations generally which would result from failure to find a solution. The government has reached the conclusion, however, that the U.K. proposal in its present form does not represent a satisfactory basis for agreement. Nevertheless, it represents an approach to the problem which, if suitable adjustment in its terms could be made, would provide a satisfactory agreement.

Two points in particular in the U.K. proposal have caused us difficulty. In the first instance the suggested price of \$1.40 included in the options relating to the crop years 1950-51 and 1951-52 represent a figure which, considering the present position of the contract and the practicabilities of achieving a settlement under the "have-regard-to" clause on the basis of a \$2.00 price for 1949-50, would not be satisfactory. A price of \$1.55 a bushel in the options, however, would be acceptable and would in the opinion of the government represent a reasonable measure of protection for the Canadian wheat producer and would be an understandable arrangement in view of the fact that the initial price under the contract was also \$1.55.

Similarly, we feel that taking into consideration the past history of Canadian wheat exports to the United Kingdom, the United Kingdom's future requirements and the actual forecast which the United Kingdom made in this regard in its long-

⁴⁹ Approuvée par le Cabinet le 23 décembre./Approved by Cabinet on December 23.

term presentation to OEEC, a figure of 100 million bushels a year in the two optional years would not offer the possibility of adequate settlement under the existing contract or of continued security to the Canadian farmer. We therefore propose a figure of 140 million bushels in each of the optional years.

If the U.K. proposal were modified to provide that in the two optional years the amount involved each year would be 140 million bushels and the price \$1.55, the U.K. proposal would be acceptable to the Canadian government. Ends.

I am sending you by immediately following telegram some supplementary notes which might be helpful to you in any discussion which you may have in presenting the above message.

704.

DEA/50013-40

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

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

TELEGRAM 2156

Ottawa, December 24, 1948

TOP SECRET. MOST IMMEDIATE.

Following for Robertson from Pearson. Wheat. Following are the supplementary notes referred to in my telegram, Begins: We consider that the U.K. proposal offers a possible basis for negotiating a satisfactory agreement, but some amendments to it are necessary, and every effort must be made to persuade the U.K. to accept those we have suggested in the message which I have just sent you.

Failure to reach agreement and consequent cancellation of the contract and opening of the market generally would have a very serious reaction in Canada, would disturb our general economic relations with the United Kingdom and prejudice any further assistance which we had contemplated or might be able to contemplate making available. We are anxious to make as early an announcement as possible with regard to the renewal of drawings on the credit but it would obviously be impossible to proceed with any announcement of this point while the arrangements under the wheat contract remain unsettled. In fact, in the absence of settlement the whole matter of further drawings on the credit would have to be reviewed again.

We consider our counter-suggestions fair and reasonable. The long term programme which the U.K. government presented to O.E.E.C. contemplated continued purchases of wheat from Canada at the rate of 140 million bushels annually. Moreover, the price throughout was \$2.00 (although admittedly this was because current price levels were used generally in the forecast).

The Canadian government is faced with a difficult domestic situation. The easy arithmetical calculation may be made that, if in 1949-50 the price of wheat falls to \$1.50, we would have accepted settlement of the "have-regard-to" clause on the basis of \$70,000,000, i.e., 50¢ a bushel for 140 million bushels. While this is by no

means the whole story, it will be the first figure seized upon and it therefore becomes important to ensure that the alternative security offered by virtue of the two additional optional years appears reasonably satisfactory to the farmer.

We could not justify our position vis-à-vis the farmer on the basis of the present U.K. offer of options of 100,000,000 bushels at \$1.40. Surely it should be possible for the U.K. to realize that.

You will also appreciate that one of the advantages of the U.K. offer as amended by us is that while introducing the element of precision and finality into the hitherto undefined "have-regard-to" obligation, it does this in such a way as to keep open the specific results which may come from the arrangement agreed on.

It may conceivably result in a discharge of the "have-regard-to" obligation at 70 million dollars which would be an attractive result for the U.K. But we in our turn can argue here, if necessary, that it may result in two or three times that amount being returned to the Canadian farmer. This, if combined with the assurance of a continued and stable U.K. market, would make it possible to convince our farmers that they had been given a fair deal. We could not do this, however, on the basis of the unamended U.K. proposal.

Please put these considerations and any others which may occur to you in support of our position as strongly as possible to the U.K. Ministers concerned.

We hope that our amendments can be accepted without further discussions. If the U.K., however, desire to send a delegation to Ottawa for further talks, as Sir Stafford Cripps suggested to Mr. Gardiner in London, we would be glad to receive them at as early a date as possible. On the other hand, it may be as effective and give rise to less speculation, if any further discussions which may be required were conducted through you or through Clutterbuck here or both. Ends.

705.

DEA/50013-40

*Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures
High Commissioner in United Kingdom
to Secretary of State for External Affairs*

TELEGRAM 2328

London, December 30, 1948

TOP SECRET. MOST IMMEDIATE.

Your telegram No. 2149 of December 24th† wheat negotiations. Following for Pearson from Robertson, Begins: I saw Wilson Smith, Feaveryear, Grant and

Garner⁵⁰ yesterday and passed on the message contained in your telegram under reference. They had already received it from Clutterbuck and we were able to proceed immediately with the discussion. Wilson Smith seemed gratified that we were prepared to consider a settlement of the "having-regard-to" obligation within the framework of the proposal the Chancellor gave to Mr. Gardiner. He mentioned however that apart from the substance of the matter, there were one or two questions of detail on which the United Kingdom would wish to seek clarification. These were, I believe, noted in a letter which Wilson Smith gave to Max Mackenzie before he left. In the first place, the United Kingdom would wish to be satisfied that the method of calculating the average price for Canadian wheat, outside the contract, in the crop year 1949-50 would be satisfactory. In the second place, they would wish some clarification as to the date of the exercise of the Canadian option for 1950-51 and 1951-52. They would hope that it would be possible for the Canadian Government to agree to exercise its option some time before the August 15th date having regard to the difficult position in which they would be placed with respect to future purchases, in the event that Canada decided at that late date not to exercise its option.

2. Wilson Smith again raised the question of consultation with ECA before United Kingdom signature of any agreement. I did not gather from his remarks that formal approval of ECA is to be sought but it is desired to avoid the possibility that ECA might subsequently be able to say that the agreement had been concluded without their knowledge and therefore might become ineligible for ECA financing unless renegotiated (as apparently happened recently on certain United Kingdom long-term bulk cotton contracts).

3. Coming to the substance of the matter (the quantities and prices for the years of option) I explained our position as set forth in your telegram No. 2156 of December 24th, pointing out that we were faced with not simply the necessity of reaching agreement on deliveries and prices, but with the serious problem of bringing to a mutually satisfactory conclusion an inter-Governmental undertaking of considerable political significance for both countries.

4. Wilson Smith was not enthusiastic about our counter-proposal and took the line that 100 million bushels was all the United Kingdom would require from Canada in the years of option, and that this was a reasonable amount having regard to the average consumption in the United Kingdom of Canadian wheat over the period prior to the war, and to the fact that total United Kingdom imports of wheat from all sources were not likely to exceed 200 million bushels per annum. He suggested that both Canada and the United Kingdom should now be moving towards some return to the more normal pattern which obtained before the war. In this connection, it was suggested that in its own interest, Canada should probably not have 140

⁵⁰ Sir Albert Feaveryear, probablement membre de la délégation du Royaume-Uni auprès du Conseil international du Blé; A.J.K. Grant, secrétaire adjoint au Trésor du Royaume-Uni; J.J.S. Garner, sous-secrétaire adjoint, bureau des Relations du Commonwealth.
Sir Albert Feaveryear, probably Member, Delegation of United Kingdom to International Wheat Council; A.J.K. Grant, Assistant Secretary, Treasury of United Kingdom; J.J.S. Garner, Assistant Under-Secretary, Commonwealth Relations Office.

million bushels tied up in the years of option and that we would benefit from a greater elasticity in selling. The Canadian proposal, he said, gave no evidence of any tapering off towards normalcy in wheat trading.

5. I pointed out that it was unrealistic to think that Canada could easily switch back into continental markets to the extent assumed in any suggestion of a return to the pre-war pattern, particularly because of convertibility difficulties. Furthermore, in the years of the contract, Canada had supplied the United Kingdom with its wheat requirements to the detriment of other European purchasers. There had undoubtedly been some loss of goodwill and it would not be an easy task for Canada to regain its position in these markets. The four-year contract had been entered into in the realization that the world would be faced with a period of trade and financial disequilibrium. I suggested that it was not practical to pretend that the pre-war pattern of wheat trading was a present possibility. From the domestic point of view I again argued that the Canadian Government had committed itself to a policy of securing a guaranteed market for Canadian wheat. It was not possible or desirable in present circumstances to reverse this policy or to divorce the negotiations for the years of option from their historical context since the war. Wilson Smith and his colleagues made no compromise proposal on our 140 million bushels suggestion but have taken note of the position and will lay it before the Chancellor tomorrow afternoon.

6. On price, I suggested that it was not possible to make any accurate assessment of how the world market would go in the absence of an international wheat agreement, but noted that from the Canadian point of view \$1.55 would have something to recommend it as a way of balancing off the low price accepted in the earlier years of the contract. Thus, there would be two years in which \$1.55 was paid, two years in which \$2.00 was paid and two years when Canada would have the option to sell at \$1.55. It seemed to me that this was the sort of arrangement which would be acceptable to Canadian public opinion. The United Kingdom officials thought \$1.55 too high as a floor and that this figure resembled more a guess as to future prices than a judgement of an essential minimum price. What they were offering was a guaranteed floor price which would probably be better than that which would obtain under an International Wheat Agreement.

7. I think that both on the question of price and quantity they were left in no doubt as to the position of the Canadian Government and it now remains to see whether our proposal is acceptable at the Ministerial level, or what counter-proposal will be made. Presumably Wilson Smith will have another talk with me after he has seen the Chancellor and we may have another meeting at the official level. In any case, whatever the result of the official discussions, I will see Sir Stafford late tomorrow or Friday morning, and hope to obtain some definite information as to how far United Kingdom is prepared to go. Ends.

706.

CH/Vol. 2099

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

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

TELEGRAM 2186

Ottawa, December 31, 1948

TOP SECRET

Following for Robertson from Pearson, Begins: Thank you for your telegram No. 2328 of 30th December. Wheat.

We will be sending you more considered views when we get the news of your talk with Sir Stafford Cripps. Meanwhile, there are some points in your telegram on which I would like to comment. It is discouraging and indeed irritating to hear Wilson Smith talk about the desirability of moving toward the more normal pattern of imports from Canada which obtained before the war. This was not the language used by United Kingdom representatives during the war years when we were urged to produce more and yet more food, and rosy and reassuring statements were made of stable and satisfactory postwar markets. Furthermore, the figures for average prewar consumption of Canadian wheat do not, I think, bear out the arguments that Wilson Smith makes. In the twenties, the United Kingdom several times imported more than 200 million bushels and only in three years during the last twenty-one did the figure fall below 100 million, and that because drought conditions made an abnormally small amount available for export. You will, I assume, have the figures at Canada House.

2. I agree that it is not unreasonable that E.C.A. should be informed before the United Kingdom sign any agreement, but I certainly do not think that any formal approval should be sought. Nor can I agree with the United Kingdom argument that \$1.55 is too high as a floor. There is on the contrary, every reason for us to insist on this price. It would, in a sense, mean going back to the original suggestion of four years at \$1.55, with a higher price of \$2 for two years only. I do not see how the United Kingdom can reasonably object to this. Ends.

707.

DEA/50013-40

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

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

TELEGRAM 2352

London, December 31, 1948

TOP SECRET

My telegram No. 2338 of December 30th. Wheat negotiations.

As anticipated in paragraph 7, I saw Sir Stafford Cripps this morning. Our conversation was rather general since the Chancellor was clearly not prepared at this stage to talk about quantities and prices. His remarks were directed primarily at the need for countries to accept adjustments in their trading patterns to take account of present conditions. He made much of the changes which the United Kingdom had accepted or induced in the direction and composition of its trade and felt that Canadian trade would have to undergo similar alterations. In his view, it was not realistic to suppose that the trading patterns of recent years could be maintained.

2. I agreed with the Chancellor that many adjustments on all sides would be required, but added that in the case of Canada a considerable shift had already taken place and was continuing. I noted that probably to a greater extent than most countries Canada had adjusted contracts and undertaken diversions to new markets. I felt that such adjustments as Canada had already made in respect of other contracts indicated that we were not insisting that the high level of recent trade with the United Kingdom in many products should be regarded as normal for the future. Where possible we had adjusted production and had sought new markets. In the case of wheat also I felt that our proposal did not represent unreasonable insistence on the maintenance of abnormal trade. In contemplating adjustments which might be made in Canadian wheat exports it was essential that full account be taken of trade during the recent past, of adjustments which had been made in production to permit of that trade, and of the existence or absence of alternative outlets for that production. In considering the special case of wheat it was necessary to recognize the importance of that commodity in the Canadian economy and the corresponding political importance, in terms of relations with other countries, of arrangements affecting Canadian wheat exports.

3. The Chancellor indicated that the wheat contract would be discussed at a Cabinet meeting on Monday and that instructions would be sent to Clutterbuck probably on Tuesday. It was agreed that I should be shown the contents of the proposed instructions to Clutterbuck before they are sent to him.

7^e PARTIE/PART 7VENTE D'AVIONS "NORTH STAR" DE CANADAIR
À BRITISH OVERSEAS AIRWAYS CORPORATION
SALE OF CANADAIR NORTH STAR AIRCRAFT
TO BRITISH OVERSEAS AIRWAYS CORPORATION

708.

DEA/11046-40

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

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

TELEGRAM 145

Ottawa, January 29, 1948

Following from Howe, Begins: Canadair Limited as you know, have been pressing the sale of fifty Canadair-4 aircraft to BOAC, who obviously desire to purchase the Canadair-4 as the aeroplane most suitable for service on Empire routes.

2. Political dispute about suitability of Tudor aircraft is delaying the transaction, and it would appear that Ministry of Supply are opposing the purchase.

3. Canada is at present purchasing all its military aircraft from the United Kingdom, and will continue to do so provided our small Canadian industry can be occupied with civilian type aeroplanes. Canada's defence requirements make it essential that Canadair Limited at Montreal be kept in production and that Victory Aircraft at Toronto be kept busy with development work, the latter being the responsibility of the Canadian Government.

4. It will be helpful if representations, bearing on the exchange of production between Canada and England on the above lines, can be made a matter of policy. The North Star-4 is recognized as competitive with any four-engine plane now in production, and the order from BOAC will provide work for this plant for the next twelve months. On the other hand, Canadian purchases of military type aircraft will probably be helpful to British production and will, in the long run, considerably exceed in value the civilian aircraft from Canada.

5. Anything you can do to assist the purchase of Canadair planes by BOAC will be most helpful in solving the problem of keeping Canadian aircraft production active. I understand that the matter has now reached a high Cabinet level, where a word to the Prime Minister and to the Chancellor of the Exchequer might throw the balance our way. Ends.

709.

DEA/11046-40

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

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

TELEGRAM 301

London, March 12, 1948

SECRET. IMMEDIATE.

Following for Howe from Robertson, Begins: Reference my telegram No. 296 of March 11th.†

After the meeting with [Sir Harold] Hartley and [Whitney] Straight [of B.O.A.C.] yesterday, I think it might be useful if I were to send you an appreciation of the situation as it looks from London and some suggestions about the way the question might be advanced if you feel that it should be carried further.

2. I imagine that you will not consider the kind of proposal outlined by Nathan⁵¹ on the 10th March acceptable, since it would have the effect of involving Canadair and presumably the Canadian Government in financial risks arising from service on routes on which Canadair IV's would be used, although Canadian interests would not be able to exercise an effective control over the operation of these routes. Moreover, I doubt whether this proposal, suggested personally by Nathan, would be considered by the Treasury authorities to be compatible with the responsible status of a United Kingdom Government corporation. No doubt if Nathan could secure Canadian approval for a plan of this sort he would feel that he had strengthened his position in the Cabinet here. My guess, however, is that an offer from the Canadian side of a schedule of payments closely related to probable earnings but with all financial risks assumed by the operator might still be sufficient to carry the day both in the Cabinet Committee on Civil Aviation Policy presided over by Lord Addison and also in the full Cabinet.

3. One of the chief drawbacks from the United Kingdom point of view of the original proposal made by Canadair to BOAC, was that it would necessitate a large dollar outlay before the dollar revenue which would accrue from these planes could be expected to come in. You will recall that in the first six months after the placement of the order Canadair would deliver only three planes in the same period, however, BOAC would be called on to pay 23 and one half per cent of the total cost of the ordered planes. A plan whereby the schedule of payments would be more closely adjusted to the estimated dollar earnings, I think, would be more likely to win acceptance.

4. I gather from Lewis that Canadair now feel that in their original offer they went as far as they properly could in the preliminary stages of the negotiations; that

⁵¹ Lord Nathan, ministre de l'Aviation civile du Royaume-Uni; la proposition était de payer l'achat à partir des dollars provenant des opérations.
Lord Nathan, Minister of Civil Aviation of United Kingdom; the proposal was to pay for the purchase from dollar earnings from operations.

Nathan's proposal is unacceptable to them; and that he should now make a firm offer undertaking to purchase the aircraft if the schedule of payments were perhaps adjusted in some such way as I have indicated in the previous paragraph. Lewis has spoken over the telephone to Oliver West and has learned that it would be impossible to make further progress with the banks in Canada unless Nathan can produce a firm counter-offer which is not manifestly unacceptable. He has suggested that, since negotiations now seem to be at a critical point, West should consider coming to London at the beginning of next week.

5. BOAC are not at the moment in a position to supply firm estimates of the dollar earnings which they think 25 Canadair IV's should bring in year by year over the next five years. However, this information should be available in a day or two and should be useful in case there seems a genuine likelihood that the proposal for financing which would approximate to the pay-as-you-earn principle would commend itself both to the Minister of Civil Aviation and to the Canadian interests concerned. Ends.

710.

DEA/11046-40

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

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

TELEGRAM 350

Ottawa, March 13, 1948

SECRET

Following for Robertson from Howe, Begins: Thanks for your Secret cables Nos. 283† and 284,† reference Canadair. In my opinion, the last offer from the Canadian Government for financing these airplanes is as favourable as circumstances will permit and probably more favourable than any other manufacturer can offer. Therefore, it seems to me unlikely that decision of United Kingdom Government will be influenced by more favourable terms.

2. BOAC efficiency of operation to date would not justify Canadian Government in risking payment for planes on earnings from an operation which has in the past resulted in heavy deficits. While we hope forecast of net dollar earning from operation is accurate after all dollar costs involved in purchase and operation have been met, we think that this forecast is hardly first class collateral for bankers.

3. Because we believe that BOAC operation is extravagant, we are reluctant to enter into any partnership arrangement, but will consider any proposal that BOAC may offer in that direction.

4. It is most important that this order for airplanes be secured if possible, since otherwise future of Canadair may be jeopardized. Canada requires this industry for defence as well as for commercial purposes. Therefore, we greatly appreciate your interest in bringing about this purchase. Should negotiations be undertaken on an

official Government level, consideration will be given to such improvement in terms as may then seem justifiable. Ends.

711.

DEA/11046-40

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

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

TELEGRAM 369

London, March 20, 1948

SECRET AND PERSONAL. IMMEDIATE.

Following for Howe and Pearson from Robertson, Begins: My telegram No. 301 of March 12th and your telegram No. 350 of March 13th.

Discussions with Ministry of Civil Aviation and BOAC about the purchase of Canadair IV's are not, repeat not, making progress. The position is complicated by what appears to be a reciprocal lack of confidence between the United Kingdom Government agencies concerned, namely, the Ministry of Civil Aviation, BOAC and the Treasury. I suspect this lack of confidence extends to Ministry of Supply which has also a central interest and commitment in United Kingdom civil aviation policy, though we have not been in direct touch with it during the course of the Canadair negotiations.

2. Lord Nathan is sticking tightly to the point of view described in paragraph 3 of my telegram No. 284 of March 10th,[†] and has been pressing me to let him know this week whether or not Canada will make him a counter proposition which fits the conditions there set forth. He is a timid type of not-so-big business man turned Socialist who has been given an ungrateful junior post in the Government in which he appears to be anxious to impress his colleagues and subordinates with his efficiency and toughness. His predecessor, Lord Winstor, was dropped pretty summarily from the Government after the Ministry of Civil Aviation had landed it in quite an awkward position, and Nathan, who recognizes that he will have to take the odium of justifying another sharp turn in Government civil aviation policy, wishes to make sure that the corner is smoothed and cushioned before he takes it.

3. Meanwhile, the Cabinet Committee on Civil Aviation Policy of which Lord Addison is Chairman, is waiting rather impatiently for a firm recommendation from the competent Ministries. They have asked the Ministry of Civil Aviation to submit a full report next week for consideration immediately after Easter on the possibilities of the Canadair project which they would like to consider as an alternative to the maintenance of the present policy of flying United Kingdom built machines.

4. Within the last few days the United Kingdom Treasury have learned with some embarrassment that the Ministry of Civil Aviation were asking Canada if it could put up a proposition under which Canada would take over the financial risk involved in the operation of Canadair IV's by BOAC, at the same time that the

Treasury was hoping the Canadian Government would see its way to share some of the general financial risks involved in waiting for E.R.P. I think they feared that these two sets of negotiations might collide in our Cabinet and sink each other and they have, therefore, suggested to Nathan that he should not press the financial side of any Canadian deal while Clutterbuck's representations are under consideration in Ottawa.

5. To sum up, the position seems to be that the technical and operating people would like to get Canadairs, and feel that they could meet their dollar costs out of dollar earnings. The Ministry is prepared to accept their conclusions but wants the risk that they may be wrong to be met by us, as the suppliers of the planes, while the Treasury will certainly not wish to see any part of their dwindling dollar reserves allocated for capital outlay which may well prove productive but which they simply do not think they can afford. Ends.

712.

DEA/11046-40

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

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

TELEGRAM 826

Ottawa, June 3, 1948

RESTRICTED. IMMEDIATE.

Following for Robertson from Rt. Hon. C.D. Howe, Begins: Am greatly concerned to learn that decision by Government to permit British air transport companies to purchase planes from this Continent may result in purchase of Lockheed Constellations.

2. Pressurized North Star planes now in service on both domestic and Atlantic operations are exceeding our expectations and making an excellent impression on public. We are satisfied that they are a better commercial plane than the Constellation. Therefore we feel that there can be no technical reason for preference for Constellation.

3. Having in mind that North Star power plant is British built, that Canada is largest customer for Rolls Royce engines, we believe Canada is entitled to preference and would feel that we have a legitimate grievance if planes are purchased in the United States.

4. This would seem to be a critical stage of the negotiations and while I know that you have been pressing our case, I will appreciate any last minute effort on your part to help close the transaction.

5. Sale is very important to Canada in that we wish to maintain continuing production of these planes as both a war and peace time potential. It would be unfortunate if TCA is using airplanes on which manufacturing has been suspended. RCAF

have twenty-four of these planes and are in similar position. CPAL⁵² will purchase five North Stars for service in Pacific, but unfortunately this order must be delayed for a few weeks pending negotiations of commercial rights in Pacific area.

6. Am informed that Air Vice [sic] Marshal Curtis discussed position with Lord Tedder⁵³ who agreed that from a defence viewpoint purchase of North Stars by British air transport companies is very desirable.

7. If desirable you can inform U.K. Government of contents of this cable. Ends.

713.

DEA/11046-40

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

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

TELEGRAM 827

Ottawa, June 3, 1948

RESTRICTED. IMMEDIATE.

Following for Robertson from Rt. Hon. C.D. Howe, Begins: Reference my cable of today's date, have again discussed terms of purchase with West and for your confidential information may tell you that Government is prepared to ensure terms more favourable to British air transport companies than anything Lockheed can offer. Ends.

714.

DEA/11046-40

*Le haut-commissaire au Royaume-Uni
au secrétaire d'État pour les Relations du Commonwealth du Royaume-Uni*

*High Commissioner in United Kingdom
to Secretary of State for Commonwealth Relations of United Kingdom*

CONFIDENTIAL

London, June 15, 1948

My dear Secretary of State:

I have been asked to let you know that the Government of Canada hopes that your Government, in determining its civil aviation policies, will give its sympathetic consideration to the merits of the Canadair/4 as a suitable plane for medium and long-range commercial aircraft operation.

The Canadair/4 is a 40 passenger pressurized medium and long range transport aircraft. Its distinguishing feature, i.e. the combination of the DC4—DC6 air-frame with the Rolls Royce Merlin power plant, was developed in Canada, and the aircraft are completely manufactured at the Canadair plant in Montreal. The aircraft is

⁵² Canadian Pacific Air Lines

⁵³ Chef d'état-major pour l'aviation du Royaume-Uni.
Chief of Air Staff of United Kingdom.

capable of carrying about 15,000 lbs. of payload at speeds approximately that of the best and latest American competitive types. Outstanding features of the aircraft are its low purchase price, low operating cost and low maintenance cost.

The price of a standard Canadair/4 aeroplane is \$695,000 at the Company's field in Montreal, Canada. This is less special equipment and less radio, and corresponds to the standard price of \$1,050,000 for the 749 Constellation. The Canadair dollar cost, however, would be reduced approximately \$100,000 by reason of the fact that the aeroplane uses Rolls Royce power plants which are made in England and may be purchased for sterling.

Deliveries of fifteen Canadair/4 aircraft can be made in one year from date of order.

Earlier versions of the aircraft have been operating across the North Atlantic for more than a year, and pressurized types are now in services on Trans-Canada Air Lines, both across Canada from Montreal to Vancouver, and across the Atlantic from Montreal to London. Operation of the aircraft has been successful, and I am informed that arrangements are now under way for the supply of this aircraft to Canadian Pacific Air Lines for operation on Pacific services.

The manufacturing Company demonstrated these aircraft in this country in May 1947, and again in September 1947, at which time they were thoroughly tested by the technical personnel of the B.O.A.C. and B.S.A.A. Detailed route analyses to ascertain the performance and earning capacity of the Canadair/4 on the routes of the two Corporations have been made, with the assistance of technical personnel from Canadair Ltd., with the result, I am informed, that the Canadair/4 would appear to meet the operating requirements of the Corporations.

I am to add that the Government of Canada attach importance to the conclusion of sales agreements between Canadair Ltd., and the United Kingdom airways corporations, because they regard the continuing production in Canada of modern and efficient civil aircraft as highly desirable in terms of both war and peacetime potential. They would regret the suspension of further manufacture of a plane which is in successful operation on the national and intra-commonwealth services of Trans-Canada Air Lines and in use by the Royal Canadian Air Force.

For these reasons the Government of Canada are prepared to try to work out with the United Kingdom Government such special financial arrangements as might make it feasible for the latter, in present circumstances, to contemplate the purchase of Canadair aircraft for their overseas civil air operations.

Yours sincerely,

N.A. ROBERTSON

715.

DEA/11046-40

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

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

SECRET

[Ottawa], July 2, 1948

Canadair Limited of Montreal has been negotiating for some months for the sale of North Star four-engine aircraft to the British Overseas Airways Corporation. This negotiation has become involved with a political dispute in England centred around the desire of the Department of Supply to force British Overseas Airways Corporation to use Tudor aircraft which the latter believed to be wholly unsuitable for the purpose. The United Kingdom Government had announced last year a policy to use British-made aircraft for all operations of United Kingdom civil airlines. However, the matter was re-opened early this year as a result of the financial losses suffered by British Overseas Airways Corporation which is in need of an economical and efficient aircraft to compete effectively internationally with American airlines.

The Lockheed Corporation, manufacturers of the Constellation aircraft, have also been negotiating with the British for the sale of their aircraft to British Overseas Airways Corporation. Through our High Commissioner we have offered the British more favourable terms should they purchase North Stars than they would receive should they purchase Constellations. We have agreed that payment for Canadairs could be made from the proceeds of sales or redemptions of United Kingdom owned Canadian securities which would otherwise be applied to reduction of the interest-free loan. This offer was qualified in that part of the United States dollar content of the planes, amounting to about 30% of the total cost, (i.e. the purchase price less the sterling cost of the engines) should be paid for in dollars. The payment of United States dollars would be in four equal instalments starting from the date of contract and at each six month period thereafter. Thus the competition from Constellations has been largely overcome. There is now the danger that Tudor aircraft, backed by the United Kingdom manufacturing industry and the Ministry of Supply with powerful support from the Beaverbrook Press, might be given another year to show what they could do in commercial operations.

The correspondence on this subject has been carried on between Mr. Howe and Mr. Robertson and this Department has not been directly concerned. This memorandum has been prepared therefore solely for your information.

L.B. P[EARSON]

716.

DEA/11046-40

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

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

TELEGRAM 1129

London, July 17, 1948

SECRET. IMMEDIATE.

Following for the Right Honourable C.D. Howe from Robertson, Begins: Reference my telegram No. 1123 of July 16th.†

Following is text of letter I have now received from Sir Eric Machtig, Permanent Under-Secretary of State for Commonwealth Relations, Begins:

I am glad to be able to inform you that the Cabinet yesterday authorized the purchase by the BOAC of 22 Canadair aircraft, subject to the provisions that no dollar expenditure is involved and that the BOAC undertake that the introduction on their service of new British types, as they become available, is not prejudiced. This decision is to be announced in the course of a speech by the Minister of Civil Aviation in the House of Lords on July 21st. An advance copy of the Minister's statement will be made available to you, in case the Canadian Government wishes to issue a simultaneous statement for their part. It is desired that the matter should be treated as confidential until then. We understand that the BOAC will be approaching Canadair direct in the near future. Ends. Message ends.

8^e PARTIE/PART 8

RELATIONS COMMERCIALES AVEC LES ANTILLES
TRADE RELATIONS WITH BRITISH WEST INDIES

717.

DEA/10543-40

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

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

[Ottawa], January 17, 1948

WEST INDIAN TRADE DELEGATION

A delegation from the British West Indies is expected to arrive in Ottawa about January 20th and to remain here for a week or ten days. The members are as follows:

Lt. Colonel A.O. Spencer — (Chairman), Economic Adviser, British Guiana.
Hon. Major Alan Storey, D.F.C. — Member of the Legislative Council of Trinidad.
G.G.R. Sharp, Jamaica,

and will be accompanied by:

Mr. Stephenson of the Associated West Indian Chamber of Commerce.

2. The purpose of the visit is ostensibly to secure a contract for flour for the coming year on the same terms as the United Kingdom. Unless there are objections on political grounds, the Department of Trade and Commerce is likely to decline such a request. It is recognized that the West Indies may in that event turn to Australia for supplies.

3. It is anticipated, however, that the delegation may wish to raise as well the possibility of a loan and/or the renewal, and possible enlargement of the Canada-West Indies Trade Agreement. Officials of Trade and Commerce would not be favourably disposed to either course unless there are political reasons.

4. With respect to the Trade Agreement of 1925 which is still in force the following points may be noted:

(a) The Agreement extended certain preferences to the West Indies, notably for sugar and citrus fruits. Under the Geneva Agreements of 1947 the West Indies agreed to give up the preference on citrus fruits which were, in fact, of little real importance since we have imported little fruit from the West Indies. We agreed to continue preference on sugar which before the war resulted in a loss to the Canadian Treasury of about 5 to 6 million annually — i.e. we could have bought sugar at the same price elsewhere, e.g. Cuba, without granting preferences.

(b) The Canadian National Steamships agreed to provide scheduled passenger and freight service which until the war was carried at an annual deficit. During the war one ship was lost by enemy action and the service partly interrupted due to the necessities of war. The service has not been fully restored but it is understood that the service, when combined with the services provided with the Alcoa ships, is adequate for the freight offering. It is also understood that the C.N.S. would like to drop the passenger service. The West Indies would no doubt like to have it restored to the full.

(c) Under the Agreement, several West Indian colonies benefiting by the service provided an annual subsidy irrespective of the deficit incurred by the C.N.S. They have thus no inducement to restrict the carriage of freight to the C.N.S. and, in fact, a good deal of the sugar freight is carried by tramps. Several colonies have ceased payment of subsidies since the service has been curtailed.

(d) Notice of termination of the Agreement was given by Canada in 1939, but the war intervened and the Agreement has been allowed to continue, though the steamship service, as explained above, has continued on a reduced basis.

5. On a superficial examination there would not appear to be strong economic or financial reasons for continuing, and even less for enlarging, the West Indian Agreement. It does not appear that the West Indies can provide us with much more in the way of supplies than they are now doing. The Trade Agreement probably has helped to build up a market for Canadian exports, but for the present and the immediate future we are not likely to have a superfluity of goods for export. Nor would aid to the West Indies be likely to have much effect on our U.S. dollar policy.

6. Should the West Indian Delegation raise the question of continuing the Trade Agreement or extending its provisions, officials of Trade and Commerce are disposed to take the line that we have had no notice and that the matter would require extended study, especially in view of the Geneva Agreements, and possible developments at the Havana Conference. They would not be disposed to make any commitments. They would like our approval on this line of policy.

L.B. P[EARSON]

718.

PCO/Vol. 193

Note du secrétaire d'État aux Affaires extérieures

Memorandum by Secretary of State for External Affairs

Ottawa, January 28, 1948

BRITISH WEST INDIES TRADE AND FLOUR DELEGATION

On Tuesday, January 27th, with Mr. Howe, I received a Trade and Flour Delegation representing the Governments of the British West Indies and British Guiana, in my office. Sir Alexander Clutterbuck accompanied the delegation and several Canadian officials were also present.

Lieutenant-Colonel A.O. Spencer (British Guiana), the Chairman of the delegation, presented an aide mémoire.† It emphasized the importance of flour in the economy of the Caribbean Area and the serious fiscal and political difficulties attendant upon its present price. He pointed out the relationship between the flour trade and exports of general merchandise to that area, relating his remarks to shipping difficulties and the present Colonial stringency of dollars.

He requested a long-term flour contract which should be flexible in its quantitative aspects and hoped that if such a contract could be arranged, Canadian exports to the British West Indies market might be given some special consideration.

I told him that I, with my colleagues in the Government, would give most serious consideration to the arguments which he had advanced and that on those arguments, together with a knowledge of our own position, we would hope to reach a decision appropriate to the circumstances. I referred to the attitude of our own producers and to the fact that we had a 5-year wheat pool. I suggested that, at least as far as the remaining portion of this year was concerned, we had almost no room to manoeuvre.

Mr. Howe pointed out that the position in its simplest terms was that, for this year at least, we were already over-sold.

L.S. ST. LAURENT

719.

DEA/50092-40

Note du ministère du Commerce
Memorandum by Department of Trade and Commerce

[Ottawa], June 17, 1948.

EXTENSION OF TRADE WITH THE BRITISH WEST INDIES

The Department of Trade and Commerce is being subjected to an increasing amount of pressure to institute some action which will result in mitigation of the restrictions now being placed upon imports from Canada into the colonial areas and particularly the British West Indies. Briefs have been received from the Canadian Exporters Association, the Canadian Manufacturers' Association, the electrical goods manufacturers, and one is understood to be on the way from the pharmaceutical manufacturers. There have also been many individual complaints to the department and to trade commissioners. The matter has also been taken up by a number of members of Parliament and in newspaper articles.

2. The substance of the complaints is that in pursuance of balance of payments restrictions resulting from exchange difficulties of the sterling area, the Colonies have been assigned certain dollar ceilings (the amounts in most cases being unknown to us) as a result of which they are apparently excluding many types of Canadian manufactured goods and buying from this country in the main only the foodstuffs and construction materials which cannot be done without or obtained from sterling sources. This has resulted in eliminating sales by a number of firms and industries which have been active in the colonial market in some instances for 30 or 40 years. As a result of these developments, trade names built up by many years of advertising and selling effort are likely to disappear, dealers and agencies are being compelled to form other connections, employment in the Canadian industries affected is being impaired, and instead of any improvement in the situation being in sight, the prospects are that the situation will become worse. A list of individual complaints is attached. Among the outstanding articles on which such complaints have been received are paints and brushes, cotton textiles, fish (preference given to Newfoundland against Canada), milk, canned goods, coffee and spices, macaroni, confectionery, paper manufactures, footwear, soap and toilet articles, and a number of other items more fully set out in the accompanying list. It is widely believed and stated that the program of restrictions now in force goes beyond dollar saving measures and tends to a permanent diversion of trade from Canada to the United Kingdom which, it is suggested, is to some degree choosing the easier way of monopolizing trade in the sterling area rather than make adequate efforts to sell on world markets for hard currency. While this situation is regarded as existing in the colonial areas as a whole, complaints have been particularly frequent in connection with the British West Indies. We are seeing the development of a state of feeling adverse to the Colonies and to the United Kingdom such as was in evidence prior to the adoption of the token import scheme by the United Kingdom early in 1946.

3. While we have interests in most of the Colonies, we have special interest in the British West Indies. With them we have had a trade agreement which has been running for approximately 21 years, during most of which time its results were mostly in favour of the West Indies. Under this agreement they received and still receive preferences on their major products, especially sugar. Canada also undertook to maintain a shipping service which for many years operated at a deficit, met only to a small degree by contractual subsidies from the Islands. During the war these circumstances were changed. Imports from Canada increased from approximately \$14 million a year prior to something over \$75 million in 1947. The steamship services were reduced, unprofitable runs eliminated, and operations for the first time produced a surplus. These conditions will not continue if the present policy of import restriction is carried on. Already the volume of southbound freight available for the Canadian National Steamships has been reduced by about one-third, and although the necessity for ship replacement is impending, the operators are unable to decide to what extent they would be justified in making commitments for the building or purchase of new ships. A reasonably good service is, however, still being maintained. The Colonies at present are paying reduced subsidies. Canada is also in process of providing a substantial air service to the West Indies.

4. The importance of the special relationship existing between Canada and the British West Indies is emphasized by the fact that no direct concessions of any importance were made to the British West Indies at Geneva by any other country. While Canada felt it necessary to reduce some of the less important preferences granted to them, it maintained its major preference on sugar and a number of the less important ones. With the prospective termination of the arrangements under which sugar for Canada is purchased in cooperation with the United Kingdom, the Canadian sugar preference will again become more important, and the Colonies will continue to have an interest in a guaranteed steamship service. On the Canadian side, the established West Indian market is of importance to a very large group of Canadian exporters. In the interests of both Canada and the Colonies, to say nothing of relations with the sterling area as a whole, it will be regrettable if a continuation and intensification of present restrictions results in impairing the relations that have existed for so many years.

5. Canada has a good case for special treatment in its trade relations, especially with the British West Indies. There is a general agreement in Article XII of the General Agreement on Tariffs and Trade (Geneva 1947) that countries are not to apply restrictions to safeguard the balance of payments so as to prevent unreasonably the importation of any description of goods of minimum commercial quantities, the exclusion of which would impair regular channels of trade, and that restrictions applied under this article are to avoid unnecessary damage to the commercial or economic interests of any other contracting party. Apart from this general undertaking however it was acknowledged in the message from the Colonial Office to the Colonies in August 1947 that the British West Indies are particularly dependent upon imports from North America, and in a letter from the office of the United Kingdom High Commissioner to the Deputy Minister of Trade and Commerce (copy annexed), it was agreed that Canada was entitled to special consideration and

the Canadian Government was invited to make special representations where its particular interests might be detrimentally affected.

6. What specific concessions should Canada seek in connection with the British West Indies? A token import scheme based upon prewar trade as in the case of the United Kingdom would probably not be sufficiently extensive to meet the case and would omit a number of the interests which have developed during the past nine years. It is understood that the dollar quotas allotted to the West Indies are based on trade in 1946 and it is suggested that the token import scheme based upon 1946 trade might form the minimum basis of a new arrangement. The situation has been examined in the light of communications received from Canadian exporters and discussed with the Canadian Trade Commissioners from Trinidad and Jamaica, and a tentative list of commodities on which concessions might be sought has been drawn up along with statistics showing 1946 imports of these commodities into the principal colonies from Canada, the United States, the United Kingdom, and all other countries. A scheme of token imports amounting to 20% of 1946 trade with Canada would cost the sterling group approximately \$2½ million to which a further \$800,000 might have to be added if the identical concessions were extended to the United States. This proposal will not go very far towards maintaining the volume of trade at the present time but it might help to meet the most vigorous criticism on the part of Canadian export interests which foresee the loss of their markets not only in the immediate future but for a very long time to come.⁵⁴

7. In considering an approach to the sterling area authorities in this connection, it may be anticipated that certain objections would be raised.

(a) Cost to sterling area. A cost of about 2½ millions a year for Canada or about 3.3 millions if the United States were included is not large in relation to the value of the good-will involved, and some portion even of this cost might be recovered through a reduction in the purchases from Canada of some of the articles in short supply for which we are less dependent upon the British West Indies market.

(b) While it would be necessary in principle to extend this concession to the United States, the cost of doing so, even if the United States decided to take advantage of the situation, would be limited to some \$800,000 a year. If as in the case of the United Kingdom the sterling authorities insisted that the exporting country should carry the responsibility for determining and allocating quotas, it is quite possible that the United States might not in practice insist upon exercising its acknowledged rights.

(c) Would a request along these lines by Canada involve this country in the obligation to give up its own current prohibitions and replace them by a system of token imports? The fact that we now benefit by the United Kingdom token import scheme has not had this effect. Many of our present import restrictions are on a

⁵⁴ La proposition en faveur d'un système d'importations symboliques fut endossée par le Comité interministériel et par le Comité du Cabinet sur la politique du commerce extérieur les 18 juin et 22 juin respectivement.

The proposal for a token import scheme was endorsed by the Interdepartmental Committee and the Cabinet Committee on External Trade Policy on June 18 and June 22 respectively.

quota basis or stop short of complete prohibitions. It might be argued that we are in general already operating a system of token imports.

(d) Would representations such as those suggested involve a demand for concessions in connection with tomatoes, pineapples, okra, subsidies, preferences and credits? This would very likely be the case but we are already faced by such demands or may expect them. From the opposite point of view, since we are likely to be faced by such demands, it is desirable that we should have a list of concessions to ask in return for whatever we may consider it possible to concede.

Possible Methods of Presentation

We understand that it would be time-consuming and useless to present requests along these lines to the authorities of the Colonies themselves and that the decision would in fact be made in London although in the event of a direct approach to London, it would be courteous to inform a few of the more important import authorities in the British West Indies of the action being taken. The first step in representations along these lines would probably be a conversation with Sir Alexander Clutterbuck after which presentation of the case to the Colonial Office might be made through the Canadian High Commissioner with the assistance of a memorandum and probably one or two representatives from Ottawa. It is probable that any representations of this sort would be supported by the United Kingdom High Commissioner. As for the timing of such representations, there is much to be said for making them as soon as possible, before the damage done to our connections in the British West Indies becomes any worse, and before the probable approach to Canada for additional credits in September.

720.

CH/Vol. 2096

Protocol d'entente entre fonctionnaires britanniques et canadiens

Memorandum of Agreement between British and Canadian Officials

SECRET

[London, December 18, 1948]

RELAXATION OF IMPORT RESTRICTIONS IN THE WEST INDIES

RECORD OF CONCLUSIONS REACHED AT DISCUSSIONS HELD BETWEEN

CANADIAN AND UNITED KINGDOM OFFICIALS IN LONDON

ON THE 13TH TO 17TH DECEMBER 1948

The officials examined in detail the lists furnished by the Canadian authorities of imports into the British West Indies, which for the purposes of this paper include all British Colonies in the Caribbean, Bermuda, and the Bahamas,⁵⁵ about which complaints have been received from Canadian exporters on the grounds that import licences were being refused. The following conclusions were reached.

⁵⁵ Les Bermudes, les Bahamas, la Jamaïque, les Barbades, les îles du Vent et les îles sous le Vent, la Guyane britannique et le Honduras britannique.
Bermuda, Bahamas, Jamaica, Barbados, Leeward and Windward Islands, British Guiana and British Honduras.

2. Attached as an annexure is a list of items to which the Canadian authorities attach special importance, including some new items to which attention has recently been called. The list also includes some goods which the West Indies Governments themselves have suggested should be included.

3. The Canadian officials expressed the view that the cost of a relaxation of restrictions, in terms of additional dollar expenditure, should bear a reasonable relation to total Canadian imports into the West Indies in 1946. At the same time it was pointed out by the United Kingdom officials that the pre-war level of trade was very substantially lower than the 1946 level and that from the U.K. point of view this severely limited the amount of any concession which the U.K. would feel able to justify in relation to the cost of the token import scheme operated by the U.K.

4. The U.K. officials agreed to recommend to their Government that a scheme should be adopted with a maximum cost of 3½ million dollars annually to cover additional imports into the British West Indies from hard currency areas. In comparing this figure with the actual imports in 1946 of the goods in question it has to be remembered that many of these are not totally excluded at present, and that the 3.5 million dollars would be additional to the volume of trade in these goods which is currently being licenced.

5. It was proposed that the scheme should operate in the following manner. It was not considered practicable to lay down fixed quotas for each type of goods because of the number of import control authorities in the West Indies and because each of these authorities applies somewhat different methods of import control. The sum of 3.5 million dollars would, therefore, be subdivided between the Colonies in question by the Colonial Office on an equitable basis. Each Colony would be notified by the Colonial Office of its share and would be furnished with the list of goods in the annexure. Each Colony would be invited so to operate its import licensing controls as to permit the spending of the sum mentioned above on additional imports of these goods from hard currency areas. They would be asked to allocate 10% of the total sum for textile piece goods and other items not specifically mentioned in the list. They would be invited to spend 90% of the sum on the imports in the annexure, spreading the sum as widely as possible over the items in the list. In

respect of these additional goods, importers would be left freedom of choice as to sources of supply.⁵⁶

6. The U.K. representatives stated that the proposals could not become operative until they had been communicated to the W.I. Governments, and these Governments had had the opportunity to comment. This would be done immediately and it was agreed that if no objection to the scheme were raised by the Colonial Government concerned an agreed statement would be released for publication after 12 o'clock noon Ottawa time on December 30th, 1948.

9^e PARTIE/PART 9

USAGE DE SOLDES NON-ENGAGÉS EN VERTU DE LA LOI DE 1944
SUR L'ASSURANCE DES CRÉDITS À L'EXPORTATION
USE OF UNCOMMITTED BALANCES UNDER EXPORT CREDITS
INSURANCE ACT OF 1944

721.

DEA/50091-C-40

*Extrait du procès-verbal de la réunion du Comité du Cabinet
sur la politique du commerce extérieur*

*Extract from Minutes of Meeting of Cabinet Committee
on External Trade Policy*

TOP SECRET

[Ottawa], March 2, 1948

I. EXTERNAL CREDITS; USE OF UNCOMMITTED BALANCES

1. *The Chairman* reported that consideration had been given in the Departments of Finance and Trade and Commerce to the despatch of letters to those countries with unexpended balances of Canadian credits still available, informing them that Canada's present foreign exchange position would require that in future certain goods be sold only for U.S. dollars or their equivalent. These goods would include

⁵⁶ Selon les rapports de M.W. Mackenzie au Comité interministériel et au Comité du Cabinet sur la politique du commerce extérieur le 22 décembre, le montant alloué (\$3.5 million) ne serait pas rendu public, les assouplissements s'appliqueraient nominalement aux importations en provenance de tous les pays à devises fortes, mais les instructions émises par le Colonial Office favoriseraient le Canada, les marchandises choisies l'ayant été en fonctions des intérêts canadiens. Les rapports à ce sujet se trouvent dans DEA/50092-G-40 et DEA/50091-C-40. Le communiqué de presse convenu entre les gouvernements du Royaume-Uni et du Canada reliait les accords à la visite au Canada de Cripps et ne parlait pas de la valeur des concessions.

According to reports by M.W. Mackenzie to both the Interdepartmental and the Cabinet Committee on External Trade Policy on December 22, the sum allocated (\$3.5 million) would not be publicized, the relaxations would nominally apply to imports from all hard currency countries, but the instructions from the Colonial Office would favour Canada, the goods selected having been chosen with Canadian interests in mind. The respective reports are on DEA/50092-G-40 and DEA/50091-C-40. The press release agreed by the United Kingdom and Canadian governments linked the agreements to Cripps' visit to Ottawa and made no reference to the value of the concessions.

the main primary export commodities, wheat and grains, flour, copper, lead, zinc and items containing a substantial amount of steel.

In effect this limitation would result in a virtual freezing of the outstanding credits. Countries involved were Belgium, China, Czechoslovakia, Netherlands (including Netherlands East Indies) and Norway. Since certain restrictions on expenditures by China already existed and the amount outstanding for Czechoslovakia was relatively small, only Belgium, Norway and the Netherlands would be substantially affected.

Commodities such as wheat, other grains and flour would not be available in any quantity before the next crop year and control of articles with steel content could be maintained through export permits. It might therefore be desirable to seek the objective of restricting the use of the credits without the despatch of formal letters which might have an unfortunate effect upon the U.S. congressional discussions of the European Recovery Programme, as well as giving the impression of revocation or cancellation of credits.

An explanatory note on the external credits has been circulated.

(Secretary's Note, March 1st and attached memorandum, Department of Finance, February 28, 1948, CCETP Document No. 1).†

2. *The Assistant Deputy Minister of Finance* explained that a formal letter had been contemplated because Norway and Belgium were accustomed to buy directly in Canada through private channels, and not through any Canadian government agency. It might be possible to arrange informally with those countries for consultation with appropriate governmental representatives before placing orders in Canada.

3. *The Deputy Minister of Trade and Commerce* inquired whether cash purchases made by the countries concerned as a result of the proposed limitation on the use of credit should be credited towards the proportion of cash purchases which the countries concerned had undertaken to make in relation to the use of the credit.

4. *The Minister of Finance* raised the question of the attitude to be taken towards further use of the credit extended to Czechoslovakia in view of recent developments in that country.

(Memorandum, Assistant Deputy Minister of Finance to Minister of Finance, February 25, 1948).†

5. *Mr. Bryce* reported that a special proposal had been received from the Netherlands Government which was anxious to be permitted to make use of the balance of its credit, some \$20 millions (excluding Netherlands East Indies), before expiry of the loan.

Netherlands representatives had suggested that if permitted to draw on the balance of the loan they would be prepared to meet their parallel commitments to make a given percentage of cash purchases through the purchase of Canadian dollars with U.S. dollars.

6. *The Committee*, after considerable further discussion agreed:

(a) that it would not be desirable to proceed with the despatch of a formal letter to representatives of countries with outstanding credits in Canada restricting the use

of those credits, but that the Deputy Minister of Trade and Commerce and the Assistant Deputy Minister of Finance should seek to achieve this end through informal conversations with representatives of the countries concerned, particularly Belgium, Norway and the Netherlands, and should suggest that those countries consult the appropriate governmental representatives in Ottawa regarding the placing [of] orders in Canada;

(b) that no special restriction be placed upon the use of the outstanding credit to Czechoslovakia apart from the general restriction applying to all countries contemplated in (a) above; and

(c) that while it did not appear desirable to make special arrangements to facilitate use of the credit to the Netherlands, the Minister of Finance should discuss the matter further with Netherlands representatives and report.

...

722.

DEA/50091-C-40

*Extrait du procès-verbal de la réunion du Comité du Cabinet
sur la politique du commerce extérieur*

*Extract from Minutes of Meeting of Cabinet Committee
on External Trade Policy*

TOP SECRET

[Ottawa], March 16, 1948

...

II. FOREIGN CREDITS; FURTHER USE

3. *The Minister of Finance*, referring to decision at the meeting of March 2nd, reported that certain additional questions had arisen with regard to the further use of external credits granted by Canada.

4. *The Assistant Deputy Minister of Finance* explained that the unused portion of the credit to the Netherlands, amounting to a little over \$20 millions, would lapse at the end of April. While the Netherlands government was somewhat behind in the proportion of cash purchases which it had undertaken to make in connection with the use of the credit it had now requested that it be permitted to draw the unexpended balance of the credit prior to May 1st and hold it for future payments on Canadian purchases, in return for making up its full proportion of cash purchases.

The French Government had requested permission to cancel a contract for certain barges ordered in Canada to be paid for out of the credit to France; and to use the funds so released for the purchase of certain agricultural machinery now available and manufactured especially for European use.

5. *The Deputy Minister of Trade and Commerce* referred further to the question of continued drawings on the outstanding balance of the credit to Czechoslovakia, amounting to something over \$1 million.

While under the policy generally agreed at the meeting of March 2nd Czechoslovakia could obtain certain primary commodities only in return for United States

dollars, nevertheless a number of other items, chemicals, for example, would probably be purchased by the Czechoslovakian government on the expectation that they could be paid for out of the credit. Direct repudiation of the balance of the credit by the Canadian government might, however, raise serious questions of policy.

6. *The Committee*, after further discussion, agreed:

(a) that the Netherlands government be permitted to draw funds from its credit prior to the date of expiry, for subsequent use against commitments made in Canada before the date of expiry, it being understood that prior to any drawings the full amount of the proportion of Netherlands cash purposes would be made up;

(b) that the French government be permitted to cancel contracts placed for the construction of barges and use the funds so released for purchase of agricultural machinery; and

(c) that consideration be given by the Department of Trade and Commerce to extending, in the case of Czechoslovakia, the list of commodities which could be purchased in Canada only in return for dollars.

...

10^e PARTIE/PART 10
 CONTRÔLE DES EXPORTATIONS
 EXPORT CONTROL

723.

DEA/50091-C-40

*Note du secrétaire du Comité du Cabinet
 sur la politique du commerce extérieur
 pour le Comité du Cabinet sur la politique du commerce extérieur*

*Memorandum by Secretary to Cabinet Committee
 on External Trade Policy
 to Cabinet Committee on External Trade Policy*

SECRET

[Ottawa], May 6, 1948

EXPORT CONTROL

Recent amendments passed by Parliament, when they have received Royal assent will allow a considerable extension of export controls. These at present are limited to specific commodities on a basis of supply, but under the new statute the Governor in Council may authorize the Minister to exercise control by destination, i.e. once a country is designated, the export control authorities will exercise control over all goods exported to that country.

The U.S. government is giving consideration to extension of its own export control system, — partly as a method of seeing that the movement of essentials to ERP recipient countries is maintained and the movement of non-essentials limited, but in large measure as well, based upon strategic and political considerations, to prevent the leakage of vital materials to "satellite" countries either by direct trade or

by trans-shipment. This involves the elaboration of a rather complicated policy which has not yet been finally determined. It will, however, be in Canada's interest to integrate its own policy in this respect with U.S. policy and informal assurances have been given that this course will be followed.

Meanwhile, the Department of Trade and Commerce has been pursuing a policy of limited control and no direct efforts have been made to sever trade relations or restrict substantially trade with satellite countries and particularly with Czechoslovakia. Proposed exports of arms or munitions are of course reviewed in each case by the government. Apart from this, normal commercial transactions are allowed to go forward although in specific instances where it is clear that the United States might not grant an export permit in similar instances or where a case is obviously open to some doubt, a permit may be refused or an exporter told there would be little point in applying for a permit. This has happened recently in the case of a proposed order of machine tools for the U.S.S.R.

On the other hand, while an informal arrangement has been worked out by which base metal interests in Canada consult the government before accepting any commitments to, for example, Czechoslovakia, nevertheless there are a substantial number of small orders being placed, particularly by Czechoslovakia for a variety of goods which are being permitted to move forward, — wireless sets, temperature controls and similar technical material as well as certain metals.

One type of case may be fairly easy to deal with, that of the Canadian Council of South Slavs, an organization sympathetic to Yugoslavia which has been collecting funds in Canada and using those funds for purchase of goods in Canada from steam shovels to soldering irons for export to Yugoslavia. Since these exports do not produce foreign exchange and are really purchased with funds supplied by Canadians they could be held up for the present under Foreign Exchange Control Board regulations and in future under the general control of destination of exports.

It will in due course be necessary to consider the extent to which the present measures of control over goods other than direct munitions and arms should be extended to place more limitations upon exports. It should be remembered in this connection that it is exceedingly difficult, outside the direct field of arms and munitions, to determine what is vitally strategic material and what is not. Foodstuffs have now become virtually weapons of war and many other types of goods, both manufactured and unprocessed, can be used for either civil or military purposes. It should also be kept in mind that E.R.P. recipient countries in preparing their programmes, with the knowledge and consent of the U.S. government, based their estimates upon maintenance of a steady flow of trade with the Eastern European satellite countries.⁵⁷

⁵⁷ Le Comité du Cabinet sur la politique du commerce extérieur a indiqué son accord avec le contenu de cette note à sa réunion du 7 mai.

The Cabinet Committee on External Trade Policy noted the memorandum with approval at its meeting on May 7.

724.

DEA/50091-C-40

*Extrait du procès-verbal de la réunion du Comité du Cabinet
sur la politique du commerce extérieur*

*Extract from Minutes of Meeting of Cabinet Committee
on External Trade Policy*

TOP SECRET

[Ottawa], June 22, 1948

...

I. EXTENSION OF EXPORT CONTROL POLICY

1. *The Deputy Minister of Trade and Commerce* pointed out that legislation recently approved by Parliament would permit the establishment of export control by area as well as by commodity. The United States had extended its export control policy substantially, on an area basis, and it would be desirable for Canada to undertake similar action.

It was recommended that export controls be extended to cover every area in Europe and North Africa with the exception of the United Kingdom and Northern Ireland. This coverage would be similar to that adopted by the United States with the important difference that the United Kingdom and Northern Ireland were included in the U.S. control areas. For Canada, however, the amount of detailed work involved in a system of permits for all exports to the United Kingdom would be excessive and it would appear appropriate to rely on the effectiveness of U.K. import controls to achieve the same general objectives.

In addition, the Canadian, unlike the U.S. list, included Palestine and Egypt in view of present difficulties in Palestine and the possible use of Egypt as a point of trans-shipment to Palestine.

In dealing with applications for permits, the Department of Trade and Commerce would be governed by the following policy:

(a) Permits would be refused on supply grounds, as at present, and borderline cases, which might be granted for E.R.P. countries, would be refused in respect of Eastern European countries;

(b) Arms, ammunition and implements of war, electronic equipment and radioactive products were already under close export control and the procedure now followed would be continued;

(c) All products of U.S. origin designated by the United States under strict control to Eastern Europe would be refused export permits unless clearance was arranged with Washington.

(d) Permits would not be issued for new contracts covering the sale of nickel, copper, zinc, aluminum or other base metals.

It was not intended to interfere with the movement of reasonable amounts of materials, machine tools or other goods, although the steel shortage would probably lead to a refusal of a permit for any article requiring a substantial amount of steel. Nor was it intended that existing base metal contracts be interfered with; most of these were close to termination in any event.

In any case of any application requiring general interdepartmental consideration in view of problems of policy involved, the Department of Trade and Commerce would rely for consultation on the existing machinery and membership of the Interdepartmental Committee on External Trade Policy.

These proposals had been approved by the Interdepartmental Committee on External Trade Policy.

An explanatory note had been circulated.

(Secretary's note, June 18th, 1948, CCETP Document No. 15).†

2. *The Secretary of State for External Affairs* suggested that if Palestine and Egypt were to be included in the list of areas designated for export control the remaining Arab states of the Middle East should also be included.

3. *The Committee*, after further discussion, approved the proposed extension of export controls, subject to the following modifications:

(1) all Arab states of the Middle East to be added to the list of areas designated for control;

(2) in reviewing applications for permits on supply grounds, Finland to be treated somewhat less rigidly than other Eastern European countries;

and agreed that an Order in Council be passed accordingly.

725.

DEA/50001-40

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

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

TELEGRAM EX-2841

Ottawa, December 13, 1948

SECRET

Your despatch No. 2358 of October 25th† concerning export controls.

The Sub-Committee of the Interdepartmental Committee on External Trade Policy has reviewed this problem and has concluded that while there are advantages to be found in close consultation with the United States regarding lists of prohibited and controlled articles it would be unwise to give a hard and fast undertaking to report periodically on the operations of our control of exports.

2. In view of past experience, which has demonstrated that, even with the best will in the world, the State Department is unable to keep Canada informed of changes in U.S. control policy, it is felt that an undertaking to follow absolutely the lists prepared by the U.S. might well lead to refusals of permits by Canada when permits for similar articles were being granted by the United States. Such a situation would be both prejudicial and embarrassing.

3. It is, however, not considered advisable to advance this argument with the U.S. in declining to undertake to be governed by their commodity lists as we might find

ourselves asked to accept their assurance that things would be improved in the future if we would agree to be so governed.

4. It has, therefore, been agreed that we will be glad to exchange lists with the U.S. and consult in advance concerning changes but we would not wish to render a report either periodically or otherwise. We would prefer to continue to be governed by the Canadian lists, which are substantially the same as the U.S. ones.

11° PARTIE/PART 11

PRODUCTION ET EXPORTATION D'ARMES
PRODUCTION AND EXPORT OF ARMS

726.

DEA/50000-H-40

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

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

SECRET

[Ottawa], January 10, 1948

SALE OF MILITARY SUPPLIES TO INDIA AND PAKISTAN

The Deputy High Commissioner for the United Kingdom has left with us, informally and confidentially, the attached memorandum outlining the United Kingdom policy regarding the sale of arms and ammunition to India and Pakistan. Since it contains several queries regarding Canadian policy, a reply appears to be desirable.

The proposed British course is to sell reasonable quantities of military supplies to the Governments of both India and Pakistan out of either production or surplus, and in each case to notify the Government not purchasing of what has been sold to the other. India and Pakistan have agreed to this. Small exports, chiefly of sporting ammunition, will be allowed to private purchasers, both Governments being informed of export licenses granted. No sales to any Government, dominion, provincial or state, in India or Pakistan, will be allowed unless channelled through the military authorities concerned.

Mr. Garner asked whether Canada would (a) consider adopting a similar policy (b) wish to inform India and Pakistan in advance of this decision.

I suggest a reply to the effect that the position in Canada differs from that in the United Kingdom, since we do not regularly manufacture for export and since under the authority of Order-in-Council P.C. 1838, July 30th, 1937, each separate item of export must have specific Government approval. In the circumstances, our taking the initiative in informing the Pakistan and Indian Governments of our policy might well give the impression that we were anxious to secure orders from them for military supplies. If and when we are approached on the subject we could reply that our regular practice is to require a separate authorization for each shipment, and at

that time might well consider following the United Kingdom course of notifying each Government of the purchase made by the other.⁵⁸

L.B. PEARSON

727.

DEA/11044-40

*Note du sous-secrétaire d'État adjoint aux Affaires extérieures
pour la Direction économique*

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

SECRET

[Ottawa], February 12, 1948

MANUFACTURE OF ARMS IN CANADA FOR EXPORT

Your division has been informed that the Netherlands is interested in purchasing 10,000 barrel assemblies for 9mm. Sten guns for shipment to Holland; these barrels can be obtained from Canadian Arsenals Limited for \$20,000 and the Netherlands Government is prepared to make payment in United States dollars.

2. I understand that this proposed sale is from current production and not from surplus war assets, and that this would be the first export from Canada of arms from current production.

3. It is therefore clearly necessary that the matter be referred to Cabinet, so that Cabinet may have an opportunity to decide whether Canada wishes to embark on a policy of manufacturing arms for export (a) from government plants, (b) from privately-owned plants.

4. A strategic-economic argument for so doing is that it will make it easier for us to maintain the basis of an armaments industry in Canada which can be rapidly expanded when necessary. This aspect of the problem should be carefully examined by the government's advisers in other departments of the government. Presumably, a peace-time Canadian armaments industry would be relatively small and should concentrate on certain types of arms. The decision on which arms to concentrate should be made by the Canadian authorities in the light of Canadian requirements in war. Therefore, if we accept orders from abroad, we should accept them only for such arms as we have decided to manufacture in Canada. Otherwise our armaments industry may become unplanned.

5. An economic argument is that sales of arms in return for hard currency will help our foreign exchange position. This argument is valid only in so far as

(a) the foreign countries are not diverting to arms U.S. dollars which they otherwise would have used for other Canadian purchases (possibly with a smaller U.S. dollar content);

⁵⁸ Note marginale :/Marginal note:
Agreed. St. Laurent

(b) the manufacture of arms in Canada is not at the expense of diverting men and materials from the manufacture of other goods for export in return for U.S. dollars.

6. The political argument in favour of our manufacturing arms for export is that this will enable us to provide our friends with arms, and thus strengthen them against the Soviet Union.

7. The political argument against our manufacturing arms for export is that by so doing the Canadian Government will deliberately be creating for itself a series of new and difficult problems in foreign relations which we have hitherto been able to avoid: since we would presumably not be willing to sell to all comers, we would from time to time be faced with the necessity of deciding whether to accept or reject orders from countries A, B, C, etc. Decisions will be relatively easy if the countries are the Netherlands, Belgium, France and the members of the Commonwealth on the one hand, or the Soviet Union, Roumania, Bulgaria, etc. on the other hand. The marginal countries in Europe and the Latin American countries with their dangers of civil wars will create difficulties. It is easier for a great power to decide between such claimants than for a power of the size of Canada. Since our exports of arms from current production would presumably be small, I doubt whether on political grounds it is on balance in Canada's interests to engage in the traffic.

8. I am attaching two extra carbons of this memorandum since I assume you will wish to place one copy on a general policy file on the export of arms (225-S) and another copy on the file on this Netherlands request.

ESCOTT REID

P.S. If the decision is made to accept the Netherlands order I would assume that we would make the usual condition that the arms are not to be used in Indonesia.

728.

PCO

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

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

SECRET

Ottawa, March 25, 1948

EXPORT OF ARMS FROM CURRENT PRODUCTION

Hitherto all arms and ammunitions actually exported from Canada have been from surplus war material and not from current production. Cabinet had approved a sale for export from current production on June 27, 1946, but the actual sale did not take place, as the price quoted was considered too high by the applicant state, the Netherlands.

The United States Government has been selling arms to China and, in view of recent political developments in China, the United Kingdom have recently decided to do likewise.

According to the Minister of National Defence, we now have large stocks of arms and ammunition in Canada and until these are used up or until new weapons are designed and adopted there will not be much occasion for the manufacture of arms in Canada for the use of our own forces. However, the Minister feels that it is of great importance to us to maintain in Canada the facilities and the skills suitable for producing arms so that we will have in Canada the nucleus of a munitions industry which can be expanded in emergency. In his opinion, it would be very difficult to maintain such a nucleus merely on the basis of Canadian purchases.

If the export of arms from current production is to be used to help build up the nucleus of a Canadian munitions industry, it would appear essential to accept only those orders which fit with our own plans for a munitions industry. Otherwise, the acceptance of foreign orders might result in our building up a munitions industry which would not be of the type best suited for our national defence.

It would seem that, in the light of the present international situation, the sales of arms from current production should be permitted and encouraged to countries which are potential allies and whose regimes are on the whole democratic, provided that,

(a) The order is on behalf of a government. This will minimize possible black market operations.

(b) The arms requested are of a kind which, if manufactured in Canada, would serve to develop the Canadian munitions industry in the way in which the Canadian Government wishes it to develop. This will ensure the best use of our economic resources, such as manpower, steel, etc.

If this principle is approved, it is suggested that the sale of arms from current production be put on the same basis as the sale of arms from surplus stocks, that is to say, each request, on recommendation of the Department of External Affairs, will be submitted to Cabinet for approval.

We have two requests for the purchase of arms from current production, there are:

(1) A request from the Netherlands Purchasing Commission in New York for 10,000 barrel assemblies for 9mm sten guns, mk. 2 and mk. 3, for shipment to Holland. These barrel assemblies might be obtained out of new production from Canadian Arsenals Limited at a price of approximately \$2.00 each. The Netherlands is prepared to make payment in U.S. dollars.

(2) A request from the Chinese Government Supply Agency for 100,000 rounds of 7.92 ammunition for shipment to China. This ammunition can also be produced by Canadian Arsenals Limited at a price of approximately \$53.00 per thousand rounds. The Chinese Government Supply Agency is prepared to make payment in U.S. dollars.

I would recommend approval of each of these sales.⁵⁹

[L.S. ST. LAURENT]

⁵⁹ Le Cabinet a approuvé les ventes spécifiées et les recommandations générales le 7 avril.
Cabinet approved the specific sales and the general recommendations on April 7.

729.

DEA/11044-40

*Le secrétaire d'État aux Affaires extérieures
au chefs de poste à l'étranger*

*Secretary of State for External Affairs
to Heads of Post Abroad*

CIRCULAR DOCUMENT NO. A.115

Ottawa, May 1, 1948

SECRET

Sir,

During the past six or eight months the progressively worsening international situation has led an increasing number of foreign governments or their agents to evince considerable interest in the purchase of Canadian arms, ammunition and military supplies. In the circumstances, you will understand that such matters must be handled with considerable discretion. I suggest, therefore, that if you receive a direct approach, or learn indirectly of any enquiries regarding Canada as a source of military supplies and materials capable of being turned to a military use, you should take particular care to keep the Department promptly and fully informed. In this way, it should be possible to avoid commitments which, upon fuller examination, prove to be undesirable or embarrassing. For your guidance in this matter, I give below a comprehensive account of the present arrangements for controlling the export of arms and military supplies from Canada, and of some considerations which have guided us.

2. Since the passing of Order in Council P.C. 1838, July 30th, 1937, amended by P.C. 2488, April 8th, 1941, the export of goods with a potential military use has been possible only under permit, issued at the present time by the Export Permit Branch of the Department of Trade and Commerce. After the end of the war, an exception was made in favour of surplus equipment in the hands of War Assets Corporation, to which a general export authorization has been given. Canadian Commercial Corporation is exempt from export permit requirements. In the spring of 1946, however, the Government decided that all exports of materials of potential military value, except those to the United States and the countries of the British Commonwealth, should be subjected to a very careful scrutiny, and gave the Department of External Affairs the responsibility of examining each case on its merits. Recommendations for Cabinet consideration were to be prepared when it appeared to the Department that a request might be granted; unsuitable export sales the Department was authorized to refuse at the official level.

3. There are three ways in which requests for the export of military materials, whether from surplus or from current production, have been brought to our attention. War Assets Corporation refers any such proposals to us for consideration at the outset of negotiations; applications for export permits reaching the Export Permit Branch are sent to this Department for examination before they are approved; and when a prospective foreign market for military supplies has come to the atten-

tion of the Canadian Commercial Corporation, the latter requests policy guidance before proceeding further.

4. There have been times when the exact degree of military significance to be attached to certain items, for example radar sets, parachutes, or obsolete training planes, was not easy to decide. In such cases, the political acceptability of the proposed recipient and the probable use to which the goods were to be put were frequently the factors which determined whether the sale should be authorized. Until very recently, all export sales had been from Government surplus or, in the case of private companies, from stocks existing at the close of the war. Within the last month, however, it has been decided to authorize the export of arms and ammunition from current production, subject to the safeguards described above. There were further provisos that orders would be accepted only on behalf of foreign governments and only for types of equipment which would serve to develop the Canadian arms industry in a manner useful to our own defence plans and to sustain the minimum potential considered necessary.

5. One consideration which led to the decision to permit exports from current production was the fact that the United States and United Kingdom Governments had recently somewhat relaxed their control on the sale of arms, notably to the Chinese Government. In the light of this decision by the two major powers, it appeared that the Canadian Government, though it might lose much by an embargo on the export of arms, could not hope, by adopting such an embargo, to make any major contribution to world peace.

6. It will be obvious to you that in a matter of this kind it is impossible to lay down hard-and-fast rules governing the relative eligibility of prospective purchasers of Canadian military equipment. The political position is apt to change at short notice and requires careful study as a preliminary to a decision in each individual case. Moreover, when large sales of valuable equipment are in question, it is necessary to consider also the probable reaction of Canadian public opinion. Nevertheless, the following remarks may serve as general guidance.

7. In certain cases we have required an inclusion of an undertaking in the sale contract that the goods would not be resold. It has nevertheless been our experience that neither this nor any other expedient is really effective in controlling the end use made of Canadian equipment sold abroad. It is not our view that we can accept responsibility for the end use. Nevertheless, in view of the likelihood that certain types of buyers will divert supplies to international trouble spots such as Palestine, Indonesia, or some of the Central American republics, it is our practice to take all reasonable precautions to ascertain ahead of time the proposed use to which equipment will be put. We also try to co-ordinate Canadian policy with that of the United Kingdom and the United States, to the extent at least that similar considerations of interest apply.

8. I do not propose in this despatch to attempt either an assessment or a description of the broad political considerations which must guide the Canadian Government in making decisions on the export of military equipment. My purpose has been only to offer you a working knowledge of the system which has been developed for the control of such exports, and to indicate the importance of your giving

careful attention, in the light of the information I have supplied, to any requests for Canadian equipment which may come to your notice.

I have etc.,

L.B. PEARSON
for Secretary of State
for External Affairs

730.

DEA/11044-40

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

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

SECRET

[Ottawa], June 29, 1948

A request has been received from the Chinese Supply Agency for 5,071,000 rounds of .30 calibre ammunition. These stores are held by War Assets Corporation and will be sold for \$50,710. If purchased by the Chinese Government the monies would come out of that portion of the Canadian loan which is earmarked for purchases of stores from War Assets Corporation. Under the provisions of the Loan Agreement we would obtain from this transaction not more than \$10,000 in U.S. currency.

I would normally recommend that this sale be not approved for the following reasons:

- (a) The internal political situation in China shows no signs of improving.
- (b) It is probable that there will be objections from Canadian citizens to this sale in much the same manner as the Canadian public reacted following the sale to China in August 1947 of Mosquito aircraft.
- (c) The small amount of U.S. dollars which will accrue to Canada from the transaction.

However, Mr. Roy Peers, who acts in Ottawa on behalf of the Chinese Supply Agency, is at the present time in China and has been communicating direct with Mr. Howe concerning availabilities of Canadian arms and ammunition for shipment to China. He has enquired concerning:

- 2,044 Bren guns
- 18,000 9mm Browning pistols
- 250,000 Sten guns
- 9,000,000 rounds 9mm ammunition

The price for the above items has been quoted at approximately \$3,000,000 U.S. and Mr. Howe has given an indication that insofar as he is concerned he would be agreeable to such a sale being made to the Chinese Government. It is obvious that if the larger deal is to be approved there would be little useful purpose served in turning down this present request for some 5,000,000 rounds of ammunition. It is possible, therefore, that before making a decision on this present submission you

may wish to discuss with Mr. Howe the whole question of sales of military equipment to the Chinese Government.

L.B. PEARSON

731.

DEA/50089-40

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

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

SECRET

Ottawa, July 5, 1948

We have received a despatch from London to the effect that a Mr. Wijkander, Director General of the Bofors Armament Works in Sweden, is interested in establishing a branch of the Bofors Company in Canada. What the Company has in mind to begin with is to find a manufacturer, either Government sponsored or private, who would produce in Canada ammunition and perhaps later, weapons, under contract for the Bofors Company. In other words, they would send the necessary drawings and specifications and a few technicians to Canada, the Bofors Company would make the contracts for the sale of their products and then the products would be produced in Canada by the above mentioned manufacturer.

The reasons put forward by Mr. Wijkander for the establishment of a Canadian plant were:

- (a) The generally deteriorating international situation.
- (b) A very pronounced fear on the part of European countries which normally purchase weapons and ammunition from Bofors, that continuing supply, including spare parts and replacements, in the event of hostilities would be threatened because of the danger of the European plant being quickly overrun from the East.
- (c) Preference for Canada over the United States because of difficulties that his Company has had with the United States Government in the past over the interpretation of contracts.

The advantage to Canada in authorizing such a project can be summed up in the acquisition by this country of superior technique. We see no political objection to the project unless there is objection to the whole idea of expanding armament facilities at this time. On the other hand the increase of such facilities would increase the value of the contribution that Canada could make to collective democratic action in war against an aggressor.

The disadvantage lies mainly in the fact that virtually all the production of the proposed plant would be for export, and we are not sure what effect this might have upon the export business of Canadian Arsenals. Bofors exports would, of course, be subject to the usual conditions of control.

Perhaps you would like to discuss this matter with Mr. Howe and indicate your views in order that we may advise Mr. Robertson what sort of reply should be conveyed to Mr. Wijkander.

ESCOTT REID

732.

DEA/11044-40

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

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

CONFIDENTIAL

Ottawa, July 8, 1948

We have become involved recently in several enquiries on the subject of export of arms and ammunition. You will recall that in my memorandum of June 29th, I brought to your attention two separate requests from the Chinese Government and since then there have been enquiries from Costa Rica, the Dominican Republic, India and Pakistan.

We were rather embarrassed over the weekend by telephone calls from the Press in connection with a press release issued by Dominion Arsenals in Quebec City which announced in somewhat florid terms that production for an order of the Chinese Government had commenced which would provide work for more than twelve months. This particular order is one which was approved by Cabinet as early as last April and amounts to 100,000 rounds of 7.92 ammunition. We feel strongly that the Department must exercise some guidance in the issuance of press releases which involve matters of such importance internationally and where public reaction is as vocal as it is on the subject of arms traffic. This matter has been discussed with General MacQueen, President of Canadian Arsenals, and the principle established that press statements from his Company on this subject should invariably come before us prior to release.

You will remember in the larger of the two Chinese Government orders specified in my memorandum of June 29th, the negotiations leading up to the final application for Cabinet approval were conducted direct between Roy Peers and Mr. Howe. You may feel that a discussion between yourself and Mr. Howe on the advisability of somewhat earlier reference to this Department would be desirable in large orders where public reverberations might be expected.

E[SCOTT] R[EID]

733.

PCO

*Extrait des conclusions du Cabinet**Extract from Cabinet Conclusions*

TOP SECRET

[Ottawa], August 3, 1948

SALE OF ARMS AND AMMUNITION TO COSTA RICA

18. *The Secretary of State for External Affairs* reported that an application had been received from the government of Costa Rica for permission to purchase certain small arms and ammunition value at about \$138,000, U.S. funds, from Canadian Arsenals.

The political situation in Costa Rica was at present somewhat confused.⁶⁰ The U.S. government had recognized the present government.

An explanatory note had been circulated.⁶¹

(Minister's memorandum, July 22, 1948† Cabinet Document 716).†

19. *The Prime Minister* emphasized the importance of exercising extreme care in any decisions involving the export of arms and ammunition which were likely to be used for military purposes, for example, in civil strife.

20. *The Cabinet*, after further discussion, agreed that the Costa Rican request be not approved and permission for sale and export be refused accordingly.

⁶⁰ La note pour le Cabinet en date du 22 juillet† donnait des explications supplémentaires :

The memorandum to Cabinet on July 22† expanded on this remark

A presidential election was held last February in which the Opposition candidate defeated the Government (Liberal) candidate in an apparently free election, whereupon a predominantly Liberal Congress nullified the election because of alleged irregularities. At the present time the country is being governed by a military Junta which exists for the purpose of maintaining order. A new election will be held in the near future and it is expected that the Opposition candidate will officially become President and will be able to establish stable Government in Costa Rica.

[DEA/8505-40]

⁶¹ Dans cette note, Saint-Laurent recommandait l'approbation de la vente d'armes et de munitions après avoir observé que les États-Unis :

In the memorandum, St. Laurent recommended approval of the sale of arms and ammunition after noting that the United States

has no objection to selling arms to that country.

734.

PCO

*Extrait des conclusions du Cabinet**Extract from Cabinet Conclusions*

TOP SECRET

[Ottawa], September 1, 1948

...

SALE OF ARMS TO INDIA AND PAKISTAN

12. *The Secretary of State for External Affairs* reported that a decision was required as to whether or not sales of arms to India and Pakistan should be permitted. An agent of the Indian government had been discussing with Canadian Arsenals Limited the placing of an order for 100,000 rifles and 100,000,000 rounds of .303 ammunition. Preliminary enquiries had also been made by the Pakistani and Indian governments as to the availability of small arms and small arms ammunition. No reply had as yet been given.

The arguments for and against granting permission were reviewed: Apart from the material advantages of such sales to Canada, it was to be noted that refusal would probably be resented in both India and Pakistan and might well be interpreted as discriminatory. On the other hand, Pakistani troops were now being employed against Indian troops in Kashmir and both governments were now considering a proposal from the UN Commission for a "cease fire". Further, the situation in Hyderabad might result in fighting between Indian and Pakistani troops. In these circumstances the sale of arms to either or both might be considered an encouragement to war between two members of the Commonwealth. The old principle of equality in treatment to all members of the Commonwealth might be regarded as no longer applicable.

It might be argued that the small arms and ammunition which were requested were primarily for use in maintaining internal order; their acquisition might be differentiated from that of heavy equipment suitable for extensive military operations.

13. *Mr. St. Laurent* said that there were two main questions upon which direction was required at present:

(a) whether Canada should sell arms and ammunition to both India and Pakistan, to one of these countries or to neither; and,

(b) if it were decided to sell, whether some limitation should be placed on the types to be supplied, e.g., arms and ammunition in quantity and kind which seemed appropriate for police and military training purposes.

(External Affairs memorandum, Sept. 1, 1948).†

14. *The Prime Minister* drew attention to the political difficulties involved in any general policy of indiscriminate sale of weapons of government manufacture. No ground should be given for the charge that the government were engaged in the manufacture and sale for profit of armaments for aggressive purposes. On the other hand, discriminatory treatment between members of the Commonwealth afforded real difficulty. Each individual request should be dealt with on its merits.

15. *The Cabinet*, after further discussion, agreed:

(a) that requests for the purchase of arms and ammunition should continue to be dealt with on an individual basis and on their merits in each case;

(b) that the governments of India and Pakistan should be dealt with on equal bases; and,

(c) that, considering the quantity and nature of the order which the government of India desired to place with Canadian Arsenals Limited (small arms and ammunition), its acceptance be approved.

...

735.

DEA/11044-40

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

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

SECRET

Ottawa, October 7, 1948

SALE OF ARMS TO CHINA

The Chinese Government Supply Agency has approached the Canadian Commercial Corporation to purchase and export to China the following military material, on their behalf:

(a) 2036 Bren guns. These would be paid for in United States Dollars, and the selling price would be approximately \$412,000.00.

(b) 5,071,000 rounds of .30 calibre cartridges. These would be charged against the Canadian loan to China which is earmarked for the purchase of stores from War Assets Corporation. The approximate selling price would be \$50,710.00.

(c) 126,000 rounds of 7.92 ammunition. This item would be charged against the Canadian loan to China and the approximate selling price would be \$3,780.00.

Under the provisions of the Loan Agreement not more than twenty per cent (approximately \$11,000.00) in United States currency would be obtained from items (b) and (c).

Within the past year we have sold to the Chinese Government 200 surplus Mosquito bombers with accompanying ammunition; 100,000 rounds of 7.92 ammunition; 125 Pratt-Whitney aircraft engines; and 200 Harvard trainer aircraft.

There are several considerations which I feel should be brought to your attention in considering the present request:

(a) The internal political situation in China continues unsettled. It is becoming less and less likely that the Chiang Kai-shek Government will ever be able to bring northern China under its control.

(b) Canadian missionary and commercial interests in Northern China may suffer if it becomes known that Canada is exporting large quantities of arms for the use of the National Government of China.

(c) There was strong objection raised by some members of the Canadian public following the sale to China of Mosquito aircraft a year ago. Since that time there has been a considerable amount of adverse comment regarding Canadian support of the National Government.

It will be possible to avoid the criticism mentioned in the previous paragraph if we take a negative position and turn down the present application on its own merits and not as an instance of a general policy not to export arms to China.

On the other hand, the practical effect of refusing the application would be to make more difficult the task of the Chinese National Government, which we recognize and with which we exchange diplomatic representatives.

Considerations in favor of permitting the sale and export are:

(a) By refusing permission to export quantities of arms and ammunition to the Nationalist Government indirect aid would be extended to the Communist forces in northern China.

(b) The Chinese Ambassador in Ottawa has made special representation with respect to the supply of Bren guns. He states that these guns are urgently needed by the Provincial Government of Kwangtung in connection with the suppression of local disorders and of smuggling in and around the Canton area. Having in mind the internal police problems of the area, I feel that the present request is reasonable, and that the weapons are not intended for offensive purposes. As Kwangtung is in southern China it is not likely that this equipment is intended for use in the civil war taking place in northern China.

(c) The United States is supplying large quantities of arms to China, and is even financing the sale to a large extent. The United Kingdom has also supplied some items of military equipment. By comparison, the quantity of arms and ammunition included in the present application is insignificant.

On balance, therefore, I recommend that the export of the above-mentioned items be approved.⁶²

L.B. PEARSON

736.

DEA/11044-40

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

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

SECRET

Ottawa, November 8, 1948

Attached for your approval, if you agree, is a draft Memorandum for Cabinet recommending that authority be delegated to the Secretary of State for External Affairs to approve the export of military equipment to signatories to the Treaty of Brussels. With the exception of applications for permission to export military

⁶² Approuvée par le Cabinet le 12 octobre./Approved by Cabinet on October 12.

equipment to the United Kingdom and United States, the policy of Cabinet has been to review each individual proposal for sale of arms to foreign governments on its own merits.

The phrase which has been used from time to time in the Cabinet conclusions on this subject has been "arms and ammunition". The phrase "military equipment" has been employed in the present memorandum as being more comprehensive of the items with respect to which approval for export should be sought.

The responsibility for the issuing of export permits lies with the Department of Trade and Commerce. However, insofar as applications are received requesting permission to export military equipment, the Department of External Affairs is consulted. Likewise, the Canadian Commercial Corporation and War Assets Corporation which have the authority to export without obtaining export permits, consult this Department before authorizing exports of military equipment.

It would, of course, be necessary to continue our present policy of maintaining a distinction between military equipment for use in continental Europe and in colonial areas such as the Netherlands East Indies and French Indochina. Where military equipment is destined for colonial areas we should continue to seek Cabinet decision in each instance.⁶³

E[SCOTT] R[EID]

737.

DEA/50089-40

*Note du chef de la Direction économique
pour le sous-secrétaire d'État par intérim aux Affaires extérieures*

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

SECRET

[Ottawa], November 16, 1948

I attach a memorandum for the Acting Secretary of State for External Affairs† concerning proposals by the Bofors firm in Sweden to make arrangements for the manufacture of arms and ammunition to their design in Canada.

2. Although this Department has no primary responsibility for this type of thing our interest was engaged by a letter last July from Mr. Robertson enclosing a report by Brigadier Graham of a conversation with Mr. Wijkander in Stockholm.† As you will see from the attached memorandum our note to Mr. St. Laurent concerning this report has never been acted upon as far as is known. It is for this reason that I have suggested that Mr. Claxton might wish to discuss this matter with Mr. St. Laurent rather than Mr. Howe.

3. I have seen two telegrams from the Air Attaché in Stockholm to Air Force Headquarters which indicate that Bofors is pursuing this question rather actively although they wish the matter to be kept as secret as possible as they have not yet

⁶³ Note marginale /Marginal note:

Mr. Claxton does not approve of this proposal since he feels that Cabinet should be kept in close touch with developments in this field. E[scott] R[eid]

disclosed their plans to the Swedish Government. I think you will agree that it would be embarrassing to the latter if news of such an arrangement were to come to the ears of the Soviet representatives.

4. I am also attaching a cable to Mr. Robertson† from you in reply to his personal message of November 10th† enquiring as to the present status of the Bofors arrangements.

C.M. DRURY

738.

DEA/50000-H-40

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

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

TOP SECRET

Ottawa, December 7, 1948

EXPORT OF MILITARY EQUIPMENT TO INDIA AND PAKISTAN

Applications have been received for permission to purchase in Canada and export to India and Pakistan large quantities of military equipment.

2. Requests for some quantities of small arms and ammunition have already been approved by Cabinet, but permission to export major items of military equipment has been refused because of the danger of a full-scale war growing out of the disputes concerning Kashmir and Hyderabad. The likelihood of such a conflict now appears considerably less.

3. The following points are pertinent in considering the present applications:

(a) Because of the heavy initial costs of tooling-up Canadian manufacturers of military equipment require export sales in order to reduce the cost of similar equipment for the Department of National Defence.

(b) Export orders would provide a nucleus of manufacturing capacity which could be expanded in the event of hostilities.

(c) There has been no resolution of the Security Council of the United Nations which would require Canada to forbid the export of military equipment to these countries, although items concerning Kashmir and Hyderabad have been on the Security Council agenda for some time and final disposition of them has not yet been made. The United Kingdom has been supplying military equipment to both India and Pakistan since the partition in August, 1947.

(d) During the recent meeting of Prime Ministers in London the representatives of both India and Pakistan stressed the importance of maintaining military strength in their respective countries in order to provide a defence against Soviet expansion and Communism at home. Adequate defence arrangements for the Indian sub-continent are strategically of great value to Canada and the Western Powers. Should China be overrun by the Communists the whole of south-east Asia might come under Communist influence.

4. The problem is one of weighing the relative merits of two alternative courses of action:

(a) Abstention from any act which might be construed as contributing to warfare between India and Pakistan.

(b) The adoption of measures to increase the military strength of these two countries both of which are opposed to Communism, and provide what may be the only secure base of operations available in the area to the south of the Soviet Union.

On balance, it would appear that the Canadian strategic interest lies with the granting of permission to export all types of military equipment to India and Pakistan. Pakistan is likely to require a greater variety and larger quantities of military equipment than India as the latter has an armament manufacturing industry.

5. The representative of India here, when approached informally, made it clear that he considers that Canada should, as a matter of course, sell arms to another member of the Commonwealth. If we decided to sell we might tell both India and Pakistan that we were going to do this.

6. An application has been received from the High Commissioner for India for permission to export 289,000 4.2" Mortar Bombs. A similar application was previously refused by Cabinet on October 12th, 1948 when it was received through other channels.

7. Representatives of the Government of Pakistan have inquired whether permission would be granted for export of small arms ammunition, artillery ammunition, mortar bombs, engineer explosive stores, small calibre guns, wireless equipment, military vehicles and Army medical equipment. Some of these items have not been ordered in firm quantities, but if permission is granted for their export firm orders will undoubtedly be placed as soon as estimates of cost can be supplied by the Canadian manufacturers. As the preparation of estimates of cost requires much time and expense, the manufacturers desire, in this instance, to ascertain in advance whether there will be any objection to the export.

8. Therefore, I recommend that the representatives of the Governments of India and Pakistan be informed that firm orders for military equipment of the nature mentioned above will be entertained, subject to review in the event that conditions change. I further recommend that approval be given at this time for the export of the following specific quantities of military equipment:

(a) For export to India:

289,000 4.2" Mortar Bombs.

(b) For export to Pakistan:

20,000 PIAT Bombs

24 OQF 40-mm Bofors guns with mountings
and authorized spares.

12 40-mm Bofors Guns Mark III with mountings
and authorized spares.

Small arms ammunition as shown in items 1-8 and 87-89
of Annex "A" hereto.

Mortar Bombs as shown in items 9-23 of Annex "A".

Engineer Explosive Stores as shown in items 24-51
and 86 of Annex "A".
Artillery ammunition as shown in items 52-85
of Annex "A".
Oerlikon Anti-aircraft guns as shown in item 90
of Annex "A".⁶⁴

BROOKE CLAXTON

739.

DEA/50089-40

*Extrait du procès-verbal de la réunion
du Comité de la défense du Cabinet*

*Extract from Minutes of Meeting
of Cabinet Defence Committee*

TOP SECRET

[Ottawa], December 14, 1948

I. PROPOSED ESTABLISHMENT OF A BOFORS FACTORY IN CANADA

1. *The Minister of National Defence, as Acting Secretary of State for External Affairs* reported that an informal approach had been made to the Canadian government by Norwegian [sic: Swedish] interests concerning the establishment in Canada of a Bofors munitions factory.

While the Canadian Armed Forces might use some of the production from such a factory, the quantities needed by the peacetime forces of Canada alone would not be sufficient to ensure profitable operation.

2. *The Minister of Trade and Commerce* pointed out that Canadian Arsenals Limited were capable of producing the equipments in question, and it would not be good policy to assist in establishing a competitor. If the Norwegian [sic] interests were interested in granting a manufacturing license to Canadian Arsenals Limited, this might be considered.

3. *The Committee*, after further discussion, agreed that the Canadian government should not now assist in the establishment of a Bofors factory in Canada, but that if the company wished to discuss arrangements whereby Bofors equipment would be manufactured in Canada by Canadian Arsenals Limited, proposals of this kind would be considered.

...

⁶⁴ Les deux recommandations furent approuvées par le Cabinet le 8 décembre.
Both recommendations were approved by Cabinet on December 8.

12^e PARTIE/PART 12MARINE MARCHANDE
MERCHANT SHIPPING

740.

DEA/50091-B-40

*Note du secrétaire du Comité du Cabinet sur la politique du commerce extérieur
pour le Comité du Cabinet sur la politique du commerce extérieur*

*Memorandum by Secretary to Cabinet Committee on External Trade Policy
to Cabinet Committee on External Trade Policy*

SECRET

[Ottawa], May 28, 1948

MERCHANT SHIPPING POLICY

The Interdepartmental Committee on External Trade Policy has considered problems relating to merchant shipping policy brought forward by the Chairman of the Canadian Maritime Commission and submits the following report:

The Canadian merchant marine is affected detrimentally by certain provisions of the U.S. Economic Cooperation Act, and by the shipping policy of European and other countries. While Canada will have approximately 1.2 million tons of shipping available for the carriage of E.C.A. cargoes, recipient countries are now using every means in their power to ensure movement of goods in their own vessels.

The E.C.A. statutory provision that, as far as practicable, 50 per cent of E.C.A. supplies purchased in the United States shall be carried in U.S. vessels will probably draw back into trade a considerable number of inactive U.S. vessels. Other ships, owned by European nations and now occupied in trade with the United States will turn to alternative trade routes, and, — since Canadian costs are higher than those of European nations although lower than those of the United States, Canadian shipping will be placed at a competitive disadvantage. In carriage of E.C.A. supplies in other than U.S. ships, recipient countries will prefer to use their own ships, because of their desire to conserve limited supplies of dollars and to make the maximum use of resources at their disposal.

Instances of discrimination against Canadian shipping are already evident. In the carriage of timber, for instance, the United Kingdom is offering Canadian companies a charter rate of \$32.50 per M, as against \$40.00 per M or its equivalent being paid to British liner companies. It is understood, also, that the British Ministry of Food has in some cases refused to charter Canadian ships from Montreal. Not only the United Kingdom, but practically every foreign government is taking active steps to protect its national shipping.

The Canadian government has already decided that the maintenance of a small but efficient Canadian merchant marine is in the national interest. In line with this policy, the government is encouraging reduction of the total number of vessels and replacement of existing ships by faster and more economical units. Although at present private owners are operating 1,263,000 tons of dry cargo vessels and, in addition, some seventy vessels chartered to the U.K. government will be returned

during 1948 and 1949, the ultimate size of the Canadian merchant marine will likely be about one million tons, a fleet small in relation to the total volume of Canadian trade and to Canada's position in the world. During the present period of transition before the fleet is fully modernized and able to compete without special assistance, it remains necessary to find employment for a substantial number of vessels.

Special arrangements connected with any further use of Canadian credits or sale of Canadian goods, designed to ensure use of Canadian vessels are not because of their discriminatory nature, desirable in the long run, and are inconsistent with multilateralism; nevertheless the policies of the United States and other maritime countries in protecting their merchant fleets leave Canada no alternative. Canada's ability to bargain in this connection relates only to commodities in short supply and in regard to which the government can exercise some control over exports, formal or informal. These would include mainly wheat, lumber and base metals. The bargaining position is clearly strongest where Canadian credits to foreign countries are involved.

In the circumstances, the Committee recommends:

(a) that in any future consideration the government may give to further drawings on Canadian credits to the United Kingdom or other countries, or in any new arrangements for major purchase by other countries of basic Canadian commodities, the government should seek to ensure reasonable use of the Canadian merchant fleet — reasonable use being suggested as the 1947 basis, when 14 per cent of total Canadian exports were carried in Canadian ships;

(b) that the special Canadian representative appointed to maintain contact with the operations of E.C.A. and recipient countries in Europe be directed to assist, wherever possible, the utilization of Canadian vessels in the carriage of goods purchased in this country;

(c) that the Canadian Ambassador to the United States be asked to explain to the appropriate U.S. authorities the difficulties presently confronting the Canadian merchant marine in carrying a reasonable proportion of Canadian trade, as a result of the shipping policies adopted over recent months by other countries.⁶⁵

⁶⁵ Le Comité du Cabinet sur la politique du commerce extérieur a donné son accord le 3 juin.
Approved by Cabinet Committee on External Trade Policy on June 3.

741.

DEA/9274-40

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

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

DESPATCH 2901

Ottawa, September 30, 1948

CONFIDENTIAL

Sir:

During the visit to Ottawa last week of Sir Stafford Cripps and a party of United Kingdom officials, the subject of a Canadian mercantile fleet was raised and was discussed in some detail with Sir Henry Wilson-Smith by Mr. Clyne, the Chairman of the Canadian Maritime Commission, and Mr. Moran of this Department.

It was explained that Canada has developed a large ship-building industry and has built a fleet of ships far beyond anything which we had attempted to maintain prior to 1939. We are now experiencing increasing difficulties in obtaining cargoes for carriage in Canadian flag bottoms and are approaching the time when we must decide whether we should continue the operation of these vessels. It is the belief of the Canadian Government that it should have a reasonable merchant fleet not only because of Canada's position as an exporting nation but also in the common interests of North Atlantic defence. This latter argument carried some weight with Sir Henry and he undertook to discuss the question with the appropriate United Kingdom authorities on his return to London and ascertain whether it would be possible to arrange for a percentage of exports from Canada to the United Kingdom to be carried in Canadian ships. He pointed out, of course, that the United Kingdom Government would be unwilling to accept substitute shipping services in the North Atlantic which would have to be paid for in dollars, nor would it wish to transfer dollar earners from this route.

It was agreed that the Chairman of the Maritime Commission would prepare a memorandum on the subject which would assist Sir Henry in his discussions with the Ministry of Transport and other appropriate officials in the United Kingdom. I am enclosing herewith two copies of this memorandum† which you might be good enough to hand over to Sir Henry Wilson-Smith. It is my own view that although the memorandum refers to the defence aspects of the problem it does not, in its present form, emphasize sufficiently the important relationship of a sizeable merchant fleet and ship-building industry in Canada to the establishment of a strong North Atlantic community. It might be helpful, therefore, if, when delivering this memorandum, you could find the opportunity of supplementing it with some observations on these points.

I have etc.,

ESCOTT REID
for the Secretary of State
for External Affairs

CHAPITRE VIII/CHAPTER VIII
AVIATION CIVILE
CIVIL AVIATION

PREMIÈRE PARTIE/PART 1

ORGANISATION DE L'AVIATION CIVILE INTERNATIONALE (OACI)
INTERNATIONAL CIVIL AVIATION ORGANIZATION (ICAO)

SECTION A

CANADA ET L'OACI
CANADA AND ICAO

DEA/9655-E-2-40

742.

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

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

[Ottawa], January 10, 1948

ICAO HEADQUARTERS AGREEMENT

The Secretary General of the International Civil Aviation Organization¹ has requested that negotiations be entered into between this Department and the ICAO Secretariat concerning a Headquarters Agreement between Canada and ICAO.

The Secretary General has suggested that the Canadian authorities enable him to place a draft agreement before the January meeting of the Council in preparation for approval by ICAO Assembly in Geneva in June.

It is assumed that by "Headquarters Agreement" ICAO means a "site" agreement similar to that made by the United States Government with the United Nations for the establishment of the seat of the United Nations in New York and the granting of various privileges and immunities.

The Legal Division, which until recently was the Division dealing with United Nations privileges, suggests that the request for negotiations is a reasonable one in principle. But, in view of the many complex questions which a Headquarters Agreement will raise not only in connection with federal law, but also with provincial and municipal law, it seems likely that the negotiations will, of necessity, be protracted and that it would not be possible for this Department to prepare a satisfactory draft in time for the January meeting of the ICAO.

¹ Albert Roper

An interim reply has been sent to the Secretary-General of ICAO to the effect that his request was under consideration.

I should be glad if you would indicate your approval, or otherwise, of the following points:

1. That an official reply be sent to the Secretary-General of ICAO that the Canadian authorities are willing to enter into negotiations for a Headquarters Agreement. That, however, the Canadian Government will not be ready to submit a draft agreement this month as requested in Dr. Warner's² letter.

2. That the negotiations should consist of three phases:

(a) A draft Agreement, to be prepared by the Department. This draft to conform as closely as possible to the United States theory and practice; to outline the privileges which the Canadian Federal Government is prepared to extend, and to be approved by you and by interested Federal Departments.

(b) Consultations might then be held by the Department of External Affairs with the Province of Quebec and the City of Montreal (in two stages) on the basis of the draft agreement.

(c) Negotiations might then be undertaken by the Canadian Government with ICAO.

3. That a written reply be sent to the Secretary General of ICAO informing him that the Canadian Government agrees in principle to his Organization's request for a Headquarters Agreement, but that a draft Agreement will not be ready this month.³

L.B. PEARSON

743.

DEA/9655-E-3-40

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

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

[Ottawa], March 30, 1948

DIPLOMATIC STATUS FOR ICAO COUNCIL MEMBERS

Since our letter last month† to Dr. Edward Warner, President of the Council of ICAO, conveying the Canadian Government's agreement in principle to the discussion of a Headquarters Agreement, Dr. Warner has, with increasing persistence, pressed for the granting to the members of the Council of what he calls "full diplomatic status" apart from, and in advance of, the conclusion of the Headquarters Agreement negotiations.

² Edward Warner, président, OACI/Edward Warner, President, ICAO.

³ Note marginale :/Marginal note:
Yes. St. L{aurent}

2. There is no doubt that Dr. Warner, who has full taxation exemption privileges himself, is under considerable pressure from the Council members, (who have not) and that he is aware, as we are, that negotiations or discussions between the Department and the Province of Quebec, and between the Department and the City of Montreal, are bound to take time.

3. I suggest for your consideration that we might grant to the Council members as soon as we can arrange it with the Department of National Revenue, exemption from federal Customs and Excise duties. This action would have the advantage of assuring ICAO that we are doing everything we can to expedite matters; on the other hand, it might deprive us of a good bargaining point in the forthcoming Headquarters Agreement negotiations. In view of Dr. Warner's urgent requests for early action, his "concern at the delay" and "particular anxiety", I suggest that we inform Dr. Warner that we will at once, as a gesture of good will, grant exemption from federal Customs and Excise Duties. This action does not include all the privileges which ICAO Council Members want under the umbrella of "full diplomatic status".⁴

4. Item 706 of the *Customs Tariff* provides that articles for the personal use of "representatives of foreign countries" and for the personal use of their families, suites or servants may be admitted to Canada free of Customs duty provided that the Governor in Council may withdraw any of the privileges when reciprocity is refused by a country. Thus, if the Department of National Revenue were so minded, it might be possible to enlarge the privileges which Order in Council P.C. 94/2595 of July 4, 1947 granted to the president, secretaries-general and representatives of Council members at that time in order to meet the requirements of the interim arrangements made on April 30, 1947 with ICAO. It might also be possible, should the Department of National Revenue be so minded, to grant further exemptions from *Excise duties and taxes* by amending P.C. 93/2595 of July 4, 1947. This, however, would require careful examination by National Revenue if you agree that the policy should be to extend such privileges now to representatives of Council members of ICAO.

5. In view of Parliament's attitude on the subject in 1947, it would seem important that the question should be brought to the Minister's attention. It is just possible that Mr. St. Laurent is not fully aware of the privileges which it is suggested should be granted. They are:

- (a) exemption from customs duties at all times
- (b) exemption from excise duties and taxes on certain items, including liquor and tobacco products.

6. The persons for whom ICAO requests privileges would total about 60. They are included in the term "Representatives of Members" and consist of the following categories: Delegates, Deputy Delegates, Advisers, Technical Experts, Secretaries of Delegations.

⁴ Note marginale :Marginal note:
I agree. L.B. Pearson]

7. There is nothing in the Privileges and Immunities (United Nations) Act 1947 nor in the Special Agencies Convention on Privileges and Immunities, to prevent the Canadian authorities from making this unilateral arrangement with ICAO.

8. The granting or withholding of the privileges which Dr. Warner requests is a matter of policy.

9. Dr. Warner and Dr. Pépin are coming to see me at 11.00 a.m. Wednesday morning, March 31. I should be grateful for an indication of your views, if possible before I see him.

W.H. MEASURES

This memorandum has been drafted in consultation with Legal Division. I have asked Mr. Côté who participated in U.N. privileges discussions in New York to attend one meeting with Dr. Warner.

W.H. MEASURES]

744.

DEA/72-ADU-29-40

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

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

Ottawa, May 10, 1948

JOINT SUPPORT OF AIR NAVIGATION SERVICES IN ICELAND

On the recommendation of the Interdepartmental Committee on Civil Aviation the Minister of Transport will seek Cabinet approval for Canadian participation in a plan of the International Civil Aviation Organization for joint support of air navigation services in Iceland.

2. In May, 1947, the Government of Iceland made a request to ICAO that it be reimbursed for expenditures already incurred by the provision of navigation services for aircraft engaged in North-Atlantic operations, and in addition that it be paid for such services in the future. Accordingly, ICAO despatched a group of technical experts to study the navigation facilities in Iceland at first hand and their report was submitted to ICAO at the beginning of this year. This report was studied by interested member States of ICAO which, in addition to Canada, include the United Kingdom, the United States, Belgium, France, the Netherlands, Norway, Sweden and Denmark. Canada was represented at these discussions by Mr. Booth,⁵ the Canadian Council Member on ICAO, and technical experts from the Department of Transport.

3. As a result of these discussions by representatives from interested States, the following is now proposed by ICAO:

⁵ Brigadier C.S. Booth.

(a) That the request of Iceland be met by offering a lump sum for services which have been provided in the past and which will be provided down to the end of 1948, and that future services, commencing on 1st January, 1949, be paid for in accordance with an Agreement to be prepared by the Organization. This lump sum will amount to slightly less than one million dollars.

(b) It is proposed that the proportions to be paid by the States concerned should be based, in the case of the amount to be paid for the period down to 31st December, 1948, on the number of schedules on the North-Atlantic operated by airlines of the States concerned. Contributions would then be on the following percentage scale:

Belgium	—	1.0
Canada	—	10.6
France	—	5.4
Netherlands	—	3.9
Scandinavia	—	6.5
United Kingdom	—	9.4
United States	—	63.2

The scale for the year 1949 would be as follows:

Belgium	—	1.0
Canada	—	7.2
France	—	7.2
Iceland	—	20.0
Netherlands	—	6.2
Scandinavia	—	6.2
United Kingdom	—	7.2
United States	—	45.0

You will note that Canada's proposed contribution for the past period is relatively higher than that for the future, primarily because of the proposal that Iceland absorb 20% of the total cost, and partly because of some of the States were making less use of these facilities in the earlier part of the period.

(c) To bring this arrangement into force, it was agreed that three documents should be prepared: A Final Act which would contain only recommendations, but which would in effect contain all the proposed rights and obligations of ICAO and the contributing States; an Agreement between ICAO and Iceland and a form of consent by contributing States to assessment in accordance with the terms of the Final Act.

It is proposed to prepare and offer for signature the Final Act at the General Assembly of ICAO, which opens in Geneva on June 1st, 1948. This Final Act will not constitute any legal commitment by States to participate in the scheme. It will, however, fix the proportion of contributions to be borne by the respective States, provided they later agree to participate. The formal Act binding the States will consist of the filing with ICAO by each State of its consent to assessment.

4. The maintenance of these navigation services is essential to the operation of safe and orderly Trans-Atlantic services and Iceland has stated that without the help of ICAO it could not continue to operate these services. In addition to this general

value to all operators using the North-Atlantic, Trans-Canada Airlines have stated that they make a special use of Keflavik Airport, the operation of which would fall within this scheme. Although the cost to Canada is considerable, amounting to approximately \$100,000 for the initial payment and approximately \$46,000 annually thereafter, I believe the demands of our Trans-Atlantic service warrant our participation. We are, as you know, one of the prime operators over these routes and it is the intention to make every effort to increase our volume of traffic between the European Continent and America. It appears fairly certain that, in view of the essential nature of the Icelandic services, ICAO will be forced to bear their maintenance cost. As one of the most interested States, I do not feel that Canada can refuse participation in the plan now tentatively proposed.

5. I am sending this to you now so that it may serve as useful background material when the Minister of Transport makes his recommendation to Cabinet.⁶ If this recommendation receives approval, I will prepare the signing powers for Mr. Booth.

E[SCOTT] R[EID]

745.

DEA/72-ADU-40

*Note de la Direction économique
pour le chef de la Direction économique*

*Memorandum from Economic Division
to Head, Economic Division*

[Ottawa], June 9, 1948

THE ACHIEVEMENTS OF ICAO

Prior to the last war, Canada's main aviation concern was with the expansion and regulation of domestic flying. Effective international machinery for cooperation in flying was at this time largely non-existent. During the last war Canada rapidly became a world air power. Her strategic geographical location mid-way between the old world and the new resulted in Montreal being chosen the permanent headquarters of ICAO. The International Air Transport Association (IATA), the rate-making cooperative of more than 70 world airlines, followed ICAO's example in setting up permanent headquarters at Montreal to easier collaboration with it. Montreal, Canada has thus become the air capital of the world.

Since its inception, ICAO has probably made more progress settling differences between countries than any other of the post-war international agencies. Mutual cooperation between countries is typified by the ICAO sponsored agreement of North-Atlantic countries which provides for the establishment of 13 weather obser-

⁶ Document du Cabinet N° 679 du 13 mai (du ministre des Transports) fut approuvé par le Cabinet le 20 mai.

Cabinet Document 679 of May 13 from Minister of Transport was approved by Cabinet on May 20.

vation stations in the North-Atlantic. The H.M.C.S. *St. Stephen* of the R.C.N.⁷ is specially equipped for these duties at a station mid-way between Labrador and Greenland jointly operated with the United States. The political and economic advances are noteworthy when consideration is given to the youth of the Organization. However, ICAO successes in the political and economic field have been overshadowed by its technical achievements. The First Assembly initiated research on the limitation of runway requirements with the objective of curbing the increasing cost of airport construction. It instructed the Council to adopt as quickly as possible technical standards and recommended practices for use on the world's airways.

International flying has long been complicated by differences in aeronautical regulations and charts in different countries by different rules of the air; by different meteorological codes and by different dimensional measurements. Most of such complications should soon disappear.

In Montreal late last month the International Civil Aviation Organization Council formally adopted five categories of standards which will have the effect of law in 51 countries. The codes adopted were the result of almost four years study and work by the Technical Committee which originated in the Chicago Civil Aviation Conference of 1944.

They provide for: International rules in the air; uniformity of licencing in key positions in international operations; uniformity of aeronautical charts; standardization of meteorological codes; and standardization of dimensional practices.

Probably the most important standards adopted are those for the airlines "Rules of the Road" for air traffic conducted in such zones as is necessary, and for blind landing aids and radio and radar aids to navigation.

Note:

The International Civil Aviation Organization has not been too successful in the guidance of economic practices, and most traffic agreements have been made bilaterally between the various countries. However, ICAO has worked very closely with IATA and has contributed markedly to the success of that Organization in the economic field.

⁷ Royal Canadian Navy.

746.

DEA/9655-E-40

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

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

[Ottawa], April 21, 1948

HEADQUARTER'S AGREEMENT BETWEEN CANADA AND ICAO

In January you gave your approval to the commencement of negotiations and I have now received a working draft of the proposed Headquarters agreement, a copy of which is attached.† Attached also are a copy of the Canadian Privileges and Immunities (United Nations) Act, 1947,† which embodies the General Convention on Privileges and Immunities of the United Nations, and a copy of the Convention on Privileges and Immunities of the specialized agencies.

2. I also attach a brief analysis of the Headquarters agreement.†

3. I think the attached working draft of the proposed Headquarters agreement is satisfactory in principle and I suggest that you authorize us to discuss it with the various interested departments of the Canadian Government.

4. The question of discussion of the draft agreement with the Province of Quebec and the City of Montreal will be submitted to you later.

5. I.C.A.O. have pressed us for exemption from customs and excise taxes for Council members. In view of the long time which must elapse before conclusion of the Headquarters agreement, I have told I.C.A.O. that we will grant these privileges as soon as possible; the Department of National Revenue have stated that this action can be taken by Order-in-Council, and if you approve, I will ask National Revenue to proceed at once.⁸

L.B. PEARSON

⁸ Note marginale :/Marginal note:

Yes St. L[aurent]. May 11, 1948.

Voir : C.P. 104/3755 et C.P. 19/3755 du 25 août.

These changes were implemented by P.C. 104/3755 and P.C. 19/3755 of August 25.

747.

DEA/72-ADU-16-40

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

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

Ottawa, December 21, 1948

I am attaching, for your consideration, a reply to the International Civil Aviation Organization's letter of December 10,† concerning the rental of space for the headquarters of the Organization. I am also attaching a letter from the Deputy Minister of Public Works on this subject.†

When ICAO first asked us to intervene in the negotiation for this lease and to endeavour to obtain a rental below that proposed by the Canadian National Railway, we asked Mr. Howe for his comments. He advised us that he would not be inclined to offer too many concessions, as he considered that we had treated the Organization well in the matter of accommodation.

Since that time, we have constantly refused to absorb any part of the rental of the headquarters accommodation. This letter, which is submitted for your approval, follows the same line.†

E[SCOTT] R[EID]

SECTION B

STATIONS MÉTÉOROLOGIQUES DE L'ATLANTIQUE NORD
ET DU PACIFIQUE NORD
NORTH ATLANTIC AND NORTH PACIFIC WEATHER STATIONS

748.

DEA/7-DA (S)

*Note du secrétaire du Comité interministériel sur la météorologie
pour le Comité de la défense du Cabinet*

*Memorandum from Secretary, Interdepartmental Meteorological Committee,
to Cabinet Defence Committee*

CONFIDENTIAL

Ottawa, May 19, 1948

ATLANTIC AND PACIFIC WEATHER SHIPS

The Cabinet on January 28th, 1947, as part of a comprehensive meteorological programme, approved the provision and operation by Canada of one weather ship in the North Atlantic as Canada's share of the operation of Ocean Weather Station "B". Weather Station "B" is a part of a network of North Atlantic Weather Stations established by ICAO agreement and is the joint responsibility of Canada and the United States. Accordingly, the Royal Canadian Navy has provided one frigate, the *St. Stephen*, especially converted for the purpose, with the meteorological staff on

board supplied by the Department of Transport. This ship has been in operation since November, 1947, and has been able to maintain a schedule of approximately 21 days out of each 50 on station.

2. The United States has not yet contributed a ship toward the operation of Weather Station "B" and has expressed the opinion that one ship cannot be considered to constitute 50% of the operation. It is the U.S. view that three ships are required to operate one Station.

3. As indicated, the *St. Stephen* has not been able to spend the full 50% of the time on station, though if time en route within the general area is taken into account, the period is not far short of the full 50%. However, when necessity for periodic refits and major repairs is taken into account, the Royal Canadian Navy is of the opinion that approximately 2.5 ships are required to man each Weather Station. It is apparent that, on either basis, this effort cannot be divided equally between the two countries without financial adjustment.

4. At the time Cabinet approved a Weather Ship for the North Atlantic, approval was given also to the provision of a Weather Ship in the Pacific, west of Vancouver Island, on the understanding that the United States would be asked to contribute a similar ship; the two ships to comprise one complete Weather Station. This proposal was conveyed to the United States, who have not yet agreed to provide the second ship; though there have been indications that, from a meteorological point of view, it would be looked on with favour.

5. A report of the Interdepartmental Meteorological Committee on this matter was considered by the Cabinet Defence Committee on November 21st, 1947, at which time it was agreed that the Canadian contribution to the operation of a North Atlantic Weather Station continue to be one ship but be reviewed in the light of further experience. The Interdepartmental Meteorological Committee is now informed that a Regional ICAO Conference, to deal with requirements in the North Pacific, will be held in July next. It is noted that a Weather Station in the Pacific, west of Vancouver Island, would be of much more direct value to Canada than the Atlantic Weather Station. It is noted, further, that the operation of a complete station in one ocean would be more economical and efficient than the operation of two half-stations in two oceans.

6. The Interdepartmental Meteorological Committee therefore recommends that the Canadian representative at the Northern Pacific Regional ICAO Conference be empowered to propose:

(a) that an ocean Weather Station be established in the Pacific in a position approximately 500 miles west of Vancouver Island; and

(b) that Canada undertake the operation of this Pacific Weather Station on the understanding that the United States would undertake the full operation of Weather Station "B" in the North Atlantic and that Canada's obligations toward the operation of both the North Atlantic and North Pacific Ocean Weather Stations would thereby be fulfilled.⁹

W.W. BEAN

⁹ Approuvées par le Cabinet le 7 juillet./Approved by Cabinet on July 7.

*Extrait du procès-verbal de la réunion
du Comité de la défense du Cabinet*

*Extract from Minutes of Meeting
of Cabinet Defence Committee*

TOP SECRET

[Ottawa], December 21, 1948

...

I. NAVY: ATLANTIC AND PACIFIC WEATHER SHIPS

1. *The Chief of the Naval Staff* reported that by an ICAO undertaking the Canadian government were now participating with the United States in the operation of a North Atlantic weather station to the extent of providing one weather ship. Canada had also undertaken to provide a weather ship in the Pacific, on the understanding that the United States would make a similar contribution — the two to comprise one weather station.

The Canadian weather ship in the Atlantic was operated by R.C.N. and, having regard to the existing manpower shortage, and to the fact that the operation had little or no training value to the Navy, the question was raised as to whether responsibility for the operation of weather ships might be transferred in peacetime to the Department of Transport.

2. *The Minister of National Defence* indicated that the Canadian representatives to a regional ICAO meeting had sought to secure U.S. agreement to an arrangement whereby Canada would operate a complete weather station in the Pacific rather than half-stations in both oceans. Until their reaction to this proposal was known, the status quo should be maintained.

3. *The Committee* after discussion, agreed that decision on the question raised by the Chief of the Naval Staff be deferred, and that arrangements for the operation of a second Canadian ship be delayed, pending a reply from the United States.

...

2^e PARTIE/PART 2
ACCORDS AÉRIENS BILATÉRAUX
BILATERAL AIR AGREEMENTS

750.

PCO/Vol. 55

*Note de la Direction économique
pour le Comité interministériel sur l'aviation civile*

*Memorandum from Economic Division
to Interdepartmental Committee on Civil Aviation*

[Ottawa, March 5, 1948]

PROGRESS REPORT ON AIR AGREEMENTS

Up to the present, Canada, in a hope that a satisfactory multilateral civil aviation agreement might be achieved, has not concluded any bilateral aviation agreements providing for the exchange of so-called Fifth Freedom rights. However, in view of the failure of the recent Conference of International Civil Aviation Organization in Geneva to agree on a satisfactory multilateral document, the Canadian Government has now embarked upon the negotiation of a number of bilateral agreements, including Fifth Freedom rights. In these circumstances, Canada desires to conclude, as a first step, agreements with those countries in which Trans-Canada Airlines plans to make use of Fifth Freedom rights. Until the majority of these agreements have been concluded, the Canadian Government is reluctant to enter into agreements covering Fifth Freedom rights with countries in which Trans-Canada Airlines does not wish to make use of Fifth Freedom rights in the immediate future. For the present at least, agreements with countries in the second category must normally be limited to an exchange of Third and Fourth Freedom rights.

2. This has been the general policy which has governed the discussions on the various agreements currently under negotiation. These may be reviewed in two groups;

I. Those countries with whom Canada is willing to conclude Fifth Freedom Agreements. These include:

(a) *Argentina*—In November, 1947, the Argentine Government approached the Canadian Government on the question of an air agreement. It was indicated that Canada was willing to negotiate an agreement, and that a draft might be forwarded by Argentina for study. However, as yet, no draft has been forthcoming. If there is any urgency on this Agreement, it might be advisable to submit one of our draft Bilateral Agreements to the Argentine Government.

(b) *Belgium*—In December, 1947, a note was forwarded to the Belgian Ambassador, suggesting that negotiations might open on an Agreement. This proposal was forwarded by the Belgian Ambassador to his home Government. It has been learned, through the Canadian Ambassador in Brussels, that this draft is under con-

sideration. However, Belgian air policy is in the process of being re-formulated, and it may be some time before any concrete action is recommended.

(c) *Brazil*—The Brazilian authorities have been studying a draft Agreement submitted by Canada since October, 1947. Several informal enquiries have been made at the Brazilian Embassy in Ottawa, but as yet no comments have been received on this draft.

(d) *Cuba*—The Cuban authorities have also been studying a draft submitted by Canada for some months. It has been learned indirectly that a number of modifications to this draft will be required before Cuba could agree. However, a direct request has now been made to the Cuban Government that their comments be forwarded as soon as possible on this draft. When these have been received, it is planned that a Canadian negotiator, presumably Mr. McKim of T.C.A., will visit Havana to conclude discussions.

II. Those nations with whom Canada, for the present, can conclude only a Four Freedoms Agreement:

(a) *Iceland*—A draft Agreement was originally forwarded to Iceland through the United Kingdom in February, 1947. For nearly a year there was a negative interest evidenced by Iceland in any discussions on this Agreement. However, at the beginning of 1948, it was learned that this attitude was attributable to the state of air relations between the United States and Iceland, and that these relations were now being improved. On this basis, a new draft was prepared and forwarded to Iceland through their Minister in Canada.

(b) *Norway and Denmark*—In the latter part of 1947 both of these countries submitted draft Five Freedoms Agreements to the Canadian authorities for study. On the receipt of these drafts it was indicated that for the time being Canada could grant only Four Freedoms in their particular cases. This was modified to the extent that Fifth Freedom would be granted at points in other Scandinavian countries to facilitate the operation of Scandinavian air services, a pooled airline made up of companies representing each of the three Scandinavian countries. There has, as yet, been no indication by Norway and Denmark that they would desire to negotiate on this basis.

(c) *Netherlands*—In the Spring of 1947, discussions were held between Canadian and Netherlands authorities, and it was indicated at this time that Canada could only grant a Four Freedoms Agreement. On that occasion, it was very clear that the Netherlands were only interested in a Five Freedoms Agreement. However, it has now been indicated that they are willing to proceed on the discussion of a Four Freedoms Agreement, and desire to arrange, in the near future, discussions between a visiting Netherlands delegation, currently in the United States, and Canadian authorities. It is expected that these discussions may take place in the last week of March or the early part of April, and it would be useful to decide immediately who will represent Canada in these discussions.

(d) *Peru*—In September a draft Agreement was forwarded by the Peruvian Government, which embodied what they termed Four and One-Half Freedoms. This, in reality, granted Peruvian carriers one way Fifth Freedom traffic, that is, the right to pick up in the United States and put down in Canada. There were a number of other

disagreeable clauses in their draft, and we forwarded our comments through our Ambassador in Lima. Although our whole tone in these discussions has been pessimistic, the Peruvian authorities still eagerly pursue the Agreement, and they have now requested that oral discussions be held in Ottawa. It is planned that these discussions will be held this month. Mr. Baldwin of the Cabinet Secretariat and members of External Affairs will represent Canada.

3. In addition to the Agreements outlined above, a note has been forwarded to the French Government granting Third and Fourth Freedoms to an airline owned and operated by the islands of St. Pierre and Miquelon to fly on a route between St. Pierre and Sydney, Nova Scotia, and St. Pierre and Halifax, Nova Scotia. The reply of the French Government to this note will thereby constitute the Agreement.

4. Attached to this memorandum are copies of the types of bilateral Air Agreements presently in use by Canada in these negotiations.†

751.

PCO/Vol. 55

*Note du secrétaire adjoint du Cabinet
pour le ministre des Transports*

*Memorandum from Assistant Secretary to Cabinet
to Minister of Transport*

Ottawa, May 25, 1948

CIVIL AVIATION; CANADA AND FIFTH FREEDOM TRAFFIC

Over the next six months Canada will for the first time start entering into bilateral civil aviation agreements providing for the exercise of fifth freedom traffic rights. This will mean a change in the policy followed hitherto, and it is desirable to avoid hasty or *ad hoc* decisions in this matter and to proceed with care in establishing the basis on which these traffic rights may be granted and exercised.

The first two freedoms cover the right of transit and non-traffic stop and are generally accepted by almost all countries. The third and fourth freedoms are the "home" traffic of any nation, i.e. the traffic travelling to and from that nation. The fifth freedom is the additional traffic on the air service of any nation, i.e. travelling between points on the service other than the country of origin of the service. Thus, any one nation's third and fourth freedom traffic is the fifth freedom traffic of other nations and vice versa.

The position of fifth freedom rights has been the obstacle to achievement of a multilateral air agreement. The nations which are concerned chiefly with the operation of long through air lines insist, quite rightly, that the economics of through air line operation require fifth freedom traffic to be carried; no long air line covering half the globe could live on third and fourth freedom traffic alone, which dwindles rapidly as the line moves outward from the point of origin. Lesser states have placed a heavy emphasis upon third and fourth freedom traffic and have feared that unlimited granting of fifth freedom rights would mean that the major through oper-

ators would pick up so much fifth freedom traffic that there would be no third and fourth freedom traffic left for the intermediate states on a route. A good example of this is the substantial traffic moving from France to Switzerland, Italy and Germany, which for U.S. air lines is, of course, fifth freedom traffic. The through U.S. air lines have been carrying most of this traffic from France to neighbouring points in Europe, leaving very little for the French air lines, — a situation which may well cause trouble when the French services become better equipped and can run more frequently.

Nations primarily interested in the fifth freedom have, of course, tried to get unlimited freedom of the air so that any air line could carry any traffic it wanted to without restriction, — a situation which would in many instances result in the through operators killing off the smaller operators. Some of the smaller countries, on the other hand, have tried to exclude fifth freedom traffic completely in order to protect their local interests. Obviously, neither of these attitudes is conducive to the development of international aviation. What needs to be found is a reasonable balance between the two positions so that third and fourth freedom traffic of each nation will have reasonable protection yet there will still be enough fifth freedom traffic available to make it worthwhile for the longer operators to keep going.

This has been the fundamental issue in discussion of a multilateral agreement. No final solution has yet been found although the so-called "Bermuda formula", which was subsequently clarified and improved at the ICAO discussions in Geneva last autumn represents a reasonable working formula.

Although no formula has been accepted multilaterally, general agreement exists on the part of most nations that any country has a primary interest or primary right to its own third and fourth freedom traffic and may protect this right so that fifth freedom operations of other services in its territory do not unduly harm its own lines. At the same time it has been to a lesser degree accepted that the importance of fifth freedom traffic to the major lines must be recognized by allowing it reasonable scope.

Canada's interest is not only the general desire to achieve a multilateral agreement but arises also from the fact that Canada is primarily a transit country. We are not a heavy traffic-generating nation but we live next door to the greatest air traffic market in the world, the United States. Most of the larger international air lines wish to cross our country to get access to the U.S. traffic market, including the heavy Canada-U.S. traffic.

Further, a large number of the international routes also cross the North Atlantic and in so doing follow the other main traffic flow in which Canada is interested, that between Canada and Europe and particularly the United Kingdom. Complete opening of fifth freedom rights by Canada would allow foreign air lines to carry so much of this fifth freedom traffic between Canada and the United States, and Canada and the United Kingdom that little third and fourth freedom traffic would be left for Canada to carry. On the other hand we have limited ambitions and apart from the U.S.A. and a few other cases are not much interested in getting for ourselves fifth freedom rights in other countries.

We have always taken the position that we want a multilateral agreement which would open up all traffic rights including fifth freedom but which must include principles or rules which would safeguard the position by establishing a reasonable balance between protection of the third and fourth freedom rights and permitting a reasonable fifth freedom traffic as well. We have stated that we would not proceed with bilateral agreements covering the fifth freedom until we were quite sure that there was no hope of achieving a multilateral. In only one case have we allowed fifth freedom traffic to be carried to and from Canada. That case is Australia and New Zealand on the South Pacific run; even there we told those two countries that while we would permit fifth freedom traffic to be carried and would eventually write it into the necessary bilateral agreements we could not formally write it in at present.

More recently we have concluded a bilateral agreement with the Netherlands which would grant the Netherlands fifth freedom rights in Canada but have also said that the agreement must be accompanied by a supplementary exchange of notes stating that the fifth freedom rights may not be exercised until both parties mutually agree at a later date. This is a new formula for dealing with the problem which we had earlier met in the case of other countries by stating that we could not grant fifth freedom rights as yet and would not write them into any agreement. We have turned down approaches by a number of countries, including France, Norway, Denmark and Sweden, — and even the United Kingdom although we have always let it be understood by the United Kingdom that when we open up fifth freedom rights we will negotiate again with the United Kingdom.

We have further made it clear that the first bilateral agreement covering fifth freedom which we wish to conclude will be with the United States since fifth freedom traffic rights there on our Bermuda, South American and Pacific runs are of vital importance to us. After reaching agreement with the United States we will be in a position to determine what additional fifth freedom rights we can exchange with other countries.

We tried tentatively over a year ago to make an agreement with the United States without success. The atmosphere is somewhat better now and it is understood that in the late summer or early autumn we will open this question up again; plans are now being made for these discussions. Once a new agreement has been made with the United States we will find ourselves in the position of having to deal with other nations as well. It is important that we should reach a clear understanding of the basis on which we are to proceed.

One possibility is a straight discriminatory approach in which we would, without giving any particular reasons, turn down virtually all fifth freedom requests except in a very few cases where we want fifth freedom rights ourselves in return. I feel, however, that while we should move slowly in granting fifth freedom rights, we should have a set of principles on which we can base our actions and which can be explained in part to other nations permitting us to say that we are consistent within the framework of an established government policy operating in a non-discriminatory fashion. I have suggested that the Interdepartmental Committee consider this matter and it plans to do so although little progress has been made as yet.

My own thinking so far as it has gone has been that, once agreement has been reached with the United States, our next objective should be a conclusion of fifth freedom traffic agreements with other nations where we wish to exercise fifth freedom rights ourselves. We should, if possible, try to defer any agreements providing for exercise of fifth freedom rights in Canada by nations in which we do not wish to exercise similar rights until at least we have agreements with those where we do wish to exercise the fifth freedom. On this basis the next agreements we should conclude would be with Brazil and possibly Cuba for the South American run, with such countries as are concerned in the Pacific routes, presumably Australia, New Zealand and China and the British colonial territories involved, and on the North Atlantic with the United Kingdom and whatever European country TCA may ultimately set as its objective. Tentatively this has been put down as Belgium, and we have indicated to Belgium that we would be prepared to open negotiations on a fifth freedom bilateral with them. (This, incidentally, has also been done with Brazil and Cuba).

It may not be possible to hold up agreements with other countries where we do not wish to exercise the fifth freedom until all this has been accomplished but I would hope that it might be the case. However, when the time comes for negotiations with other countries, whether before or after conclusion of the bilaterals as I have referred to, we should in addition have some set of principles on which to judge whether or not we can allow them fifth freedom rights. The same principles could, subject to the elasticity that any mutual bargain requires, operate in the bilaterals with Brazil, Cuba, the U.K., etc. Here the principles could be based upon the traffic potential on each route in relation to the number of air services already operating. Most of the European nations will want to operate on the North Atlantic run through Montreal and Toronto to Chicago. We might establish the rule that we would assess the traffic potential on that Canadian segment concerned in relation to the service provided by existing carriers and then decide whether or not we are justified in letting any additional carrier in. If in any particular route we are so justified, we should give it in the first instance to a country from which we wish something in return. In the second instance we will have to decide whether, if there is nothing we wish in return and we are going to let someone else in, we do it on the basis of first come first served, or on a more general basis of external relations.

Another point will come up in the case where a request is made for fifth freedom rights on a given route and we decide that we cannot let an additional carrier in on that route; the applicant then suggests an alternative route (usually this would happen between Canada and the United States). We would have to decide whether the alternative route could be granted and what principles should govern this sort of situation. An example is the recent discussions with Peru where, when told they could not have the New York—Montreal run, they suggested as an alternative the Washington—Montreal run. Here I think the basis on which we might proceed is assessment of whether or not the alternative route will involve carriage of traffic to a degree which would injure the existing position of Canadian and U.S. carriers on reasonably competitive but not exactly parallel routes. In the cases where we are asking for nothing in return, I am inclined to think that we should follow a firm

line and turn down even alternative routes of this sort if there is any likelihood that they would divert traffic from existing Canadian or U.S. routes.

In order to follow the general principles suggested above, it will be necessary for the Air Transport Board and TCA to work out mechanism which would provide for continuous survey of existing traffic movements, not only on existing run but to adjacent points on these alternative routes which might be competitive. Thus, in each case there would be statistical data on which to assess the position.

One further point. In the case of Peru we suggested that we would grant fifth freedom rights between points outside the United States to Canada where such points are not served or are not going to be served by TCA and are not competitive with TCA operations. This principle too might usefully be considered in relation to our general policy.

Finally, I would like to sum up the present position, so far as I know it, with regard to the existing and proposed bilaterals. As I indicated, a new agreement with the United States will be sought shortly. We may also have to proceed with agreements with Cuba, Brazil, China, New Zealand, the United Kingdom (British Pacific colonies) and a revision of our present agreement with Australia. On the North Atlantic we will probably wish to conclude an agreement with Belgium and to revise our existing agreements with the United Kingdom, Ireland and Newfoundland. This should cover the areas where we wish fifth freedom in return.

We may also be requested by Sweden to renegotiate our existing agreement to include fifth freedom; this is a case where we wish nothing in return. Norway and Denmark have asked us for fifth freedom agreements and have been told that we could not contemplate them for the present, but they may be expected to approach us again once we open the fifth freedom up. Here again we wish nothing in return. France will undoubtedly approach us too. This may cause a little more difficulty since, even though we wish nothing in return, our general political relations with France may make it hard for us to refuse them fifth freedom rights if we grant them to countries such as Belgium, Brazil and Cuba. The Netherlands will undoubtedly come back and ask us to amend the supplementary exchange of notes to allow them to use the fifth freedom rights provided in their agreement.

Finally, Peru has been pressing Canada for some time for a fifth freedom agreement and, having been told they could not have New York to Montreal, they have exerted pressure to get Washington—Montreal. At one stage I believe Mr. Howe was disposed to grant this to them. I know that the officials hope that whatever our decision may be, at least it could be deferred until we have a new agreement with the United States and possibly with some of the other countries where we wish something in return before committing ourselves to Peru. If we give Peru, at this stage, fifth freedom rights when we are asking nothing in return, it will be hard for us to find an answer for some of the European countries that are in a similar position.

J.R. BALDWIN

752.

DEA/72-BP-40

*Note du secrétaire adjoint du Cabinet
pour le ministre des Transports*
*Memorandum from Assistant Secretary to Cabinet
to Minister of Transport*

Ottawa, August 31, 1948

POSSIBLE MATTERS FOR DISCUSSION IN UNITED KINGDOM;
INTERNATIONAL AVIATION

It has occurred to me that the following are some of the matters which U.K. aviation authorities may enquire about or may be interested in learning about should you have any discussions with them in London this autumn.

(1) *Newfoundland*

The question of what happens to existing traffic rights in Newfoundland after union will, of course, affect the United Kingdom. I believe all that could be said at the moment is that we are reviewing the whole situation and that in all probability all existing traffic rights granted by the Newfoundland government will disappear either on the date of union or as soon as the required period for notice of termination has passed. In these cases new traffic rights will have to be negotiated with the Canadian government and will have to conform with the existing policy of the Canadian government in this matter. We hope to complete our preliminary review of the situation in time to give adequate notice of our intentions to any other governments concerned; certainly in the case of the United Kingdom there should not be any serious difficulty although the main problem will be whether we are to grant the U.K. two traffic stops in Canadian territory, i.e., both at Gander and at Montreal.

(2) *New Canada-United States Agreement*

The United Kingdom is aware that our whole policy in relation to fifth freedom is pretty much dependent on a satisfactory new bilateral with the United States. I think they may be told that we are still waiting for the U.S. to indicate its willingness to proceed with discussions; that we do not believe we will hear from them until after the Presidential election; and that in any case a new agreement would not become effective before April 1st, the expected date for union between Canada and Newfoundland, so that it would cover Newfoundland territory.

(3) *Designation of C.P.A.*

You may be asked for the reasons for the Canadian decision to designate C.P.A. for Pacific operations. These have already been given in your press release and cover the following main points:

- (i) T.C.A. feeling that it would be uneconomic for them;
- (ii) C.P.A. desire to enter the field and willingness to operate without subsidy; existing C.P. facilities at C.P.A. disposal;

(iii) government reservations in designation, i.e., (a) no subsidy; (b) traffic rights not to be obtained at expense of reciprocal concessions which would hurt T.C.A.

(4) *C.P.A. Plans*

They will undoubtedly be interested in the routes and stops which C.P.A. contemplates. Full information on this was contained in the memorandum which I sent you earlier. It may be important to point out that we fully expect a considerable time lag ranging from a minimum of a year to an indefinable maximum before operations begin.

(5) *Co-operation in Pacific Area*

If mention is made of co-operation on the South Pacific run, it might be pointed out that we will be willing to consider a type of arrangement which was contemplated in the Montreal discussions in 1944, i.e., parallel operations with agreed schedules and pooling of traffic and revenues but not deficits. We would not be interested in a joint company unless there is some completely new approach on their part which has never been brought to our attention, and I do not think that we would be interested in dividing the operation and meeting it at a half-way point. It is important, moreover, to point out that in any system of co-operation the use of the same type of plane for both parties is important, if not essential.

On the question of direct co-operation with B.O.A.C. on trans-Pacific traffic which Cribbett apparently wishes to discuss, I think the most important thing is to find out what they have in mind. We could scarcely make any commitment at this stage until we are much closer to the actual time of operation. On the other hand, there may be some benefits in the way of interchange of traffic that could be obtained. Moreover, it should be kept in mind that we will have to get traffic rights from the United Kingdom in Hong Kong and some sort of co-operative arrangement in setting up the round-the-world route might be the easiest method of granting a concession in return. The thing T.C.A. wishes to avoid is the development of a British service across the States to a Canadian terminal, e.g., Vancouver, which would cut heavily into existing T.C.A. traffic between Canada and United States.

As I mentioned in a separate memorandum, I am puzzled over the U.K. wishes since the latest communication from Cribbett, while mentioning the earlier talks which related to the North Pacific, now brings in the South Pacific.

(6) *T.C.A. Caribbean Route*

The U.K. may wish to know when we will initiate service as contemplated by our agreement with the Bahamas, Jamaica and Trinidad. You may wish to check with Mr. Howe on this point. Our last word on this was that he proposed to tell T.C.A. that they should plan to commence operations around November 1st but I do not know whether this instruction was ever given.

753.

CH/Vol. 2114

*Rapport d'une discussion entre le ministre des Transports
et le ministère de l'Aviation civile du Royaume-Uni*

*Report of Discussion between Minister of Transport
and United Kingdom Ministry of Civil Aviation*

CONFIDENTIAL

[London, November 18, 1948]

NOTE OF AN INFORMAL DISCUSSION HELD AT 3 P.M. ON MONDAY,
1ST NOVEMBER, 1948, IN ROOM 405, ARIEL HOUSE, WITH
MR. CHEVRIER, CANADIAN MINISTER OF TRANSPORT

Present:

Mr. L.J. Dunnett, Ministry of Civil Aviation (In the Chair)
Mr. L. Chevrier, Canadian Minister of Transport
Mr. J.H. Tudhope, Canadian Civil Air Liaison Officer in London
Major H. Jones, Ministry of Civil Aviation
Mr. J.W. Ivimy, Ministry of Civil Aviation
Mr. J.R. Madge, Ministry of Civil Aviation

The Chairman welcomed the opportunity of meeting Mr. Chevrier and of discussing informally with him questions of mutual interest in civil aviation. In subsequent discussion on the various topics raised the following points were made:

1. *Services between North America and Australia and New Zealand*

(a) B.C.P.A.,¹⁰ a joint operating company, was now operating services on the South Pacific route. The possibility of Canadian participation in a joint company had been raised at an earlier date but Canada had felt unable to come in. It had been hoped as an alternative that some pooling arrangement would be possible between B.C.P.A. and the company designated by Canada.

(b) The Canadian Government had designated Canadian Pacific Airlines, a private company and subsidiary of C.P.R., for the South Pacific route. This choice had been made largely because T.C.A. were fully occupied on current and proposed services and because C.P.A. would be able to utilize the facilities of C.P.R. in the area and were willing to operate the route without subsidy.

(c) It would be difficult, in view of the designation of C.P.A. to provide for any pooling arrangement at the Government level. The Canadian Government favoured parallel operations. This course would not however preclude some arrangement on schedules and use of facilities between the airlines concerned.

(d) C.P.A. were unlikely to begin operating within one year at a minimum in view of the need for the negotiation of agreements and other preparatory work.

(e) The traffic on the South Pacific route was not heavy and the Australian and New Zealand Governments could only be expected to look for justification of

¹⁰ British Commonwealth Pacific Airlines.

Canadian services on 3rd and 4th freedom traffic with only pick-up traffic from San Francisco.

(f) It would be desirable to consider the question of rights for C.P.A. as soon as practicable.

(g) While the Canadian Government would not send an official delegation to take part in discussion at the 3rd S.P.A.T.C.¹¹ they proposed to send observers to the meeting.

2. *Services Across the North Pacific*

(a) There had been earlier discussion on the possibility of joint B.O.A.C./T.C.A. operations on N. Pacific services.

(b) The Canadian Government had designated C.P.A. for services on the route; the same time factor applied as for S. Pacific services and the route was expected to be between Vancouver and Hong Kong and Shanghai.

(c) Any discussion on arrangements for joint operations would have to be between the airlines concerned once the question of traffic rights had been agreed at Government level.

3. *Canada-U.S. Agreement*

(a) Discussion of an agreement had been postponed until the American Presidential Elections were over. Failing any American approach the Canadian Government would propose to raise the question in the near future. When agreement had been reached with the U.S. they would be able to consider the question of U.K. rights.

4. *Fares on T.C.A. Government Service*

(a) The Americans had recently shown some anxiety over the fares charged on the T.C.A. services on behalf of the Ontario Government. These services had previously been operated by Transocean, a U.S. Charter operator, but their operations had been stopped by the U.K. on the grounds that they were on frequent and regular schedules and were not, therefore, properly charter operations. The same argument applied to the T.C.A. services and the U.K. was therefore in an embarrassing position since the fares charged by T.C.A. on the services were below I.A.T.A.¹² rates. The question had been raised with the Canadian Government and it might be necessary to have further discussions on the line to be taken to justify the lower fares.

(b) It was possible that this question might be raised at the forthcoming I.A.T.A. meeting in Bermuda.

5. *Airports and Facilities in Canada*

Mr. Chevrier stated that the cost of provision of facilities in Canada was high, a large proportion being in respect of Aeradio facilities. A programme for installation of I.L.S.¹³ equipment was now in hand; some six sets had already been installed and a further 15 to 20 were planned.

¹¹ South Pacific Air Transport Council.

¹² International Air Transit Agreement.

¹³ Instrument Landing System.

3^e PARTIE/PART 3SERVICES AÉRIENS TRANS-PACIFIQUES
TRANS-PACIFIC AIR OPERATIONS

754.

PCO/Vol. 66

Note du ministre des Transports pour le Cabinet
Memorandum from Minister of Transport to Cabinet

CONFIDENTIAL

Ottawa, May 11, 1948

RE TRANS-PACIFIC AIR SERVICES

The question of Canada's position in relation to trans-Pacific air services has been under consideration for some time, and it has been contemplated that, at an appropriate time, certain trans-Pacific air services would be inaugurated.

2. Up to the present time, it has been contemplated that such services would be undertaken by Trans-Canada Air Lines but, by virtue of the fact that Trans-Canada Air Lines have been fully occupied in inaugurating the Canada-United Kingdom, Canada-Bermuda, Caribbean, and possibly South American services, no serious attention has been given yet to the trans-Pacific services.

3. In the meantime, United States air lines have been active in this field and have inaugurated the under-mentioned trans-Pacific services:

(a) *Pan American World Airways*

(i) from San Francisco and Los Angeles via Honolulu to Japan, the Philippines, Shanghai, French Indo China, Calcutta and onwards

(ii) via Honolulu to New Zealand and Australia

(b) *Northwest Orient Airlines*

from Chicago or Seattle via Anchorage to Tokyo, Korea, Shanghai, China and the Philippines.

Note: These two lines carried 51,142 passengers in the period January to August, 1947, at a passenger load factor of 62 percent.

4. Not only has Canada no trans-Pacific air services as yet, but it does not have any trans-Pacific steamship services, as the steamship services formerly performed by Canadian Pacific Steamships have been discontinued due to the fact that the vessels utilized on this service were destroyed during the war.

5. As the provision of a trans-Pacific steamship service cannot be realized for some time and may not be possible on the same scale as formerly because of the prohibitive cost involved, consideration of the early inauguration of a trans-Pacific air service would appear appropriate at this time.

6. If such an air service were provided it would tend to protect Canada's trade position in the Pacific to some extent before American air lines operating in this area have become too strongly entrenched. If and when a steamship service is reestablished, the air service inaugurated would be complementary thereto and it proba-

bly would avoid the provision of expensive passenger vessels formerly in this service.

7. Under date of June 11, 1946, Canada entered into a bilateral agreement with Australia for air services between Canada and Australia. Under the annex of this agreement, on air line designated by the Government of Australia was to operate on a route as follows:

Sydney to Vancouver via Fiji, Canton Island, Honolulu, San Francisco or other intermediate stopping places as may be mutually agreed upon in both directions.

Under the same agreement, an air line designated by the Government of Canada was to operate a return service originating in Canada and terminating in Australia. The route to be operated by the designated air line of the Government of Canada was to be Vancouver to Sydney via such intermediate stopping places as may be mutually agreed in both directions.

8. The Government of Australia designated British Commonwealth Pacific Airlines Ltd. to operate this service, which service has been operated since May, 1947.

The Government of Canada has not yet designated an air line to operate the Canada-Australia service.

9. No agreement has yet been reached between Canada and New Zealand regarding a trans-Pacific air service to New Zealand, but Air Transport Board Licence No. 225, dated May 31, 1947, to British Commonwealth Pacific Airlines specifies that British Commonwealth Pacific Airlines Ltd. may operate an international scheduled commercial air service for the transport of passengers, goods and mail as follows:

(a) between the terminal Vancouver, Province of British Columbia, Canada, and the terminal Sydney, Australia, serving the intermediate points New Caledonia (optional), Fiji Islands, Canton Island, Honolulu and San Francisco, U.S.A.

(b) between the terminal Vancouver, Province of British Columbia, Canada, and the terminal Whenuapai (Auckland), New Zealand, serving the intermediate points Fiji Islands, Canton Island, Honolulu and San Francisco, U.S.A.

subject to the proviso that:

"As and when an Agreement for Air Services is concluded between the Governments of Canada and New Zealand, this licence will be revised insofar as may be necessary to conform with the provisions of such Agreement."

10. The United Kingdom is pressing Canada to help it by providing a service to China.

11. The Minister is in receipt of a letter from Canadian Pacific Air Lines requesting that consideration be given to the designation of that company to operate 2 trans-Pacific services as follows:

(a) The service specified in the Canada-Australia Agreement dated June 11, 1946 (referred to in paragraph 7 above)

(b) A service between Vancouver and Hong Kong via Kodiak Island, Shemya, Tokyo, Japan and Shanghai, China.

12. Canadian Pacific Air Lines, Limited suggest that as the Canadian Pacific Railway Company, through the Canadian Pacific Steamships, have been in the Pacific transportation business since 1886 and have established agencies in connection with their steamship services throughout the Orient, Australia and New Zealand and as these agencies have been maintained in the hope and expectation that they sooner or later would be again in a position to operate steamships in the Pacific that Canadian Pacific Air Lines, Limited,

(a) would be in a better position to establish a transPacific air service at lower development cost than could be performed by any other interest;

(b) are willing to undertake this service as soon as the necessary formalities are completed and the necessary equipment for the service has been acquired;

(c) the establishment of such an air service would permit Canadian Pacific Railway Company to recover a considerable part of their lost position in the Pacific.

13. Canadian Pacific Air Lines, Limited now have agents at twenty points in the Pacific (see Schedule A)† and they estimate that the cost of maintaining such agencies is \$200,000. per annum.

14. Canadian Pacific Air Lines, Limited are not requesting any subsidy for such service.

15. Canadian Pacific Air Lines, Limited summarize their reasons for believing it would be in Canada's national interest to designate Canadian Pacific Air Lines, Limited to operate the two Pacific routes above named as follows:

(a) The Canadian Pacific have been providing transportation to the Orient since 1886 and are well established throughout the whole Pacific area.

(b) The Canadian Pacific have an extensive traffic organization already in existence throughout the Orient, as well as in the United States and Canada, which no air line could afford to duplicate.

(c) At the present time, American steamships and American air lines are making rapid inroads into the traffic formerly handled by Canadian carriers but neither the air lines nor the steamships in the United States can offer the complementary services which Canadian Pacific would be prepared to operate, combining steamship and air line transportation in the Pacific area.

(d) Because the Canadian Pacific traffic organization is already established throughout the Orient, we would be in a position to commence operations with a minimum of delay, which is felt to be essential if Canada's position in the field of Oriental trade as well as international air transport is to be developed and maintained.

(e) Canadian Pacific Air Lines has, on its flight staff, a number of crews who have had considerable over-ocean experience and presently employs the necessary trained personnel to operate the Pacific routes.

(f) In order that the expenditure of Canadian funds in foreign countries may be held to a minimum, it is essential that established facilities be used to the best advantage. In line with this policy, it is felt that the combined services which Canadian Pacific could offer would constitute an ideal transportation organization in that high speed cargo and passenger traffic would be handled by air, heavy cargo and

leisurely tourist traffic by ship, and the same agency could arrange combination passenger trips, one way air and return ship.

(g) With the close co-operation which exists between Canadian Pacific Air Lines and Trans-Canada Air Lines, it would be possible to turn over to T.C.A. at Vancouver air passengers for New York and Europe. T.C.A. would thus benefit indirectly from the services of all Canadian Pacific agents throughout the Pacific who would book air traffic over Trans-Canada's lines to the Eastern United States and Europe.

(h) In the event of a third world war, Canada would have two air lines operating internationally, with personnel trained in international and overseas operations. This would be a distinct advantage in aiding and augmenting the armed forces for purposes of national defence.

[LIONEL CHEVRIER]

755.

DEA/72-ALD-40

*Note pour le secrétaire d'État aux Affaires extérieures*¹⁴

*Memorandum for Secretary of State for External Affairs*¹⁴

SECRET

[Ottawa], May 17, 1948

I understand that one of the questions before Cabinet at its next meeting is whether there should be a change in the policy of the Government that Trans-Canada Air Lines should be the sole Canadian agency which may operate international air transport services.

2. This policy, as you know, was announced by the Prime Minister in the House of Commons on April 2, 1943. The announcement of this policy was preceded by discussions in the Interdepartmental Committee on International Civil Aviation.

3. The Committee spent most of its time working out the Canadian proposals for an international civil aviation organization, which were later put forward by Canada at the Chicago Aviation Conference in November, 1944. The Government at that time was in favour of a monopoly of international services for the publicly-owned line. The Committee therefore did not feel it necessary to develop the arguments for this position, the wisdom of which the Committee did not doubt.

4. An indication of the Committee's line of thinking, however, is given in its report of September 28, 1943, which was approved by the Cabinet War Committee on October 6, 1943. In this report the Committee said:

"Because of the close connection between air transport and security, the international problems of air transport are more political and security problems than commercial problems. Any proposed international agreement on air transport will have to help solve the political and security problems of the post-war world and be

¹⁴ Note marginale :/Marginal note:

On Mr. Pearson's instructions this was not sent formally to the Minister but I discussed the question informally with him and left him this document as a sort of aide mémoire. E[scott] R[eid]

judged by its contribution to the establishment of a permanent system of general security."

5. This consideration is related to that mentioned by the Prime Minister in his statement to the House on April 2, 1943, paragraph 7, which reads as follows:

"T.C.A. has by its charter the right to operate international air transport services and has already been designated as the instrument of the Canadian Government in air transport service across the North Atlantic, and in Canadian services to the United States. The fact that international negotiations of great importance must shortly take place confirms the wisdom of Government policy under which its freedom of action in international negotiations is not limited by the existence of private interests in international air transport services."

6. It seems to me that these two statements indicate clearly the relevant international political considerations. If Canadian air lines engaging in international air transport are publicly owned, the freedom of action of the Canadian Government in international negotiations on international air transport is not limited by the existence of private interests in international air transport services. This means that the government can base its policy on the over-riding political and security factors. Certainly the Prime Minister's announcement of April 2, 1943, on this subject made the position of Canada at the Chicago Aviation Conference a good deal easier than it otherwise would have been. The Canadian delegation, unlike delegations from many other countries, especially the United States, was not subjected to heavy pressure from privately-owned air lines. This meant that the Canadian Government had less difficulty than did other governments in pursuing consistently that policy which it considered to be in the long-run national interest of Canada, even though it might not be in our short-run commercial interest.

7. Once the Government permits the Canadian Pacific Air Lines to run international air transport services from Canada to the Far East and to Australia, a private Canadian interest will be created in the maintenance of those services. This may mean that at some time in the future it will be more difficult for the Canadian Government to pursue in respect of Pacific services that policy which at that time is in the long-run general national interest of Canada, taking into account the over-riding political and security considerations, as well as the purely commercial considerations.

756.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], May 20, 1948

TRANS-PACIFIC AIR SERVICES

23. *The Minister of Transport* reported that it had been earlier contemplated that Trans-Canada Air Lines would operate an air service across the Pacific to Australia

and New Zealand and that a bilateral agreement had been entered into with Australia accordingly.

This service had not yet been initiated and would require substantial financial assistance. Nevertheless Canadian air services across the Pacific would serve useful purposes both economic and strategic, and should reduce requirements for Canadian steamship passenger service in that area.

Canadian Pacific Air Lines had requested that it be designated by the government to operate two trans-Pacific air services, the first to Australia and New Zealand and the second by way of Alaska and Japan to China and Hong Kong. The Canadian Pacific Railways had long experience in passenger operations and possessed agencies throughout the region which were being maintained and which could serve trans-Pacific air services. No subsidy was requested. The proposed operations would co-operate closely with T.C.A. in interchange of traffic.

An explanatory memorandum had been circulated.

(Minister's memorandum, May 11, 1948; Cabinet Document 675).†

24. *Mr. Chevrier* added that while economic considerations indicated the desirability of approving the request of C.P.A., this action would involve a reversal of announced government policy. In 1943, the Prime Minister had stated that T.C.A. would be the sole Canadian agency to operate international air service and this policy had been confirmed in subsequent years by the responsible Minister.

25. *The Minister of Trade and Commerce and Reconstruction and Supply* pointed out that both the government and T.C.A. had in recent years received full co-operation from C.P.A. In view of the fact that T.C.A. was not in a position to proceed immediately with development of Pacific operations and would require heavy financial assistance for this purpose, and in view of the established position and facilities of the Canadian Pacific system it would be desirable to modify the policy of the government to permit C.P.A. to operate these services.

26. *The Prime Minister* pointed out that any such decision should be based on the understanding that no subsidy would be provided to C.P.A. and that, in the event of a subsidy being requested, the government would reconsider its approval of the operations.

27. *The Secretary of State for External Affairs* referred to considerations of external policy which had led to the decision announced in 1943.

28. *The Cabinet*, after further discussion, deferred decision.

*Note du secrétaire adjoint du Cabinet
pour le ministre des Transports*

*Memorandum from Assistant Secretary to Cabinet
to Minister of Transport*

SECRET

Ottawa, July 10, 1948

RE PACIFIC AIR SERVICES

As you know, when the matter of granting the C.P.A.'s request to be allowed to operate as a designated Canadian airline two trans-Pacific air services was up previously, it was indicated that T.C.A. was not interested at present in either of these operations and accordingly had no objection to the C.P.A. proposal. It was also pointed out at that time, however, that approval of the request would require a major change in announced government policy and that, although C.P.A. had agreed to initiate operations without any subsidy guarantee from the government, the opinion was held in certain quarters that neither service could be operated without subsidy and that after initiation, the government would be faced with either letting the services drop or providing at a later date a subsidy to keep them going.

Last week, I had a lengthy meeting with the Chairman of the Air Transport Board and with the President (and Vice-President) of T.C.A. to discuss problems related to the expected renegotiation of our aviation agreement with the United States, at which time both countries will wish to obtain certain new concessions regarding air services.

In the course of the discussions, another problem in relation to the suggested C.P.A. operation came to the fore and upon examination seemed to disturb the T.C.A. representatives at the meeting considerably.

In short, the situation is that, in order to obtain the necessary traffic rights for the two Pacific services, we will have to negotiate agreements with a number of other countries, the most important of which, in this connection, will be the United States. We would have to ask for certain traffic rights which we could only obtain by granting in return traffic rights in Canada to the airlines of the other countries concerned. Any such traffic rights granted in Canada would be at the expense of T.C.A., i.e. would provide more competition within Canada for our international traffic which is not overly large in any case. Any extensive development in this direction would seriously affect T.C.A.'s economic position.

In other words, it would appear that in order to get the necessary concessions from other countries in order to make C.P.A. operations in the Pacific area possible, we would have to make substantial concessions in return, all of which would be at the expense of T.C.A.'s position.

The most important negotiations would, of course, be with the United States. We would have to ask for traffic rights in Alaska, in Hawaii and possibly in San Francisco for the two Pacific operations. We would not get these substantial concessions without granting substantial concessions in return, and the only concessions in

which the United States is likely to be interested in Canada are ones which relate to traffic points presently served by T.C.A. If, on the other hand, when we enter upon new negotiations with the United States we do not have to ask for any rights for Pacific services, our requests in regard to international traffic stops in the United States will be relatively limited, covering an Atlantic Coast stop on the way to Bermuda and an Eastern stop on the way to the West Indies. It is to be hoped that these concessions could be obtained without giving up very much to the United States in return. If, on the other hand, we also have to ask for the rights relative to the Pacific which are indicated, we will have to be prepared to offer a great deal more.

The situation is similar although less serious with regard to the other countries with which we would have to negotiate for the Pacific services. These are the United Kingdom (Hong Kong and Fiji), China, Australia, New Zealand, Japan (U.S. government as occupying authority) and possibly the Netherlands East Indies. The concessions we want would have to be offset by concessions we gave in Canada, and although the importance of these might vary considerably, they would virtually all be at the expense of T.C.A.

These factors may not be sufficient to offset other considerations in favour of the proposal, but since they had not been reviewed carefully before by the officials concerned, and since T.C.A. officials have expressed anxiety in this connection, I thought they should be drawn to your attention.

J.R. B[ALDWIN]

758.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], July 13, 1948

TRANS-PACIFIC AIR SERVICES; CANADIAN PACIFIC AIR LINES

18. *The Minister of Transport*, referring to discussion at the meeting of May 20th observed that no decision had been taken upon the request of Canadian Pacific Air Lines to be designated as the Canadian line to operate two services in the Pacific, one to Australia and New Zealand and the other to Asia.

Two difficulties had been foreseen. In the first instance, in order to obtain the necessary traffic rights for these services from other countries through the usual medium of bilateral negotiations, it would be necessary to grant reciprocal rights in Canada. Reciprocal rights in Canada might be sought at the expense of Trans-Canada Airlines. In the second place, designation of Canadian Pacific Air Lines for these international operations would involve a reversal of the principle of government policy announced by the Prime Minister some years previously and pursued ever since, namely, that Trans-Canada Airlines would be the only air line designated for international operations. The government would undoubtedly be asked

for a new statement of policy in relation to private air lines should the C.P.A. request be approved.

19. *The Minister of Trade and Commerce and Reconstruction and Supply* pointed out that Trans-Canada Airlines was not in a position to operate Pacific services at present and in any event could only operate such services in the foreseeable future at a substantial financial loss.

On the other hand, Canadian Pacific Air Lines already had an extensive network of communications and agencies in the Pacific area and, therefore, might reasonably be expected to undertake these operations more economically. C.P.A. had not requested any government financial assistance. As for the traffic rights which would have to be obtained to make the Pacific operations possible, it should be understood that it would not be necessary to seek traffic rights for C.P.A. which would require in return Canadian concessions detrimental to T.C.A. operations.

20. *The Prime Minister* pointed out that, should the proposed C.P.A. services be approved, it should be on the clear understanding that no government subsidy was required or would be asked. Should a subsidy be required at any time in the future, the government would find it necessary to reconsider the whole position respecting designation of a private air line for these services.

21. *The Cabinet*, after further discussion, agreed that, in the circumstances, designation of Canadian Pacific Air Lines to operate the international air services requested in the Pacific be approved subject to the conditions indicated by the Prime Minister and the Minister of Reconstruction and Supply.

...

759.

DEA/72-ALQ-40

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

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

Ottawa, August 9, 1948

AIR SERVICES TO THE PACIFIC

In Telegram No. 9, August the 7th, from the Minister for External Affairs in Australia,† it is suggested that the Canadian Government should send representatives to the South Pacific Air Transport Council to be held in Wellington, New Zealand, about August 24th with a view to discussing the position of Canada in Pacific air services. I believe it would be useful to trace for you a brief summary of the developments in respect to these Pacific air services.

On July 21st, following a Cabinet decision to designate Canadian Pacific Air lines to operate to the Pacific, Mr. Chevrier released a statement to the Press† which indicated that Canadian Pacific Airlines would operate two trans-Pacific routes. Unfortunately there was no prior notification of this statement given to this

Department and it was feared that the nature of the statement was such as to arouse a certain amount of apprehension on the part of New Zealand and Australia. Accordingly, telegrams† were despatched on July 22nd to our High Commissioners in New Zealand and Australia explaining that Mr. Chevrier's statement was really an indication of Government policy and that no immediate services into the Pacific would be inaugurated. One year was estimated to be the probable time required to complete the administrative planning and necessary air agreements to facilitate this service. Despatches were also sent to these two missions outlining further background data concerning Mr. Chevrier's statement.

This information, however, did not allay the apprehensions of New Zealand and Australian authorities. Our High Commissioner in the former country was notified that Sir Leonard Isitt, the Director of Civil Aviation, would probably visit Canada in October to discuss these matters, and in the meantime New Zealand suggested that Canada should send representatives to the South Pacific Air Transport Council meeting who would be in a position to explain the Canadian position. It had originally been planned that Canada would be represented at this meeting by an observer and on receipt of this invitation to be fully represented the matter was referred to Mr. Chevrier. We are at present awaiting a decision. The Australian authorities have now reaffirmed the New Zealand invitation in their Telegram No. 9.†

On August the 3rd Mr. Chevrier gave to this Department a further statement explaining some of the reasons behind the decision to operate into the Pacific and the text of his statement, which is attached to this memorandum, was forwarded by despatch to our High Commissioners in Australia and New Zealand.†

I have recommended to Mr. Chevrier that there would be certain advantages in restricting our representation at the South Pacific Air Transport Council meeting to an observer and delaying discussions until the Fall when Sir Leonard Isitt will visit Canada. However, the general attitude to be assumed in our discussions on this question is a matter of Government policy which you may care to discuss with Mr. Chevrier.

L.B. P[EARSON]

760.

DEA/72-BP-40

*Note du secrétaire adjoint du Cabinet
pour le ministre des Transports*

*Memorandum from Assistant Secretary to Cabinet
to Minister of Transport*

Ottawa, August 13, 1948

RE PACIFIC AIR SERVICES; TRAFFIC RIGHTS
FOR CANADIAN PACIFIC AIR LINES

This matter has been discussed by the Interdepartmental Committee on Civil Aviation, which recommends the following procedure.

1. *Northern Pacific Route*

(a) Transit rights in Alaska and the Aleutians are required; i.e., the first two freedoms. These are already available under the International Air Transit Agreement so that all that is necessary is notification to the U.S. government at the appropriate time together with a request for permission to use specific airports. This should be taken up at a later date after we have made the necessary arrangements with other governments concerned on this route.

(b) It was understood that C.P.A. wishes full traffic rights in Japan. These would have to be obtained from the Supreme Allied Commander of the occupation forces, i.e., General MacArthur, and preliminary investigation has indicated that there may be great difficulty in getting them. A telegram will be sent to our representative in Tokyo asking him to explore the situation and report.

(c) It is understood that C.P.A. wishes full traffic rights in China (including fifth freedom). As a first step it is proposed that we notify the Chinese government that we would like to enter into a bilateral agreement and will, if they are agreeable, forward a draft agreement for their consideration. Pending receipt of a reply from the Chinese government, we will explore through our Ambassador the general position regarding Chinese aviation so that we will be in a position to decide whether to ask for a four freedoms agreement or a five freedoms agreement. While we might be able to make a satisfactory five freedoms agreement under which any reciprocal rights granted to a Chinese air line would not do us much harm, on the other hand some uncertainty existed with regard to the ownership and operation of the major Chinese international air service, and we would be well advised to obtain information regarding the capital behind it, among other things, before reaching any final decision.

(d) It is understood that C.P.A. wishes full traffic rights in Hong Kong. We lack information on the policy presently being followed in respect of traffic rights in Hong Kong and the nature of the concessions which might be asked of us in return by the U.K. government. As a first step, before making any formal approach, we propose to request our High Commissioner in London to obtain full information

regarding air lines presently serving Hong Kong and the policy followed in the matter of granting traffic rights there.

2. *Southern Pacific Route*

(a) It is understood that, while C.P.A. wishes full traffic rights in Hawaii, ministerial decision had been taken that we should ask the United States for only the third and fourth freedoms, not the fifth freedom. This presumably would be taken up during our next bilateral discussions with the United States. If at that time it appears that fifth freedom rights could also be obtained without difficulty from the United States and without any offsetting disadvantageous concessions by Canada, there would, of course, be no reason why we should not seek fifth freedom rights as well.

(b) Fiji, Canton and Christmas Islands. No difficulty should exist with regard to transit rights in Canton and Christmas Islands. The Department of External Affairs is checking on this point and is also investigating the question of traffic rights on Fiji which has already been dealt with in part by an exchange of notes some time ago.

(c) Agreement with Australia. Our present agreement with Australia is a four freedoms agreement and by informal arrangements we have allowed Australia to carry fifth freedom traffic as well into Canada. It is recommended that the present agreement be allowed to stand without amendment and that C.P.A. operate under it. If, however, we should obtain fifth freedom rights in Hawaii, we would then request Australia to amend the agreement to include fifth freedom rights in Australia. Otherwise no fifth freedom agreement with Australia is needed since there would be no fifth freedom traffic to carry to it.

(d) It is recommended that an agreement be entered into with New Zealand similar to the Australian agreement.

It is suggested that, if you approve the foregoing proposals, an appropriate communication be forwarded to Canadian Pacific Air Lines indicating the action which the Canadian government is undertaking. The main points which might be made in this communication are:

(1) On the Southern Pacific route no difficulty exists with regard to Australia and New Zealand but detailed plans for operation must wait upon our next negotiations with the United States which may take place some time during the autumn or winter.

(2) Arrangements regarding the Northern route have been initiated and preliminary exploration has already revealed that a lengthy period may elapse before the necessary traffic rights can be obtained.

3. *Cooperation in Pacific Services*

I attach a note on this subject which I have today forwarded to Mr. Howe for his use in discussion with a New Zealand representative. This note represents the conclusions of the committee and, if you approve them, will be used by the officials for their future guidance.

J.R. BALDWIN

761.

DEA/72-BP-40

*Note du secrétaire adjoint du Cabinet
pour le ministre de la Reconstruction
et des Approvisionnements et du Commerce*

*Memorandum from Assistant Secretary to Cabinet
to Minister of Reconstruction and Supply
and of Trade and Commerce*

Ottawa, August 13, 1948

PACIFIC AIR SERVICES; COMMONWEALTH COOPERATION

There have been recent rumours that Australia, New Zealand and the United Kingdom jointly or separately wish to raise the question of cooperation in the Pacific air service again, and exert further pressure on us. Since Sir Leonard Isitt is, I understand, coming to see you tomorrow morning and may mention this matter, I consider it desirable to indicate to you the outcome of certain general conclusions on this subject which resulted yesterday from discussions at the Interdepartmental Aviation Committee. These conclusions were:

(1) In 1944 we indicated that we were not interested in participating in a joint company in the Pacific. There has been no change in the situation to indicate that it is any more in our interest to do this now than it was then. C.P.A. was designated to operate a Canadian air service in the Pacific and not to be a participant in a joint operating company. The idea of participation in a joint Commonwealth company does not offer any attraction at present.

(2) There are some indications that the idea of two separate operations meeting at a halfway point may be revived, i.e. B.C.P.A. operating up to Honolulu and there meeting Canadian Pacific which would operate only from Honolulu to Vancouver. The Committee felt that this should be rejected. Canadian Pacific's own interest in keeping its name before the various Pacific countries and in working through its own travel offices would probably require that it operate all the way to Australia and New Zealand, not just to a halfway point.

Moreover, the President of Trans-Canada Air Lines stated that while TCA did not wish to operate to Australia and New Zealand, its attitude would be different if the Canadian operation was only one from Vancouver to Honolulu, i.e. TCA might have been interested in a limited service of that sort, particularly if traffic rights in the United States were available.

Further, this type of cooperation would mean that Canada would have to obtain some traffic rights in the United States to satisfy the requirements of Australia and New Zealand for trans-shipment of passengers and, for the present at least, it is desirable to avoid raising this issue with the United States. Accordingly the Committee felt that there would not be any benefit to be gained from discussion of this sort of cooperation.

(3) Indications have come from Australia and New Zealand and they believe the Canadian government is committed to the type of operation discussed in 1944-45, i.e. pooling of traffic and revenues but not of deficits, with inter-company arrangements regarding schedules, etc. The Canadian government does not believe that it is committed formally and finally to this cooperation, but rather that its attitude in 1944-45, as indicated in the records, is that it had no objection to a scheme of this sort, provided satisfactory arrangements could be worked out; these details would be primarily a matter of concern to the two airlines involved. This, the Committee felt, should continue to be our attitude.

It is worth noting that the Montreal discussions were based on the assumption that B.C.P.A. would use the Canadair 4 and as long as this is not the situation, one of the basic assumptions underlying the scheme of cooperation discussed in Montreal is lacking.

J.R. BALDWIN

762.

DEA/72-BP-2-40

*Note du ministre de la Reconstruction
et des Approvisionnements et du Commerce
pour le secrétaire adjoint du Cabinet*

*Memorandum from Minister of Reconstruction and Supply
and of Trade and Commerce
to Assistant Secretary to Cabinet*

Ottawa, August 20, 1948

RE PACIFIC AIR SERVICES; TRAFFIC RIGHTS
FOR CANADIAN PACIFIC AIR LINES

Thanks for handing me a copy of your memorandum to Mr. Chevrier. I wish to comment as follows:

(1) The North Pacific Route. Canadian Pacific has commercial rights at Fairbanks, Alaska, although these do not carry the 5th freedom. If we could get 5th freedom rights at Fairbanks without paying too high a price, this might be worth doing. Aside from this, 1st and 2nd freedom rights, which we now have, should be sufficient.

We are pressing for full traffic rights in Japan. We have nothing to lose by granting reciprocal rights to Japanese owned airlines and should go all out to obtain full rights.

The same applies to full traffic rights in China. We can insist that China shall own, or control, any airline that exercises these rights on a reciprocal basis. I cannot for a minute think that our people would fly on a Chinese airline and can see no loss of traffic from this.

I presume that the U.K. controls traffic rights in Hong Kong but we are pressing for this. On my last visit to England, B.O.A.C. was anxious to work out an arrange-

ment covering an airline between Hong Kong and Canada. This proposal will probably be taken up again but these should be ways and means of working out the situation.

(2) The Southern Pacific Route: So far as the Southern Pacific route is concerned, the first step will be to straighten out our situation with Australia and New Zealand. Both countries are worried about possible loss of traffic to C.P. Air Lines operating via the southern route. My guess is that C.P.A. will not be able to tackle the southern route for some time.

It seems to me that 4th freedom rights in Australia and New Zealand are sufficient and I see no difficulty about routes at Fiji, Canton and the Christmas Islands.

We can again take up 5th freedom rights for Hawaii at an appropriate time. I would judge that we could obtain these rights by the time C.P.A. are ready to exercise them.

My discussion with Air Marshal Isitt indicated that there would be no difficulty insofar as New Zealand is concerned, provided C.P.A. do not intend to operate the southern route immediately.

C.D. HOWE

763.

DEA/72-BP-40

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

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

SECRET

Ottawa, August 24, 1948

AIR SERVICE TO THE PACIFIC

In my memorandum of August 9th, I traced for you some of the developments that had occurred following the recent Government decision designating Canadian Pacific Airlines to operate into the Pacific region. On the advice of the Minister of Transport, we have declined an invitation jointly extended by the Governments of Australia, New Zealand and the United Kingdom to send an official delegation to the next meeting of the South Pacific Air Transport Council. We have indicated that our plans are as yet at a relatively early stage and are not sufficiently formulated to make it worth while to send an official participant to the Council meeting. However, it is planned that a Canadian observer will attend and report fully the nature of the discussions at this meeting.

The Governments of Australia, New Zealand and the United Kingdom, which comprise the British Commonwealth Pacific Airlines, have indicated that they might feel that Canada was committed by earlier Commonwealth discussions to enter British Commonwealth Pacific Airlines as a partner. At these earlier discussions the question of co-operative services was informally discussed, and Canada clearly indicated that she was not interested in entering a joint ownership and operation company although we were willing to consider some sort of co-operative

pooling in the operation of the services. These discussions, moreover, were based on the assumption that B.C.P.A. would use the Canadair 4 aircraft. The latest information appears to indicate that Australia and New Zealand are anxious to use such aircraft, but under a plan where these aircraft would be contributed as Canada's share in a single co-operative Commonwealth company.

The policy of the Canadian Government, as indicated by Mr. Chevrier, clearly suggests that Canada plans to operate a separate company to the Pacific, and although we are willing to consider the question of the pooling of services, it is not felt that Canada's participation as a partner in B.C.P.A. is warranted on economic grounds. This view was recently given by Mr. Howe directly to Sir Leonard Isitt, Director of B.C.P.A., during a recent visit in Ottawa.

The other Commonwealth Governments have now raised certain political arguments which they feel have some bearing on the establishment of a Commonwealth airline: namely, they have expressed the desire for the development of a strong united Commonwealth round-the-world air service with all parts of the Commonwealth taking part. The United Kingdom, by virtue of her war effort, is at least temporarily behind the United States in air development, and they have suggested that the Commonwealth and the Empire should work to develop a great and official world air service. A single Commonwealth Pacific Air Service is seen as a step towards this goal. They have suggested that, should an additional airline of a Commonwealth country operate an entirely independent service, the position of all the Commonwealth airlines would be weakened without physically affecting the competitive strength of the United States airlines. In addition, the other Commonwealth countries have stressed the importance in defence of a unified Commonwealth service.

These political arguments are in a sense valid but I doubt if they are of sufficient weight to warrant a reversal of our policy by which we have normally resisted any attempts to form Commonwealth economic blocs. However, I am drawing them to your attention in the event that you may care to discuss this question with your Colleagues.¹⁵

L.B. P[EARSON]

¹⁵ Note marginale :/Marginal note:

I do not think we need reopen this question at this time. St. L[aurant]

764.

DEA/72-ALQ-40

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

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

[Ottawa], October 26, 1948

MEETING OF THE SOUTH PACIFIC AIR TRANSPORT COUNCIL

You will recall in my memorandum of August 9th I informed you that Canada had been invited by Australia, New Zealand and the United Kingdom to attend the meeting of the South Pacific Air Transport Council with a view to discussing the whole question of Canadian Air Services to the Pacific. You consulted with the Minister of Transport on this question and it was decided, since the meeting was to take place the latter part of August, and since our plans for Pacific air services were at a relatively early stage, that we should not send an official participant to the Council meeting. However, it was planned that a Canadian observer would attend and report fully on the nature of the discussions.

The meeting of the Council has now been postponed until November 29th, and both of our High Commissioners in Australia and New Zealand have indicated in personal letters that they feel strongly that a full Canadian Delegation should attend the meeting. In their letters, both Mr. Rive and Mr. Greene have expressed concern lest the misunderstanding between Australia and New Zealand and Canada, arising out of the designation of Canadian Pacific Airlines as the Canadian carrier, might prejudice the relationship between Canada and the other Commonwealth countries.

It was felt that Mr. Howe himself would be an excellent man to attend this meeting and clarify the Canadian position. However, in view of his heavy Cabinet responsibilities, he has felt his attendance at this meeting would not be possible, and he has suggested that Mr. Rive should head the Canadian Delegation, which would also include Air Vice Marshal Ferrier, a member of the Air Transport Board, and Mr. Rau of the Office of the Canadian High Commissioner in Australia.

I would be pleased to learn if you concur in this suggestion that Canada should be represented by a full delegation at this meeting, and if you would agree that Mr. Rive might serve as the head of the delegation.¹⁶

E[SCOTT] R[EID]

¹⁶ Note marginale :/Marginal note:

Yes, if the meeting is in New Zealand. L.B. P[earson]

765.

DEA/72-ALQ-40

*Note**Memorandum*

SECRET

[Ottawa, n.d.]

FOR THE USE OF THE CANADIAN DELEGATION TO THE SOUTH PACIFIC AIR
TRANSPORT COUNCIL MEETING IN WELLINGTON, NEW ZEALAND,
NOVEMBER 1948

This memorandum applies to the operation of an air service between Canada and Australia and New Zealand by Canadian Pacific Air Lines Limited. This is a matter for discussions between the representatives of the Canadian Government and the representatives of the Australian and New Zealand Governments and is not a matter for general discussion by the South Pacific Air Transport Council.

1. *Commitments to the Governments of Australia, New Zealand and the United Kingdom*

It is possible that the representatives of Australia, New Zealand and the United Kingdom may refer back to the Commonwealth Air Conversations of 1944, in particular Document No. CAC (Dec.) 6, Annex No. II, and take the stand that this involves a moral commitment on the part of the Government of Canada. A study of this document will indicate, however, that the language used throughout by Canadian representatives is in effect non-committal. For example, such language as:

"Mr. Howe stated his willingness to consider . . ."

Then again —

"It was accordingly agreed that, subject to satisfactory arrangements with the U.S. on this matter, the following possible basis of operation should be further examined."

In the light of the non-committal language used, the changes of circumstances that have since taken place, and in view of the lack of completion of traffic arrangements with the U.S.A., Canadian authorities feel that the conversations of December 1944 involve Canada to no commitment as to the Canadian method of operation of the Canadian share of the trans-Pacific segment of the Commonwealth air routes. The Canadian Government therefore accepts the bilateral agreement between Canada and Australia signed on June 11th, 1946, as the basis to govern all discussions and transactions respecting the route in question. It follows that any agreement between Canada and New Zealand should be modelled upon and consistent with the agreement with Australia.

2. *In Respect to Australia and New Zealand*

(a) In discussions with the representatives of the Australian and New Zealand Governments, it should be admitted that there was a lack of customary courtesy on the part of the Canadian Government in failing to communicate with the Governments of Australia and New Zealand respectively prior to the public announcement that Canadian Pacific Air Lines Limited had been designated by the Canadian Gov-

ernment to operate a trans-Pacific air service between Canada and Australia-New Zealand. The Canadian Government sincerely regrets this omission.

(b) In regard to a pooling arrangement, the Canadian Government would welcome any arrangement which could be made between Canadian Pacific Air Lines Limited and British Commonwealth Pacific Airways that would be within the scope of the bilateral agreement and which would result in improving the Canada-Australia-New Zealand service, or result in a more economical operation of such service.

(c) If British Commonwealth Pacific Air Lines desires to purchase aircraft of a type similar to those proposed to be used by Canadian Pacific Air Lines so as to improve the service presently performed and to reduce the cost of operation, the Canadian Government would use its best efforts to facilitate the purchase. However it would not be possible to discuss any details of finance involved in such purchase without complete consultation with all of the Canadian authorities so concerned. In addition details of delivery would have to be discussed with Canadair and probably B.O.A.C. and C.P.A.L.

(d) The Canadian Government is not yet prepared to enter into a formal Fifth Freedom Agreement with Australia or New Zealand as its position relative to the United States has not yet been clarified in this respect. The present working arrangement under which both Australia and New Zealand (through B.C.P.A.) exercise Fifth Freedom rights will remain for the present undisturbed.

3. In Respect to Australia

The Canadian Government is desirous of co-operating with the Australian Government in every possible manner short of financial participation in any Canada-Australia service, and it would be useful to indicate this attitude at an early stage. It might also be pointed out to the Australian Government that Canadian Pacific Air Lines Limited is not being subsidized nor given any financial support either directly or indirectly by the Canadian Government in the trans-Pacific service. The Canadian authorities would be anxious to learn of any representations that may then be made by the Australian Government relating to the services referred to in the bilateral agreement. It will then be possible to review the situation and transmit further instructions to the Canadian Delegation.

4. In Respect to New Zealand

As previously stated, the Canadian Government is willing to enter into a bilateral agreement in terms similar to that already executed with Australia, in which agreement, for Canada's part, Canadian Pacific Air Lines would be the carrier designated.

766.

DEA/72-ALQ-40

*Rapport de la délégation à la troisième réunion
de l'Association du transport aérien du Pacifique Sud,
Wellington, Nouvelle-Zélande, 29 novembre au 7 décembre 1948¹⁷*

*Report of the Delegation to the Third Meeting
of the South Pacific Air Transport Council,
Wellington, New Zealand, November 29 to December 7, 1948¹⁷*

[Wellington, n.d.]

The Canadian Delegation consisted of Mr. A. Rive, High Commissioner for Canada in New Zealand, leader of the delegation; Air Vice Marshal Ferrier of the Air Transport Board, Ottawa; and Mr. G.A. Rau, Second Secretary of the Office of the High Commissioner for Canada in Australia. Mr. G.W.G. McConachie, President of Canadian Pacific Airlines, was attached to the delegation for consultation.

2. This was the first time that Canada was represented at a meeting of the Council by a full delegation, Canada having joined the Council just prior to the meeting. At previous meetings Canada had been represented only by observers.

3. The membership of the Council now comprises the Governments of Australia, Canada, Fiji, New Zealand and the United Kingdom. All member governments of the Council were represented at this meeting. The Australian Delegation was led by the Honourable A.S. Drakeford, Minister for Civil Aviation and Permanent Chairman of the Council; the Fiji Delegation by Mr. J.F. Nicoll, Colonial Secretary; the New Zealand Delegation by the Honourable F. Jones, Minister in Charge of Civil Aviation who chaired the Council's meetings; and the United Kingdom Delegation by Sir Patrick Duff, High Commissioner for the United Kingdom in New Zealand. A full list of delegates and advisers is attached as Appendix A to this report.†

4. At the first Plenary Session of the Council on November 29th the various delegations were warmly welcomed by the Acting Prime Minister of New Zealand, the Right Honourable Walter Nash. The Canadian Delegation received a particular welcome from Mr. Nash and other members of the Council. The texts of the addresses of welcome and of the replies will be published in the final papers.

5. Following the first Plenary Session the Conference resolved itself into the following committees:

(1) Special Committee to deal with matters pertinent to the operation of British Commonwealth Pacific Airlines and Tasman Empire Airways.

Heretofore matters relating to these companies were dealt with by the Policy Committee, all members of that Committee being partner governments in the companies. With Canada's participation in the work of the Council it became no longer appropriate for the Policy Committee to deal with questions relating to internal

¹⁷ Pièce jointe au N° 495, haut-commissaire en Nouvelle-Zélande au secrétaire d'État aux Affaires extérieures, le 16 décembre.†

Enclosed with High Commissioner in New Zealand to Secretary of State for External Affairs, No. 495, December 16.†

matters of these companies and it was therefore suggested by the leader of the Canadian Delegation that a Special Committee of partner governments should be formed to deal with them.

(2) Policy Committee, which appointed a Fiji Airport Sub-Committee and a Pool Account Sub-Committee.

(3) Technical Committee.

(4) Constitutional Committee.

It was recognized that, as a result of Canada's entry the constitution might require some amendments whereby the business of British Commonwealth Pacific Airlines and Tasman Empire Airways could be segregated from the Council's functions. This recommendation was also put forward by Canada.

(5) Steering Committee.

6. In addition to matters concerning the British Commonwealth Pacific Airlines and Tasman Empire Airways which were dealt with in the Special Committee, a number of subjects which came before the Council were of little or no interest to Canada; for example, discussion of regional services in the South Pacific which was of interest only to the partner and directing governments. The Canadian Delegation therefore, in order to avoid embarrassment, abstained from attendance at committee meetings dealing with these matters.

7. The following are the main items dealt with which were of interest to Canada and in the discussion of these the Canadian Delegation took an active part:

(1) Proposed operations in the South Pacific by a Canadian designated airline (Canadian Pacific Airlines Limited).

(2) Canadian contribution to the Pool Account.

(3) Canadian attitude toward the question of landing fees to be imposed at Fiji Airport and Canadian approach to the question of landing fees generally.

(4) Review of constitution of the South Pacific Air Transport Council and amendments necessitated by Canada's entry to the Council.

PROPOSED OPERATIONS IN THE SOUTH PACIFIC BY A CANADIAN DESIGNATED
AIRLINE (CANADIAN PACIFIC AIRLINES LIMITED)

8. At the first meeting of the Steering Committee held on December 2nd at which the Agenda was examined, the head of the Canadian Delegation informed the Committee that the delegation was not prepared to discuss in Policy Committee Item 2(d) of the Agenda entitled "Proposals for Additional Services — Canada." As a result it was suggested that, in view of Canada's attitude, it might be possible to arrange for Item 2(d) of the Agenda to be discussed by the delegates to the conference at an informal, "off the record" meeting. The Canadian Delegation accepted this suggestion and prepared a statement concerning the proposals for additional Pacific services by the Canadian designated airline, which was presented by Air Vice Marshal Ferrier to the informal meeting of the delegations. By previous arrangement the chairman of the meeting called upon Air Vice Marshal Ferrier to give a brief outline of the legislation and organization for the control and regulation of civil aviation in Canada. Air Vice Marshal Ferrier in addition reviewed

briefly the history of the Canadian Government's designation of Canadian Pacific Airlines to operate a trans-Pacific service and referred the delegates to Mr. Chevrier's announcement on the subject, explaining that no further comments were needed.

9. At this informal meeting the Canadian High Commissioner took the opportunity to express regret to the Governments of Australia, New Zealand and the United Kingdom that they had not received prior notification of the Canadian Government's intention to designate Canadian Pacific Airlines for the Pacific route. He also expressed the opinion that the designation of Canadian Pacific Airlines would not create a situation materially different from that which would have existed had Trans-Canada Airlines been designated.

10. The leaders of the Australian and New Zealand Delegations in their remarks, while admitting the Canadian Government's right to designate any airline it wishes, nonetheless regretted the decision to designate Canadian Pacific Airlines, an action which the leader of the Australian Delegation regarded as a complete reversal of policy. They also expressed fear that the result of the designation of Canadian Pacific Airlines would intensify competition, rather than result in co-operation with the services operated by the other Commonwealth countries, competition which was already keen between B.C.P.A. and Pan American. The addition of another competing operator, they felt, would result in serious loss of revenue to B.C.P.A.

11. The leader of the Australian Delegation also expressed anxiety regarding the possibility that Canada might subsidize Canadian Pacific Airlines. At this point the Canadian Delegation referred to Mr. Chevrier's statement that no federal subsidy would be given, and Mr. McConachie, President of Canadian Pacific Airlines, assured Mr. Drakeford that his company would operate without any sort of financial aid from the Canadian Government.

12. Mr. McConachie assured the meeting that his company would do everything practicable to co-operate in all matters which might be mutually advantageous to the Commonwealth countries operating air services in the South Pacific area. He also informed the meeting that it was his company's intention to join the International Air Transport Association. In conclusion the other delegations, speaking for the British Commonwealth Pacific Airlines, promised Canadian Pacific Airlines co-operation to the fullest extent possible under the circumstances.

13. Following this informal meeting the Canadian Delegation presented a statement concerning proposed operations by Canadian Pacific Airlines to be included in the record of proceedings of the Council. Copy of the Canadian Delegation's statement is attached as Appendix B to this report.† It will also be included in the final papers of the meeting.

CANADIAN CONTRIBUTION TO THE POOL ACCOUNT

14. On December 1st at a meeting of the Policy Committee to consider the international airport at Fiji, the chairman, Mr. Jones, referred to "the commitments made by the then High Commissioner for Canada in New Zealand at the 1946 Wellington meeting that Canada would contribute to the Pool Account which provides for facilities in the South Pacific, including Fiji airport." As the Canadian Delegation was not authorized to accept any financial obligation of this order on behalf of

the Canadian Government, instructions were immediately requested by cable and duly received by the Delegation. In accordance with them the leader of the Canadian Delegation informed the Policy Committee that the Government of Canada agreed in principle to contribute towards the operating and maintenance expenses in the Pool Account, and made the following points for the record:

(a) that the Canadian Government expressly reserved its position in regard to contribution to capital costs, in particular those involved in the construction of an international airport at Fiji.

(b) that the Canadian Delegation had been instructed to put before the Council the possibility of securing joint support for such an airport from ICAO under the terms of Chapter 15 of the Convention.

(c) that the Canadian Delegation thought that Canadian contribution to the operation and maintenance costs in the Pool Account should be limited to Canada's fair share of the facilities essential to the trunk route, to the exclusion of expenses properly attributable to regional services.

(d) that as the determination of the expenses to which Canada might properly contribute could not be made without a careful study of the details and consultation with Canadian Treasury and technical officers, and as Canadian Pacific Airlines did not plan to start its services until later in 1949, the basis of contribution for the next financial year be left as it was for the present among the original contributors, and

(e) that any contribution made by Canada in respect of the 1949 financial year be treated as "receipts" by the present contributors in the Pool Account.

15. In conclusion the Canadian delegate took the opportunity to remind the Council of the contribution that Canada was already making to Commonwealth air routes and cited the various weather ships, facilities and international airports whose standard of development was in excess of Canada's own domestic needs and the revenue from which was less than the annual recurring cost to the Federal Government.

16. Following the Canadian Delegation's statement on this matter, great satisfaction was expressed by the other members of S.P.A.T.C. at Canada's willingness to contribute to the Pool Account.

CANADIAN ATTITUDE TOWARDS THE QUESTION OF LANDING FEES TO BE
IMPOSED AT FIJI AIRPORT AND THE CANADIAN APPROACH TO THE
QUESTION OF LANDING FEES GENERALLY

17. When the question of landing fees at Fiji airport was brought before the Policy Committee, the Committee unanimously agreed that some system of imposing such landing fees at Fiji should be adopted as early as possible. When this item was being considered, Air Vice Marshal Ferrier of the Canadian Delegation delivered a statement on landing fees at Government owned airports in Canada and on the Canadian approach to the question of landing fees. The text of his statement is attached to this report as Appendix C.† The Policy Committee decided to appoint a Sub-Committee to enquire into the scale of landing fees that might be imposed at Fiji. Mr. Rau was appointed as the Canadian representative on this Committee.

18. When the Sub-Committee met the United Kingdom Delegate said that although his delegation had previously contemplated suggesting that the Gander scale of landing fees be adopted at Fiji, the paper presented by Air Vice Marshal Ferrier on the subject had "knocked the bottom out of their argument." He then presented to the Committee a proposal for a new scale of fees which were as follows:

For aircraft not exceeding 20,000 lbs —

5/6d (Fiji) per 1000 lbs

For aircraft over 20,000 lbs and not exceeding 40,000 lbs —

5/6 per 1000 lbs for the first 20,000 lbs

11/- per 1000 lbs exceeding 20,000 lbs

For aircraft exceeding 40,000 lbs —

5/6 for the first 20,000 lbs

11/- for the next 20,000 lbs

8/3 per 1000 lbs over 40,000 lbs.

19. The Canadian Delegation noted that, although this scale favours smaller type planes used for regional services in the South Pacific area, it is a fraction higher for heavier planes than the fees imposed at Gander. The Sub-Committee recommended this scale to the Policy Committee and it was subsequently adopted at a later meeting of the Policy Committee at which A/V/M Ferrier recorded the disappointment of the Canadian Delegation that a lower scale for trans-oceanic aircraft had not been recommended, as such a lower-scale was, in the Canadian Delegation's opinion, in the greater interest of civil aviation as a whole.

[CONSTITUTION] AND AMENDMENTS NECESSITATED BY CANADA'S ENTRY
TO THE COUNCIL

20. It was suggested by the Canadian Delegation in the early days of the Conference that in view of Canada's accession to the Council the constitution of the South Pacific Air Transport Council should be amended to exclude from the Council's agenda items relating to the "policy of operation, development and finance of air services operated or controlled jointly by the Governments of the United Kingdom, Australia and New Zealand and the regional trans-Tasman and Trans-Pacific routes." (See South Pacific Air Transport Council Constitution, Functions, Item 3). A Constitutional Committee was therefore set up and as a result of its report appropriate amendments were made in the Constitution. The text of the new Constitution is attached as Appendix D to this report.†

21. The conference, which had opened with a definite air of tension on the part of all delegations because of the uncertainty of the effect of the Canadian Government's designation of Canadian Pacific Airlines ended in a somewhat easier mood. The Canadian Delegation, following instructions from the Canadian Government, repeatedly assured the partner governments in B.C.P.A. of Canada's intention to co-operate with them. The President of Canadian Pacific Airlines likewise strove to convince those connected with B.C.P.A. that his company would do their utmost to co-operate wherever practicable. His assurances were accepted with expressions of hope that they would be implemented in practice.

22. At the close of the conference the leader of the Australian Delegation, who had been the strongest critic of the Canadian Government's action in designating Canadian Pacific Airlines said in Plenary Session that he did not wish to leave any bad impression with the Canadians and that if, during the meeting, he had done so by his "frank" and perhaps aggressive manner, he wished to correct this impression. The leader of the Canadian Delegation thanked Mr. Drakeford for his gracious act and assured him that his final statement, although pleasing to hear, had not been necessary. He also again assured the member countries of Canada's willingness to co-operate and assist in all matters relating to South Pacific Air Transport Council activities.

23. The final session terminated at one o'clock on the morning of Tuesday, December 7th, with the usual resolution of thanks to the chairman and to the Secretariat and with a general exchange of expressions of thanks and goodwill by the various delegations.

24. The final act of the conference comprised the resolutions and recommendations which were signed for all the delegations on Wednesday afternoon, December 8th. The Honourable F. Jones, Chairman of the Conference, signed first on behalf of New Zealand. The High Commissioners for the United Kingdom, Canada and Australia signed for their delegations and the High Commissioner for the United Kingdom signed also on behalf of the Colonial Secretary for the Fiji Delegation. The resolutions and recommendations were signed also by the Permanent Secretary of the Council, Mr. Winston H. Burchett.

ALFRED RIVE
ALAN FERRIER
G.A. RAU

CHAPITRE IX/CHAPTER IX

IMMIGRATION
IMMIGRATION

PREMIÈRE PARTIE/PART 1

CONTRÔLES DE SORTIE ET D'ENTRÉE
EXIT AND ENTRY CONTROLS

SECTION A

POLITIQUE GÉNÉRALE
GENERAL POLICY

767.

DEA/233 (S)

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

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

SECRET

[Ottawa], April 30, 1948

CONTROLS OVER THE ENTRY OF PERSONS TO CANADA
AND THEIR EXIT FROM CANADA

I have discussed with Mr. Crean your memorandum of April 16† on the control of aliens in Canada and I now return it to you.

2. What has happened during the past few months is that various developments are beginning to merge and are becoming inextricably intertwined. The problems raised by the request of certain Western European countries that we enter into agreements for the mutual abolition of non-immigrant visas have become tangled with the wider problem of establishing more effective controls at our borders over the movement of persons. The impetus to the establishment of these more effective controls at the borders was first given by the organized movement of Yugoslavs from Canada. The pressure for more effective controls has been increased by the apprehension of the Canadian Government over the activities in Canada of fifth-column groups, directed to some extent at least by the Communist diplomatic and consular missions in Canada.

3. I had been somewhat concerned by the failure of this Department to pursue more vigorously the questions raised at the Interdepartmental meeting of June 17, 1947, since that meeting was held on the direction of the Minister, and he has legitimate grounds for complaint against the Department for not having brought the matter to a head. You will recall that my comment on the Consular Division's memorandum of October 11, 1947, was that we should have the next Interdepart-

mental meeting "soon". Owing, I assume, to the pressure of work on the Consular Division at the time, no action was taken by that Division.

4. However, it is probable that this delay has actually been advantageous since it now makes it possible for us to bring the whole host of related problems together and to give Cabinet a comprehensive memorandum on the whole question.

5. The valid concern in Canada over the activities of Communist agents in this country clearly makes it necessary for the Government to take action. Unless the Government can demonstrate that it is taking wise and useful action, public opinion may force it to take action which would not, at least in my opinion, be wise or useful. The kind of action I have in mind is the banning of the Communist Party, forbidding the use of the mails to Communist publications, and the breaking off of diplomatic relations with Communist states in order to prevent them from using their missions here as centres for subversive activities.

6. It seems to me, therefore that it is the duty of the Government's advisers to put before Cabinet a well-considered programme.

7. I would therefore suggest that your Division should undertake the task of preparing a draft memorandum to Cabinet which would first be considered by an interdepartmental group and then be submitted to Cabinet by the Ministers concerned — the Secretary of State for External Affairs, the Minister of Justice, the Minister of Mines and Resources and the Secretary of State.

8. The draft memorandum to Cabinet might begin with an explanation of the reasons which have led to a study of the problem by the Departments concerned. It would probably begin by mentioning the organized emigration of Yugoslavs and the statement made by our Minister in the House of Commons on this subject, in which he said that the Departments concerned would investigate what action could be taken by the Government to minimize the danger to the State which might result from such movements.

9. Mention might then be made of the necessity of taking all practicable measures to exclude Communist agents from Canada or to hinder their activities if they are already here and cannot be deported. Two steps have already been taken to exclude Communist agents from Canada: refusal of immigration visas to Communists; refusal to admit certain known Communists as non-immigrants. The memorandum might then point out that the Immigration Act and the Citizenship Act are deficient in their present form and explain that there are a number of related problems: control over the exit of aliens and naturalized Canadians; registration of aliens in Canada; registration of the agents of foreign principals in Canada; more effective provisions for depriving naturalized citizens of their citizenship for cause; more effective provisions for providing for loss of domicile by naturalized Canadians.

10. Mention might be made of the fact that citizenship may now be revoked and resident aliens may be deported if they commit certain criminal offenses. It may be that the criminal code should be amended in order to add to the list of offenses constituting grounds for revocation or deportation. Mr. Ilesley has promised to consider this matter (Hansard, April 26, page 3348).

11. This consideration has, I am told, been carried quite far by the Department of Justice. One proposal which they are studying is the strengthening of the paragraph in the criminal code on sedition.

12. The Conservatives in the House of Commons, in the debate on the R.C.M.P. Pensions Bill, also raised the question of the registration of agents of foreign principals. This proposal is, to some extent, tied up with our desire to exercise control over Communist propaganda in Canada which is sent out from the diplomatic and consular missions of Communist countries here (see Hansard for April 26, page 3341, speech by Mr. A.L. Smith).

13. Somewhere in your memorandum you should refer to the proposals by various Western European countries to abolish non-immigrant visas, pointing out the additional loss of control of the entry of non-immigrants to Canada which would result if these agreements were entered into unless action were taken along the lines set forth below in the memorandum.

14. The memorandum might then point out that there are certain steps which could be taken within the limits of existing legislation and would put forward for the consideration of Cabinet a series of recommendations. (These are outlined in your present memorandum but they should be developed).

15. The last part of the memorandum would point out that the problem, however, cannot be fully met without new legislation and would put forward a series of recommendations on new legislation. (These are likewise outlined in your existing memorandum but should be developed).

16. This draft memorandum would then be sent to the Deputy Ministers of the Departments concerned, referring back to our letters of August 25, 1947, apologizing for the delay in carrying this matter forward, requesting the Departments to study the memorandum and to send a representative to a meeting at which it would be revised for presentation to Cabinet.

17. After revision, it would then be submitted to the Ministers concerned for their approval, and then submitted to Cabinet.

18. One of the points in the file which is obscure is that there seems to have been no reply ever received from Washington to our despatch No. 2863 of October 23, 1947, on the proposal that the United States cooperate with us in making it necessary for persons leaving Canada to take up permanent residence in another country to produce at the border a certificate indicating that they are not indebted to the Canadian Government for income tax.

19. The presentation of the draft memorandum which we suggest will, I am afraid, be a big job, but perhaps you could get Mr. Horne¹ to do it. I would suggest that, before Mr. Horne's draft is sent outside the Department, it be sent to the Legal Adviser and to Mr. Crean for revision.

20. In view of the magnitude of the problems concerned, it seems to me that you were right in the suggestion you made a couple of weeks ago that we should now advise the Western European countries which have asked for visa agreements with

¹H.R. Horne.

us that we cannot, for the present, give them a definite answer but that we hope to be able to take the matter up again with them in a few months' time.

E. REID

768.

DEA/9668-40

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

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

SECRET

[Ottawa], June 12, 1948

The merits of a system of exit and entry control at the Canadian border were emphasized last year by the mass emigration of persons of Yugoslav origin on the S.S. *Radnik*, at a time when the advisability of modifying Canadian non-immigrant visa regulations by reciprocal agreement with certain countries of western Europe was already being considered.

Subsequent events have led us to go into the whole question and to try to relate it to the control of subversive activities. The attached secret memorandum, "Controls over the entry of persons to Canada and their exit from Canada," dated June 9, 1948, looks at the existing controls and makes a number of recommendations designed to strengthen them.

We have in the process inevitably taken into consideration a number of measures that are the primary concern of a number of other departments. For this reason I would be very grateful if you would take up the enquiry at this point.

Ten copies of the memorandum are enclosed. If more are needed, they can be made in very short order.

E. R[EID]

[PIÈCE JOINTE/ENCLOSURE]

Note

Memorandum

SECRET

Ottawa, June 9, 1948

CONTROLS OVER THE ENTRY OF PERSONS TO CANADA
AND THEIR EXIT FROM CANADA

This memorandum examines methods of exit and entry control and alien registration and relates them to:

(a) The securing of the state against the entry of foreign agents and against subversive activities in Canada;

(b) The administration of the Immigration Act and the Canadian Citizenship Act insofar as they pertain to departure from and return to Canada.

2. During 1947 the governments of several European countries proposed the conclusion of mutual agreements with Canada whereby visas for non-immigrant entry would be virtually abolished. The principle of removing restrictions on travel had been accepted at the Meeting of Experts concerning Passport and Frontier Formalities held at Geneva in January, 1947. The countries concerned are, apart from Czechoslovakia, still under democratic government, namely, Belgium, Denmark, France, the Netherlands, Norway, Sweden and Switzerland. Nevertheless the agreements would result in a loss of entry control abroad.

3. The necessity for a careful examination of the whole question of entry and exit control has become increasingly apparent as a result of the following developments:

(a) The organized return to Yugoslavia of persons of Yugoslav origin on the S.S. *Radnik* during 1947 emphasized the need for methods of keeping track of such persons for purposes of security, revocation of naturalization certificates, and change of domicile. It led to assurances to Parliament by the Secretary of State for External Affairs on May 23, 1947 that means of countering the abuse of Canadian passports taken to Yugoslavia would be examined, and that action would be taken wherever possible against improper methods of persuading residents of Canada to return to Yugoslavia or to contribute to the funds raised for such repatriation. The Yugoslav government, the host of the Cominform, intends to effect another large-scale return during 1948. There is also evidence that similar movements are being organised amongst other groups of Slav origin in Canada.

(b) Two Cabinet decisions regarding the exclusion of Communists as immigrants or non-immigrants have been taken.

(c) United Kingdom visa officers were instructed on March 16th to refuse United Kingdom non-immigrant visas to all holders of passports of the U.S.S.R. or of Soviet-satellite states, except for urgent compassionate reasons or business purposes; even these exceptions can be made only by the authorities in London.

(d) A Subversive Activities Control Bill is now before the United States Congress. One of its chief draftsmen has outlined its purpose as follows:

"This bill would outlaw the Communist party as a secret organization tied up with a foreign connection. If it wants to operate openly, it can . . . This bill is intended to turn the spotlight on the hard core of knowing and wilful conspirators and on all the subversive aspects of Communism."

(e) Much attention is being given in the House of Commons to subversive activities in Canada. The Minister of Justice has stated that consideration will be given to the following suggestions made in the debate on the Bill amending the R.C.M.P. Act:

(i) Protection of persons of foreign birth in Canada from intimidation calculated to force them to contribute to large-scale migrations to countries under Communist influence.

(ii) Registration of agents of a foreign country spreading Communist propaganda.

(iii) Redefinition of diplomatic immunities.

(iv) Bringing the law of sedition to bear on alien residents engaged in Communist activities.

(f) On May 3rd the Member for Kamouraska advocated:

(i) Breaking off diplomatic relations with Communist-dominated states in order to remove their missions as sources of subversion, and avoid the expense of maintaining representation with governments that offer no collaboration.

(ii) The outlawing of Communist organizations.

(iii) Strengthening of the Criminal Code in order to "guarantee the safety of our nation" by prosecution of Communists.

(g) The unsuccessful Bill introduced by the Member for Quebec-Montmorency would have made the Communist Party of Canada and the Labour-Progressive Party "illegal organizations" and have imposed a heavy penalty for any advocacy or defence of the acts, principles or policies of such organizations.

4. The existing controls over persons of foreign birth, whether visiting, resident or naturalized, operate at three points:

(a) In Canada (other than at the border); namely, the Criminal Code, the Immigration Act and the Canadian Citizenship Act.

(b) Border control by Canadian immigration officers.

(c) Security screening by Canadian offices abroad.

These controls will be examined in turn.

In Canada, Other Than at the Border

5. (a) The Criminal Code provides for 2 years imprisonment for sedition, and a \$100. fine or 3 months imprisonment for intimidation.

(b) The Immigration Act, section 42(3) provides for the deportation of aliens, (and in one case of British subjects also) who are or become one of the undesirable or prohibited classes (Annex A, footnotes.)†

(c) The Canadian Citizenship Act, section 21(d) provides for the revocation of naturalization certificates on conviction of treason or sedition in Canada, (or on proof of disaffection and disloyalty to His Majesty *when abroad*.)

6. Canada has no system of alien registration.

Border Control

7. No method of *exit* control exists, other than the outward manifests of the previous voyage that the Immigration Act requires of ships returning to Canada.

8. The following methods of entry control for security purposes are at present followed by Canadian immigration officers at ports of entry:

(a) Scrutiny of passports for Canadian immigrant visas granted abroad after security screening and for non-immigrant visas in so far as they are required.

(b) Reporting to Immigration Branch and thence to the R.C.M.P. of persons entering on U.S.S.R. passports.

(c) Scrutiny of the list of designated Communists to be refused non-immigrant entry under subsections (n) and (o) of section 3, Immigration Act (Annex A, footnote iii).†

9. Further methods of *entry* control at the southern border seem unnecessary, for the following reasons:

(a) The list of designated Communists includes the known undesirable United States citizens or residents;

(b) United States transit visas are granted to persons with Canadian visas only after a separate screening by the United States office abroad (at any rate as regards U.S.S.R. passports).

(c) A United States transit visa will not be granted until a Canadian visa (which requires screening) is granted.

(d) In general, Canada and the United States can usefully be considered one area for security purposes. If each country exerts effective control over its seaports and airports, and the United States government controls effectively its border with Mexico, entry controls at the United States - Canada border become relatively unimportant.

Controls at Canadian Offices Abroad

10. Security screening by Canadian offices abroad is based upon the visa system. It is supplemented by the recent Cabinet decision concerning would-be visitors who are designated or suspected Communists. Any visa granted on a U.S.S.R. passport is reported by cable to Ottawa.

11. All aliens visiting Canada directly or indirectly from Europe must obtain a Canadian visa in Europe. Other alien visitors coming by way of the United States also in practice require a Canadian visa and some ask for a visa even though they are coming direct to Canada. Apart from these cases, Canada has no general visa control over visitors.

Recommendations

12. Having regard, therefore, to the existing means of control, consideration of the following measures is suggested:

(a) a strengthening of the law of Sedition and Intimidation;

(b) the registration of aliens in Canada;

(c) a system of entry and exit control at the border;

(d) restrictions on visits by any national of a Communist or Communist-dominated state.

In Canada, Other Than at the Border

13. Annex "A"† considers the relation of Sedition and Intimidation to the deportation of aliens, whether or not domiciled in Canada, and to the revocation of certificates of naturalization.

14. For the administration of the Immigration Act in Canada an alien registration system recording the date and port of entry would provide a control over non-immigrants who over-stayed the period for which they had received permission to stay in Canada and also over persons who did not enter at a port of entry. It is suggested that to section 33 of the Act a new subsection 17 be added requiring registration ostensibly for the better administration of section 33. The subsection

might declare that no alien shall after entry remain in Canada for more than one week without registration, nor for more than six months after any registration, unless he registers again. Failure to show reasonable cause why he had not registered would constitute a ground for deportation.

At the Border

15. A system of entry and exit control at the border would be useful for security purposes, since it would record the time and place of entry and exit of:

(a) Persons concerning whom adverse information was received *after* a non-immigrant visa had been granted abroad.

(b) Persons who are not required to have non-immigrant visas but become listed or suspect *after* entry (United States citizens and British subjects excepted).

(c) Persons of Eastern European origin who left Canada with large-scale movements, so that they would be identified on return.

(d) All persons travelling on passports of Communist states and Communist-dominated states.

The controls would also help to trace defaulters under the alien registration provision, and enable Canada to cooperate more effectively with other countries in following the movement of agents.

16. Apart from security the system would provide an accurate means of administering the following legislation:

(a) *Canadian Citizenship Act*

Section 10 (1) requires a lawful entry and a check on continuous residence for naturalization purposes. Sections 20 and 21 cannot be effectively enforced unless we are certain of dates and periods of departure.

(b) *Immigration Act*

The regulations relating to changes of domicile would be more effective than the present system based on ships' manifests that are not delivered, if at all, until the ships return to Canada on another voyage.

(c) Any agreements that might be made in the future for the reciprocal modification of non-immigrant visa requirements, would require a system of checking on persons who entered Canada without visas under such agreements.

(d) An alien registration system, based on half-yearly registration would require proof of the lapse of the prescribed period after the date of entry.

17. Annex "B"† gives the administrative measures that can be taken at once without further legislation, and the legislative changes that might be desirable, for instituting border control.

18. Annex "C"† examines the difficulty of establishing an *exit* control at the United States - Canada border.

19. There appear to be no means of checking the abuse of Canadian passports, as discussed in the House in May, 1947, other than the following administrative measures now in effect:

(a) Sending the numbers of passports of Canadian citizens who join mass migrations, to Canadian immigration officers at ports of entry;

(b) Persistent diplomatic representations for the return of confiscated passports. (This resulted recently in the return of 125 passports by the Yugoslav government.)

(c) The examination of further security precautions in the composition of passports.

At Canadian Offices Abroad

20. It is recommended that we should issue visa instructions to Canadian offices abroad similar to those issued by the United Kingdom on March 16th regarding visitors from Communist states and Communist-dominated states. Since the number of applicants will not be large, neither great hardship to offices abroad nor undue expense would be incurred. Any applicant not refused at once would be required to state his destination and the purpose of his visit to Canada, so that investigations could be made in Canada before approval. This method might prove to be also a useful supplement to a system of entry and exit control and alien registration. No legislation would be necessary.

21. Applications for "returning resident" visas could be dealt with speedily and accurately by reference to the border control records. For our Missions in such Eastern European countries as Yugoslavia, which are encouraging large-scale return movements, it is important to know whether the applicant left Canada with such a movement. Ships' manifests are unsatisfactory since special chartered ships are used at long intervals, and the would-be returning resident will often be returning on the very ship bringing the manifest that bears his own name, or even on an earlier ship.

22. Canadian offices abroad faced with the difficult task of dealing with automatic loss under section 20 of the Canadian Citizenship Act from 1953 onwards would have a firm administrative basis in a border control record.

SECTION B

ADMISSION DE PERSONNES SOUPÇONNÉES D'ÊTRE DES COMMUNISTES
OU DES SYMPATISANTS
ADMISSION OF SUSPECTED COMMUNISTS AND SYMPATHIZERS

769.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], February 5, 1948

IMMIGRATION; SPECIAL DEPORTATION CASE

31. *The Minister of Mines and Resources* referred to the position of a U.S. citizen² legally in Canada as the accredited representative of an International Trade Union

²Harland Reid Robinson.

who was known to be a Communist and who had been the cause of considerable trouble in certain industrial areas.

Evidence had been collected which could be used in legal action for deportation against this individual under Section 3 of the Immigration Act and consideration was being given to the institution of court action in this connection.

(Memorandum, Director of Immigration to the Secretary, Feb. 4, 1948).†

32. *The Cabinet*, after discussion, deferred decision on the subject.

770.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], February 13, 1948

...
IMMIGRATION; SPECIAL DEPORTATION CASE

9. *The Minister of Mines and Resources*, referring to discussion at the meeting of February 10th, reported that the Department of Justice had reviewed the evidence available in the case of Reid Robinson and had advised that it was sufficient to support a finding by a Board of Inquiry that this individual was a prohibited person subject to deportation.

10. *Mr. Glen* added that it was anticipated that Robinson would apply for the extension of his temporary permit, which would expire on 24th of the month. Such extensions were normally granted.

11. *The Cabinet*, after considerable discussion, agreed:

(a) that, unless in the opinion of Justice there were legal objection, the Minister should direct the appropriate Immigration authorities to refuse extension of Robinson's temporary permit; and,

(b) that, unless in the opinion of Justice there were legal objection to this course, in future Immigration authorities should refuse entry to other similar persons known to be intending to enter Canada for subversive purposes.

771.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], February 19, 1948

...
IMMIGRATION; DEPORTATION AND REFUSAL OF ENTRY; LABOUR ORGANIZERS

15. *The Minister of Mines and Resources*, referring to discussion at the meeting of February 13th, reported that the alleged Communist organizer, Reid Robinson,

had since left the country. It would not, therefore, be necessary to consider any legal difficulties which might arise from refusal to extend his permit. His case might better be dealt with in accordance with a general policy relative to the admission of Communists and other subversive persons.

It was felt that the application to Communists, as such, of paragraphs (n) and (o) of Section 3 of the Immigration Act was open to some doubt. For this reason, consideration might be given to amending the statute so as to provide, in terms, for the prohibition of entry of persons who were members of or affiliated with any Nazi, Fascist or Communist party or other organization professing similar beliefs or doctrines. Such an amendment would facilitate the Department's disposition of cases similar to that which had been under discussion and would place on a firmer basis the policy followed in "screening" D.P.'s and other applicants for admission to Canada.

(Departmental memorandum, undated, "The Immigration Act and the Admission of Communists").†

16. *The Cabinet*, after considerable discussion, agreed:

(a) that an amendment to the Immigration Act to provide expressly for the exclusion of Communists would be inadvisable;

(b) that the provisions of paragraphs (n) and (o) of Section 3 of the Act were sufficient to justify instructions to Immigration Officers to exclude known Communists seeking to enter Canada as labour organizers; and,

(c) that the Ministers of Mines and Resources and Labour confer with the object of having the Labour Department compile a confidential list of approved U.S. labour organizers with a view to having Immigration Officers instructed that only such individuals as were on this list (and such others as were cleared on specific reference to Ottawa) were to be admitted to Canada as labour organizers; others seeking entry, as such, were to be refused.

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772.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], February 27, 1948

...

IMMIGRATION; SPECIAL CASE; LABOUR ORGANIZERS

5. *The Minister of Mines and Resources* reported that the Cabinet Committee on Immigration Policy had considered the decision taken at the meeting of February 19th, relating to the entry of Communist labour organizers into Canada and had now agreed to recommend:

(a) that all known Communists seeking admission to Canada be considered as coming under the provisions of paragraphs (n) and (o) of Section 3 of the Immigration Act and that they be refused admission to Canada; and

(b) that a list of all such persons be compiled by the Labour Department, the Immigration Branch and the R.C.M. Police, it being understood that the Police would be able to provide, when necessary, evidence to prove that the persons on such list were known Communists.

An explanatory note was circulated.

(Cabinet Committee's report, Feb. 26, 1948 — Cabinet Document 619).†

6. *Mr. Glen* explained that the Commissioner of the R.C.M. Police had expressed the opinion that it would be proper to refuse entry to known Communists under the authority of paragraphs (n) and (o) of Section 3 of the Immigration Act. With reference to preparation of the proposed list of such persons, considerable information was available, including the names of individuals and organizations reported upon by the U.S. Congressional Committee on Un-American activities and those named by the U.S. Attorney General.

If these recommendations were approved, admission to enter Canada would have to be refused to the Secretary of the U.K. Communist Party [Harry Pollitt] who was known to be contemplating a visit to this country in the near future. Consideration would also have to be given to four other known Communists, aliens, presently in Canada on temporary permits.

7. *The Secretary of State for External Affairs* observed that the Cabinet Committee's recommendations went substantially beyond what was contemplated in the Cabinet decision of February 19th which had been concerned with persons seeking to enter Canada as labour organizers. Adoption of these recommendations would involve refusal of admission to known and accepted public figures from certain countries; it might also compel refusal of admission to *any* U.S.S.R. national. It might raise the issue of the status of the Communist Party in Canada.

8. *The Minister of Justice* said that the legality of prohibiting the entry of Communists into Canada under paragraphs (n) and (o) of Section 3 of the Immigration Act was open to question. If cases were taken to the Courts, the decision might well go against the government.

9. *The Minister of National Defence* pointed out that it was obviously desirable to prevent entry into Canada of known Communist trouble-makers. Nevertheless, care should be taken as to the means employed. If the matter got into the Courts and decision went against the government, the question of amending legislation would arise.

10. *The Cabinet*, after further discussion, deferred decision upon the Cabinet Committee's report until the Prime Minister were present.

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773.

PCO

*Extrait des conclusions du Cabinet**Extract from Cabinet Conclusions*

TOP SECRET

[Ottawa], March 1, 1948

IMMIGRATION; SPECIAL CASES; LABOUR ORGANIZERS

1. *The Prime Minister* referred to the report of the Cabinet Committee on Immigration Policy upon which decision had been deferred at the meeting of February 27th.

2. *The Minister of Mines and Resources* said that there were three questions upon which decisions were required:

(a) whether administrative action should be taken to refuse admission to Canada of "all known Communists", as suggested by the Cabinet Committee, or whether refusal of admission should be confined to such as sought entry as labour organizers;

(b) whether admission should be refused in the special case of the Secretary of the British Communist Party who proposed to visit Canada at the beginning of the following month; and,

(c) whether steps should be taken to bring before a Board of Review, with a view to deportation, four known Communists who had entered Canada as labour organizers, or whether upon expiry their permits should not be renewed.

Each of these questions involved the interpretation of Section 3(1) (n) and (o) of the Immigration Act upon the effect of which in relation to Communists there was difference of opinion. If the proposed administrative steps were taken thereunder, interpretation of the law would be left to the Courts.

With regard to (a) above, attention had been drawn to the administrative difficulty of distinguishing between Communist labour organizers and other known Communists.

3. *Mr. King* drew attention to the fact that adoption of the Cabinet Committee's proposal to exclude all known Communists involved new policy which would inevitably affect the treatment to be accorded the Communist Party in Canada. There were two methods of dealing with Communism, the traditional course which entailed no interference with freedom of speech and suppressive measures which could only be justified by serious emergency. The question for consideration was which of these methods was best to deal effectively with present circumstances.

4. *Mr. Glen* observed that no visas were required for entry to Canada from the United Kingdom or the United States. The Secretary of the British Communist Party, having referred to Canada House in connection with his proposed visit to this country, had been informed that there would not appear to be anything in the regulations to prevent his doing so.

5. *The Minister of National Defence* felt that there was an important distinction between British subjects and non-resident aliens who sought admission to Canada.

6. *The Cabinet*, after further considerable discussion, agreed to defer decisions until a later meeting.

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774.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], March 2, 1948

...

IMMIGRATION; SPECIAL CASES; REFUSAL OF ADMISSION

13. *The Prime Minister* referred to the discussion at the meeting the previous day (March 1st).

Decisions had still to be made upon the questions raised by the Minister of Mines and Resources upon the submission, at the meeting of February 27th, of the report of the Cabinet Committee on Immigration Policy.

14. *The Secretary of State for External Affairs* pointed out that the reply given to the Secretary of the British Communist Party, as indicated by Mr. Glen at the meeting of March 1st, had been made by Canada House on Ministerial authority after previous approval by the Director of Immigration.

If it were now decided to refuse admission in this case, the High Commissioner would require to be instructed to that effect.

15. *The Cabinet*, after considerable discussion, agreed:

(a) that known Communists seeking admission to Canada for the purpose of engaging in subversive propaganda be considered as coming within the provisions of paragraphs (n) and (o) of Section 3 (1) of the Immigration Act;

(b) that persons considered to fall within the above category (and so designated) by a Cabinet Committee, after review of available evidence, be refused admission to Canada [The Minister of Mines and Resources, the Minister of Labour and the Secretary of State for External Affairs were constituted a Committee for this purpose]; and

(c) that, in present conditions, it would be inadvisable for the Secretary of the British Communist Party to enter Canada and that the High Commissioner in the United Kingdom be directed to inform him that, in the circumstances, his admission to Canada could not be permitted.

775.

L.S.L./Vol. 13

*Note du secrétaire du Comité du Cabinet
sur la politique de l'immigration*

*Memorandum by Secretary of Cabinet Committee
on Immigration Policy*

SECRET

Ottawa, March 12, 1948

PROCEDURE FOR REFUSAL OF ADMISSION TO CANADA
UNDER IMMIGRATION ACT SECTIONS 3(1), (N) AND (O)

I. Administrative Policy; Cabinet Decisions

1. Government policy with respect to refusal of admission to Communists seeking to enter Canada has been the subject of two Cabinet decisions.

2. On March 5th, 1947 (in connection with immigrants from Continental Europe), it was agreed that where, as a result of security investigation, it was demonstrated that a prospective immigrant was a Communist, admission should be refused. This decision is in practice applicable only in cases of Displaced Persons or where visas are required. Arrangements for carrying out this policy have been made and, subject to the limitations imposed by inadequate screening facilities, are working satisfactorily.

3. The second decision was taken on March 2nd, 1948, when Cabinet agreed:

(a) that known Communists seeking admission to Canada for the purpose of engaging in subversive propaganda be considered as coming within the provisions of paragraphs (n) and (o) of Section 3(1) of the Immigration Act;

(b) that persons considered to fall within the above category (and so designated) by a Cabinet Committee (composed of the Minister of Mines and Resources, the Minister of Labour and the Secretary of State for External Affairs), after review of available evidence, be refused admission to Canada.

4. This recent decision in effect supplements rather than restricts that taken earlier. It is designed principally to deal with those seeking to enter as visitors or for a temporary period, and provides additional authority for the disposition of cases where visas are not required.

II. Reports to Cabinet Committee; Designation of Individuals

5. The Immigration Branch, in consultation with the Department of Labour and External Affairs, and with the advice of the R.C.M. Police,³ will submit for consideration by the Cabinet Committee appointed for the purpose individual reports

³ Cette instruction et la note en renvoi suivante fut notée sur le document :

This and the following footnote were noted on the document:

The R.C.M. Police point out that information provided in a report upon any individual will be limited to "open evidence" available. It cannot include information of a strictly confidential character obtained from special sources which would be compromised if it were divulged. In cases where they have information in this special category, it will, in appropriate cases, be communicated by the Police to the Minister of Justice so that he may take it into consideration in relation to any case before the Cabinet Committee.

upon any known Communists considered to be within the category established by the Cabinet decision of March 2nd, i.e., such as are likely to seek admission to Canada for the purpose of engaging in subversive propaganda.

6. Such reports, including supporting evidence in each case, will be sent by hand, under Secret cover, to the Secretary of the Cabinet Committee (E.W.T. Gill, Privy Council Office).

7. The Secretary will refer such reports immediately to the Ministers concerned for decision whether admission to Canada should be refused under Section 3(1), (n) and (o) of the Immigration Act.

8. The Secretary will notify departments concerned of decisions taken so that action thereunder may be instituted without delay.

III. Action by Immigration Branch

9. The Immigration Branch will, on being informed of the Cabinet Committee's decision, instruct their port authorities to refuse admission to persons designated by the Cabinet Committee as coming within the inadmissible class.

(It is to be borne in mind that any person refused entry has the right to have his case heard by a Board of Inquiry, of appealing from the decision of the Board to the Minister, and of instituting *Habeas Corpus* proceedings.)

10. If, however, a person thought to be a Communist arrives at a port of entry and his name is not among those designated, no special steps will be taken to prevent his entry without express instruction on authority of the Cabinet Committee.

IV. Action by External Affairs

11. External Affairs, on being informed of decisions by the Cabinet Committee, will notify the appropriate Missions abroad of the persons designated as coming within the inadmissible class in order that:

(a) Missions in certain British countries⁴ and the United States, if consulted in advance with respect to the admission of any person so designated, may inform applicants that entry of such persons would be denied; and

(b) Missions in countries other than those in (a) may refuse applications for visas for such designated persons.

12. External Affairs will, at the same time, instruct all Missions abroad to refer to Ottawa for specific instructions with respect to any person who makes enquiries concerning entry to Canada or applies for a visa if they have reason to believe that such person is a known Communist and comes within the Cabinet decisions in I above, even though his name is not among those designated by the Cabinet Committee.⁵

E.W.T. GILL

⁴ La Grande Bretagne ou l'Irlande du Nord, l'Irlande, la Terre-Neuve, la Nouvelle-Zélande, l'Australie, ou l'Union d'Afrique du Sud.
Great Britain or Northern Ireland, Ireland, Newfoundland, New Zealand, Australia, or the Union of South Africa.

⁵ Note marginale :/Marginal note:
Approved. St. L[aurent]

776.

DEA/9668-40

*Note du conseiller juridique
pour le chef par intérim de la Direction de liaison avec la Défense*

*Memorandum from Legal Adviser
to Acting Head, Defence Liaison Division*

SECRET

[Ottawa], June 9, 1948

In reading over the oral judgment delivered by Chief Justice McRuer in the case of H.R. Robinson,⁶ it has occurred to me that the definition of "prohibited persons" in sub-section (n) and (o) of Section 3 of the Immigration Act, is considerably out-moded, having regard to the subtler techniques now being employed by Communists and their sympathizers. I wonder if some attention should not be given to a study of these techniques with a view to rephrasing the relevant sections of the Immigration Act and also the relevant sections of the Criminal Code of Canada?

2. For instance, is what we should really aim at "a person who disbelieves in or is opposed to organized government!" This definition, of course, only covers the pure anarchist, who I should think is a *rara avis*. Again is it "a person who believes in or advocates the overthrow by force or violence of the Government of Canada?" Perhaps this might be true of the typical active Communist from an extreme Marxist point of view. It does not, however, accurately describe one who seeks subtler ways of overthrowing or subverting the Government of Canada. Further, is it "one who advocates the unlawful destruction of property?" That seems to me to be a description of a saboteur or a teacher of saboteurs. But really, when it gets to the point of sabotage, the real damage has probably been done.

3. I make these preliminary observations because it seems to me that, quite apart from the desirability or otherwise of "outlawing" the Communist Party as such, the text of the law of Canada lags considerably behind both political reality and public opinion in this country. It would be unfortunate if the Canadian conception of a "prohibited person" remains that of a "Bolshevik" in its earliest and most lurid connotation — namely, a furtive, cloaked figure, carrying a time-bomb in one hand and the Manifesto in the other, the while advancing with baleful but obvious intent on the Parliament Buildings.

E.R. HOPKINS

⁶ Le juge en chef McRuer a rendu un jugement sur la légalité de la déportation de Robinson par une commission d'enquête établie en vertu de la loi sur l'immigration.

Chief Justice McRuer ruled on the legality of the deportation of Robinson by a Board of Inquiry under the Immigration Act.

777.

PCO

*Extrait des conclusions du Cabinet**Extract from Cabinet Conclusions*

TOP SECRET

[Ottawa], July 13, 1948

...

ADMISSION TO CANADA OF KNOWN COMMUNISTS

22. *The Secretary of State for External Affairs* reported that the special Cabinet Committee, appointed at the meeting of March 2nd, had under consideration a proposal for excluding known Communists from Canada on the basis of unions known to be Communist dominated.

The members of the special Cabinet Committee had agreed that a procedure on the following lines should be recommended:

(a) that permission to enter Canada be withheld, pending review of the matter by a Board of Inquiry, in the case of any person whose card when presented at the boundary showed that he was an officer of one of the following unions:

International Union of Mine, Mill and Smelter Workers,
American Communications Association,
United Gas, Coke and Chemical Workers of America,
Office and Professional Workers of America,
International Fur and Leather Workers Union of the United States and Canada,
United Electrical Radio and Machine Workers of America;

(b) that, before a Board was constituted to hear the case, the matter be referred to Ottawa and the R.C.M. Police asked to indicate whether they had evidence against the person to show that he was a Communist or fellow traveller, and that their findings be made available to the Board. In the event that the R.C.M. Police report was positive, the person would be considered as coming within Sections 3(1) (n) and (o) of the Immigration Act, and be denied permission to enter.

The term "officer" was taken to apply to members and officials of the international head office, board, or administration of the union, and did not include minor officials such as district and local organizers.

The R.C.M. Police had been consulted and they indicated that the unions mentioned were, according to their records, Communist dominated. Mines and Resources had also been consulted and they did not see any particular obstacles in the way of dealing with the problem along the lines indicated. Mines and Resources pointed out, however, that the delay in awaiting the R.C.M. Police report before setting up a Board of Inquiry might on occasions cause some difficulty.

(Privy Council Office memorandum, July 8, 1948).†

23. *The Cabinet*, after discussion approved the procedure recommended by the Minister on behalf of the special Cabinet Committee and agreed that officials of the departments concerned take the necessary steps to put it into effect forthwith.

778.

DEA/267-A (S)

*Le secrétaire d'État aux Affaires extérieures
aux chefs de poste à l'étranger*

*Secretary of State for External Affairs
to Heads of Post Abroad*

DESPATCH 399

Ottawa, September 23, 1948

SECRET

Sir,

I have the honour to refer to my despatch No. 507† of May [n.d.] enclosing a memorandum of April 22nd explaining the Cabinet decision of March 2nd to refuse admission to known Communists seeking to enter Canada for the purpose of engaging in subversive propaganda.

2. In the light of experience with the operation of the new procedure to date, it now seems desirable to clarify one or two points in the memorandum.

Non-Immigrants

3. I shall deal first with non-immigrant cases. It is not the intention of the Cabinet Committee dealing with this subject to have referred to them each and every case of a person who might be suspected or presumed to be a Communist applying for a non-immigrant visa or, in cases where visas are not required, seeking entry to Canada for a temporary purpose. As defined in section 3(a) of the memorandum of April 22nd, the Cabinet Committee are interested in those Communists who are seeking entry for the purpose of engaging in subversive propaganda. You should therefore not interpret paragraph 6 of the memorandum as instructions to refer to Ottawa all requests for temporary entry from presumed Communists.

4. In the case of our Eastern European Missions, this would mean in effect referring to Ottawa the case of every applicant holding valid travel documents from the Communist governments in those countries and therefore presumably at least well disposed to those governments, if not a Communist. In those countries where direct and indirect compulsions lead so many to accept Party membership as possibly the only means of survival, a distinction must be made between what may be called "active" and "passive" Communists. You must try to come to a decision, on the basis of the best information you are able to get, as to the probable intentions of the applicant. If you decide that his past record clearly shows that he is an undesirable sort of person to have in Canada at the present time, you should refuse him a visa without giving a reason. On the other hand, if an applicant appears to have a clear record and you consider that it may safely be presumed that he intends to come to Canada for some relatively harmless reason, you may grant him a visa. It was, for example, decided at the time of the Trade Fair in Toronto to grant non-immigrant visas to satellite Communist and non-Communist business men alike in cases in which our Missions were reasonably satisfied that they would not be likely to engage in propaganda activities but were *bona fide* business men.

Business Men

5. It is recognized that it may be difficult for you to decide locally on the *bona fides* of business men coming from Communist-dominated countries. In most cases, these people are more likely to be officials or agents of the State than business men in our sense of the word. You should refer to the Department all cases in this category in which you are in any doubt as to whether:

(a) the applicant is in fact a business man or a person competent to represent his country's commercial interests abroad;

(b) the commodities which he wishes to buy in Canada are either of strategic importance, or that he would not be able to obtain them here because of short supply or our export control regulations.

When you refer to the Department a case of this kind you should state as precisely as possible the nature of the business in which the applicant alleges he is engaged, his business or commercial connections in Canada with the names and addresses of the firms with which he has been in correspondence or with which he hopes to deal in Canada, together with a list of the commodities which he is trying to purchase or sell in this country. Upon receipt of this information in Ottawa, it would be passed to the Economic Division of the Department which, in conjunction with the Department of Trade and Commerce, will be responsible for carrying out the necessary investigations. It is not desired to impede legitimate business between Canada and the satellite countries except in so far as it might be necessary to do so in the interests of security in accordance with the decisions of the Government.

Co-operation With U.K. and U.S. Screening Authorities

6. In order to assess the security risk of an applicant, Missions will follow the instructions contained in the memorandum of April 22nd concerning the co-operation which they should enlist from the Passport Control Office of the United Kingdom Embassy or from the Security Section of the United States Embassy. The State Department have now agreed informally to instruct their Missions to assist Canadian Missions in this field and you should therefore find this channel open to you as an alternative to the longstanding arrangements we have had with the United Kingdom Passport Control Offices. Both the United Kingdom and United States Embassies will probably consult their central records in London and Washington before replying to most of your enquiries but this is a more direct channel than referring each case through Ottawa where in most instances we should then have to consult London or Washington, as our records in Ottawa cannot possibly be as complete. In principle, our understanding with both United Kingdom and United States services is that the exchange of information will be reciprocal, although in practice it is recognized that our contribution will be very small.

7. In the April 22nd memorandum, the case of Harry Pollitt was cited as an example of the sort of case which the Cabinet Committee wished to have referred to them for disposition. They are also interested in any person whose activities while in Canada would be primarily propagandist and subversive. Clearly, organizers from Communist-dominated Trade Unions in the United States fall in the same category and you will have seen the judgment given by the Chief Justice of the Supreme Court of Ontario on the Reid Robinson case which was tried on April

30th and resulted in the vindication of the competence of the Immigration Branch to deport such Communists as coming within the provisions of paragraphs (n) and (o) of Section 3(1) of the Immigration Act.

8. A number of individuals (mostly U.S. Trade Union organizers known to be Communists) have been designated by the Cabinet Committee as inadmissible. Their names have been circulated to our Embassy in Washington and our Consulates in the United States, as well as to Immigration Officers along the border. It has also been decided to exclude in the same manner the officers of certain international Labour Unions known to be Communist dominated.

Immigrants

9. I have up to this point been discussing non-immigrant cases. The Cabinet decision of March 2, 1948, excluded from visiting Canada only those Communists who would come to engage in subversive propaganda. On March 5, 1947, the Government decided to refuse entry to all Communists as such when they are seeking to come to Canada as immigrants. The security screening arrangement for checking these applicants should therefore apply with still greater force to all applicants for immigrant visas. You should, in present circumstances, grant an immigrant visa to a Soviet national only in most exceptional circumstances. In practice, we are now regarding all satellite nationals as presenting more or less the same security problems as Soviet nationals.

10. You are now reporting by telegram the issuance of visas of any kind to Soviet nationals. While we do not yet consider it worth while asking you to telegraph similar information when you issue a visa to satellite nationals, you should make an immediate report by air bag when you issue an immigrant or a non-immigrant visa to a satellite national, specifying the name, nationality, passport number and date of issue. A form for this purpose is being prepared by the R.C.M.P. but, in the meantime, you may report in the form of a memorandum or despatch in duplicate so that it may be passed to the Commissioner of the R.C.M.P.

11. The security risk of a national of one of the Eastern European countries is obviously much greater if his passport has been issued since his country came under Communist domination. As a guide for this purpose, it may be considered that the following countries came under Communist domination as from the following dates.

Albania	20 October, 1944
Bulgaria	2 April, 1946
Czechoslovakia	20 February, 1948
Hungary	1 June, 1947
Poland	19 January, 1947
Rumania	6 March, 1945
Yugoslavia	29 November, 1945

12. The names of those persons whose applications for visas you have refused on security grounds will be reported in your monthly visa returns as a matter of course. In addition, you will advise the Department by telegram of any undesirable person whom you may learn intends to seek entry to Canada at the border, not requiring a visa.

Official Visas

13. Soviet or satellite officials other than diplomats or special couriers, wishing to visit Canada on government business or with the blessing of their government should normally not be granted visas without reference to Ottawa. In referring such cases you should pass on any information you have been able to glean from local security enquiries and also state as precisely as possible the purpose of the visit.

General: Refer to The Department When in Doubt

14. There will undoubtedly be borderline cases not precisely covered in your instructions and other cases in which you may not be satisfied with the adequacy of your local enquiries or as to the character and *bona fides* of the applicant. All such cases of which you are doubtful should be referred to the Department as in the past.

I have, etc.

ESCOTT REID
for Secretary of State
for External Affairs

779.

PCO

*Extrait des conclusions du Cabinet**Extract from Cabinet Conclusions*

TOP SECRET

[Ottawa], December 1, 1948

...

ADMISSION TO CANADA OF COMMUNISTS; SPECIAL CASE

12. *The Solicitor General* reported that the special Cabinet Committee set up at the meeting of March 2nd last had had under consideration a proposal to refuse admission to Canada of a well known United States singer [Paul Robeson] on the ground that he was a known Communist. The individual in question had accepted concert engagements in Toronto.

It was known by the Police that this artist had active Communist connections. On a previous occasion he had engaged in Communist activities while in Canada.

(Privy Council memorandum to special Cabinet Committee, Nov. 29, 1948).†

13. *The Prime Minister* suggested that the Department of National Revenue should take care to collect from such foreign artists the income tax payable upon their earnings in Canada.

14. *The Cabinet*, after further discussion, agreed that, in the circumstances, admission to Canada should not be refused to the individual in question; the Department of National Revenue to be instructed to take appropriate steps to see that the earnings in Canada of such foreign entertainers were subjected to the tax payable under Canadian laws.

...

SECTION C

RÉADMISSION DE CANADIENS AYANT SERVI
DANS DES FORCES ARMÉES ENNEMIES
DURANT LA DEUXIÈME GUERRE MONDIALE
READMISSION OF CANADIANS WHO SERVED IN ENEMY FORCES
DURING WORLD WAR II

780.

DEA/939-C-40

*Le secrétaire d'État aux Affaires extérieures
aux chefs de poste à l'étranger*

*Secretary of State for External Affairs
to Heads of Post Abroad*

CIRCULAR DOCUMENT NO. B.4

Ottawa, January 8, 1948

Sir,

The question of the admissibility to Canada of persons who served during the last war in the armed forces of His Majesty's enemies, has recently been under examination at a high level. Consideration is now being given to the legislative changes that may be necessary in connection with the procedure required for the revocation of citizenship of such persons, both Canadian-born and naturalized.

2. Meanwhile I wish to inform you that the following decisions have been reached with regard to applications from persons who served in enemy forces:

(a) The re-entry of Canadian citizens by birth and naturalization is not to be facilitated and they are not to be advised that they are admissible to Canada as a matter of right. Final action to be taken on this class is under review and further instructions will be issued in due course.

(b) Persons who possessed Canadian domicile and served in the Armed Forces of His Majesty's enemies during the war are to be considered as having relinquished domicile by such action.

(c) Immigrants who are citizens of Finland, Hungary, Italy and Roumania, who served in the Armed Forces of their own country during the war are not to be refused admission to Canada on account of such service unless recorded in the official list of war criminals.

(d) Immigrants of neutral or allied nationality who have served in the Armed Forces of His Majesty's enemies are to be refused admission unless they can establish that such service was rendered under physical compulsion.

3. These decisions will be incorporated in the next supplement to "Instructions to Canadian Visa Officers".

4. It should be borne in mind that persons who are not Canadian citizens or who do not possess Canadian domicile may not enter Canada as a matter of right. The Orders-in-Council recently made under the Immigration Act do not confer a right of admission upon the classes named in them, but merely define the groups or indi-

viduals who *may* be admitted. The terms of the Act itself and of previous Orders-in-Council, save insofar as they may be revoked or modified, must still be applied to each application.

5. The first two decisions cited above call for no comment. The third decision should be read in conjunction with P.C. 2908 which applies to those ex-enemy countries with which Canada has concluded treaties of peace. Applications coming within the scope of the fourth decision will in the first instance be refused, but the applicant may appeal and submit evidence of physical compulsion for the consideration of the Immigration authorities.

I have, etc.

LESLIE CHANCE
for Secretary of State
for External Affairs

781.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], June 2, 1948

RE-ADMISSION OF CANADIANS; SERVICE IN ENEMY FORCES.

12. *The Secretary of State for External Affairs* pointed out that the Cabinet, on December 12th, 1947, had agreed that legislative action should be taken to provide for the revocation of citizenship of Canadians who had served with enemy forces during the recent war; the Citizenship Act, in due course, to be amended accordingly. It had subsequently been decided, however (on May 26th, 1948) that amendments to the Act would not be proceeded with during the present session.

The Immigration Branch were taking no action to inform such persons that they were admissible to Canada as a matter of right but a number of specific cases had been the subject of representations as a result of the return to Germany of the last prisoners of war in the United Kingdom.

These persons could not be prosecuted for treason if re-admitted because of the lapse of the statutory three year limitation since commission of the offence.

(External Affairs memoranda, April 9 and May 27, 1948)†

13. *The Cabinet*, after discussion, agreed that the entry of such persons to Canada was undesirable and that instructions to the Immigration Branch that their admission was not to be facilitated should be confirmed.

782.

DEA/939-C-40

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

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

SECRET

[Ottawa], September 15, 1948

RE RE-ADMISSION OF CANADIANS; SERVICE IN ENEMY FORCES

Attached is a copy of a summary of a Cabinet discussion and decision dated June 2nd, 1948. By memorandum dated 27th May, 1948, copy attached, the attention of the Secretary of State for External Affairs was drawn to this matter. He minuted this memorandum "Canadians who served against us must have done so because they also had German nationality. As such, they are to be regarded either as enemy aliens or as traitors, and as enemy aliens we cannot deal with them until peace has been achieved."

You will recall that difficulties have arisen in this matter because of a certain reluctance and inconsistency on the part of the Department of the Secretary of State in revoking the citizenship of Canadians on the grounds of service in the enemy forces. You may remember that during discussion in the Sub-Committee of Cabinet, Mr. Gibson took the line that he was powerless because the Commission for Enquiry set up to deal with these cases was a quasi-judicial body; that the Secretary of State could only accept its decisions. Mr. St. Laurent at that time pressed Mr. Gibson to discuss with the Commission for Enquiry the possibility of a firmer attitude in these renegade cases.

On the 8th January 1948, pursuant to an earlier Cabinet decision, this Department had issued Circular Document B.4, copy attached. The instructions it contains are explicit. At that time, however, it was thought that they would be no more than interim instructions; that legislative action would shortly be taken to deprive Canadian traitors and renegades of their citizenship. In the months between January and June no legislative action was taken and when Cabinet considered the matter again on the 2nd of June, it was in the general atmosphere that no legislative action could in any case be taken at the then current session of Parliament.

This has led to an undesirable situation. When naturalized Canadians, who have served in the enemy forces, seek re-admission to Canada, it is the practice to institute revocation proceedings on the grounds of their residence outside of Canada over the statutory period, and also, on the grounds of disloyalty and disaffection to His Majesty.

In several recent cases, however, the Commission of Enquiry has refused to revoke the certificate of renegades despite what appeared to be adequate evidence of disloyalty and disaffection to His Majesty, and at the same time has taken what seems to be a very lenient view of the factor of residence outside of Canada over the statutory period.

In these cases, we have been advised that the Commission "has considered this matter and has not found grounds for revocation of the Certificate of Naturalization . . . It has been decided, therefore, that revocation proceedings will be discontinued."

The persons concerned have, of necessity, been informed of the findings of the Commission. In some instances they have subsequently asked for certificates of proof of Canadian citizenship and after considering these applications, the Secretary of State has issued such for transmission to the persons concerned.

You will observe the difficulty of reconciling these events with the directive of the Cabinet. We seem to be in the inevitably difficult position of those who would blow hot and cold. On the one hand is the directive of the Cabinet that the re-entry of these persons be not facilitated and on the other is the fact that after they have been examined in accordance with the law as to their right of Canadian citizenship, they have been confirmed in it by the constituted authority.

If there had been a simple legislative act by which all Canadians who had served in the enemy forces had been automatically deprived of their citizenship, it would have put this whole question on the right footing. The onus would then have been on the person deprived to show that he was entitled to reinstatement. However, that action was not taken and we now find ourselves in the position of trying to carry out the wishes of the Cabinet and in doing so denying to Canadians who have been confirmed in their status as Canadians by the lawful authorities, the ordinary rights which Canadian citizens should enjoy.

Despite the obvious political dangers which are inherent in permitting Canadians who have served in the enemy forces to return to Canada, I fear that we will continue to be on very thin ice, if we refuse facilities to those who, having had their cases examined by the Commission of Enquiry, have been maintained in their Canadian citizenship. It is possible that you may wish, with a view to obtaining a firm attitude in this Department toward traitors or renegades to (a) discuss this question with the Secretary of State, or (b) raise the issue once more in Cabinet.⁷

E[SCOTT] R[EID]

⁷ Note marginale :/Marginal note:

Please draft a letter to the Secretary of State, putting the issue to him and suggesting that it should be raised in Cabinet. L.B. P[earson]

Il y eut un échange de lettres peu concluant entre Pearson et Gibson. Les fonctionnaires du ministère reportèrent l'examen de cette question à décembre lorsque Pearson serait rentré de Paris.
There was an inconclusive exchange of letters between Pearson and Gibson. Departmental officials deferred consideration of the question until after Pearson returned from Paris in December.

SECTION D

CAS DE JACQUES DE BERNONVILLE
CASE OF JACQUES DE BERNONVILLE

783.

W.L.M.K./J4/Vol. 272

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

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

SECRET

[Ottawa], August 28, 1948

Two cases of French collaborators now living in Canada, [Georges Benoît] Montel [alias Gaston Ringeval] and [André Charles] Boussat [alias Alfred Bordes], have recently been brought to your attention, as the question of their deportation to France, where they have been sentenced for collaboration, has arisen. You will recall from Mr. Reid's memorandum to you of July 8th[†] that Montel and Boussat were condemned in absentia to forced labour for life, confiscation of all property, and national degradation. We have asked our Embassy in Paris whether they think that Montel and Boussat were guilty of more than ordinary support of the Petain regime. We have not yet had a reply to our despatch of August 12th.[†]

2. A third and much worse case is that of Jacques de Bernonville. He has been sentenced to death in absentia for a whole series of crimes of collaboration, including giving information to the enemy which led to the death of Frenchmen engaged in the Resistance, and there has even been a suspicion that he was involved in the murder of a Canadian paratrooper — at any rate he entered Canada illegally with the papers of a Canadian paratrooper who was killed in France before the liberation.

3. The French Embassy has confirmed the desire of the French Government to have him returned to France if the Canadian Government decided to deport him, and the French Ambassador has offered the assistance of the French Vice-Consul in Montreal where de Bernonville is now living.

4. In spite of the circumstances of the case with which they were fully familiar, the Immigration Branch told de Bernonville early in July that he could leave this country voluntarily any time before the 2nd of September. So far as we know, he has not left and may be hoping to appeal for permanent landing. In a letter of August 9th,[†] I suggested to the Acting Deputy Minister of the Department of Mines and Resources that he might like to review his decision in this case in view of the French and Canadian interests involved. I think that de Bernonville should have been arrested and deported to France rather than allowed to leave the country voluntarily before September 2nd.

5. Mr. Keenleyside has now replied[†] that he does not see his way clear to changing their decision but if de Bernonville has not left the country he will be arrested on September 2nd. The French, at the same time, conveniently proposed that de

Bernonville be placed on board the French frigate, *l'Aventure*, which will be in Quebec and Three Rivers between the 7th and 17th September.

6. Do you agree to the course of action proposed by Mr. Keenleyside to effect de Bernonville's arrest on September 2nd, the date on which his permission to leave the country voluntarily expires, and to deport him to France by placing him on board the French frigate *l'Aventure*, which will be at Quebec and Three Rivers between the 7th and 17th September? It was the French Embassy in Ottawa that proposed that de Bernonville be placed on board this French ship.⁸

L.B. PEARSON

784.

L.S.L./Vol. 13

*Note du sous-ministre des Mines et des Ressources
pour le ministre des Mines et des Ressources*

*Memorandum from Deputy Minister of Mines and Resources
to Minister of Mines and Resources*

CONFIDENTIAL

[Ottawa], September 6, 1948

THE BERNONVILLE CASE

You will have heard on the radio and seen in the press the statement regarding this case which I issued on Saturday evening, the 4th of September, 1948, at 6.15. An exact copy is appended hereto.† The story behind my action in releasing this statement is as follows:

2. At 12.20 p.m. on Saturday, the Secretary of State for External Affairs telephoned to say:

(a) that *La Presse* had published a statement alleging that the government had decided to deport Bernonville and that he was to be started back to France during the long holiday week-end in the hope that no one would notice and then, in any case, it would be difficult to arrange for a writ of *habeas corpus* or other legal intervention.

(b) that Mayor Houde¹⁰ and others were making political capital out of the situation alleging that Bernonville was an anti-Communist refugee who was being persecuted by the government and, particularly, of course, by Mr. St. Laurent.

(c) that British United Press (Norman MacLeod) had reported that Mr. Smith of the Immigration Branch had said that the French government had *not* asked for Bernonville to be returned.

⁸ Le document porte l'annotation suivante :

The following was noted on the document:

The Minister returned the memorandum with the following note: "Council discussed these cases and decided that Montel and Boussat should be allowed to remain and de Bernonville be returned to France."⁹ St. L[aurant]

⁹ Le Cabinet a pris cette décision le 1^{er} septembre.

Cabinet reached this decision on September 1.

¹⁰ Camilien Houde, maire de Montréal./Camilien Houde, Mayor of Montreal.

3. I promised Mr. St. Laurent that I would check on the alleged statement of Mr. Smith at once and would prepare a release for the press which would indicate:

- (a) that Bernonville was no martyr
- (b) that his case was being handled by this Department and not by the Secretary of State for External Affairs
- (c) that he had been ordered deported because he had entered Canada illegally and because of his generally bad record
- (d) that he was not being hustled off on the holiday week-end.

As Mr. St. Laurent and I were both lunching at the French Embassy I arranged to take the proposed statement there in order to have it checked by the French officials and approved by Mr. St. Laurent himself before it was released.

4. This was done.

5. There are certain points, including subsequent developments which require further notice. The first has to do with the statement made by Mr. Smith. He informed me that he did not deny that the French government had asked for Bernonville; he followed the regular custom of refusing any details except to say that Bernonville was being deported in accordance with the immigration law. In this case, as in response to other similar enquiries it was indicated that any further information would have to come from higher authority. Mr. Smith's action seems to me to have been correct.

6. Shortly after 3 o'clock I telephoned to Norman MacLeod and told him the facts. He put me in touch with the B.U.P. officer on duty and when my statement was formally cleared by the French Embassy at 6 p.m. B.U.P. accepted it, gave it general press distribution and put it on the radio over all stations that carry their news. In Ottawa it was heard over CKCO and CFRA at 11 p.m.

7. The Canadian Press handled the release much less efficiently. Their local office remained open at my request until the statement was ready and they then transmitted it at once to their headquarters in Toronto who had been warned that it was coming. Although it was received in Toronto at 6.30 p.m. it did not reach the C.B.C. newsroom until 8.50 and then only in garbled form. When it was not carried on the 9 o'clock broadcast I telephoned to C.B.C. in Toronto and was told what had happened. They promised to get the whole statement and to put it on the national summary at 11 p.m. I reported the Canadian Press bungling to Mr. Carnegie, their local representative. He promised to check up on what had happened and to see that the statement was given full newspaper distribution.

8. The delay from 3 to 6 p.m. in releasing the statement was due to the desire of the French Embassy to have it checked by M. Basvedant (Counsellor) who had to be brought back from the country for the purpose. It was the French Embassy officials who suggested the inclusion of the statement about Bernonville having been responsible for the deaths of "members of the Allied forces probably including Canadians from the R.C.A.F." They stated that their records fully justified these statements.

9. There is one point on which Mr. St. Laurent questioned me that should be mentioned to you. He said that when the Cabinet considered this case they were

under the impression that the French government had formally requested the return of Bernonville. This, according to the Embassy officials, was not strictly accurate. I have now examined the file again to see precisely what was said on this point and on what we based our statements.

10. In my memorandum addressed to you on the 1st of September, 1948,[†] I wrote:

"The French government has taken this case very seriously and the Department of External Affairs has requested that we agree to his deportation."

This statement was based in turn on a letter from the Under-Secretary of State for External Affairs, dated the 8th of August, 1948, which read in part as follows:

"The French Embassy have shown considerable interest in this case, as the charges against de Bernonville for collaboration are most serious . . .

"I am enclosing a copy of Note No. 118 of the 6th August from the French Ambassador from which you will see that the French Government are anxious for de Bernonville to be embarked on a ship leaving Montreal directly for France. The Ambassador offers the services of the French Vice Consul in Montreal, in order to prepare the necessary papers for de Bernonville's return to his country.

"In view of the particular interest of the French authorities in this case and because of the very unfavourable reports on de Bernonville's record which we have received from authoritative sources, I wonder if you would care to review your decision to permit de Bernonville to leave the country voluntarily and possibly to consider the action suggested in Mr. Jolliffe's¹¹ letter of June 26th for arresting him and deporting him on a ship sailing for France, so that he will be turned over to the French authorities."

This letter from Mr. Pearson came to us before I returned from Europe and in order to make certain of my ground I telephoned to the Acting Under-Secretary of State for External Affairs on the 23rd of August and asked whether Mr. Pearson's letter still represented the views of the Department and, in particular, whether Mr. St. Laurent had agreed. My note of this conversation on our file reads as follows:

"Confirmed by Mr. E. Reid (Ex.Affrs.) that Mr. St. Laurent has no desire to assist this man. Ex. Affrs. would like to see him returned to France by Immigration. (Sgd.) K[eenleyside] — 23/8/48."

11. As far as this Department is concerned the question as to the interest of the French Government has been carefully covered, and that the statements made by us and by External Affairs were fully justified is indicated in the sentence which was incorporated in my press release with the approval of the French Embassy. The sentence read:

"The French government has informed the Canadian Government of the gravity of the crimes by Bernonville and has indicated their wish to have him returned to France . . ."

¹¹ A.L. Jolliffe, directeur de l'Immigration du ministère des Mines et des Ressources./A.L. Jolliffe, Director of Immigration, Department of Mines and Resources.

12. Last evening I received a telegram from Mayor Houde. A copy is attached.† Unless you and Mr. St. Laurent consider it advisable, I shall not reply, although it would be easy to make an effective answer.

13. Bernonville has, as you know, now been covered by a writ of *Habeas Corpus*. The case will probably drag for some time — certainly until after the departure of the French warship on which it was intended to send him back to answer for his crimes.

[H.L. KEENLEYSIDE]

785.

W.L.M.K./J4/Vol. 236

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

*Memorandum from Legal Adviser
to Secretary of State for External Affairs*

[Ottawa], September 8, 1948

RE BERNONVILLE CASE

Mr. Keenleyside has, I believe, sent you a copy of a memorandum on the above case. That memorandum plus our memorandum to you of August 28th (copy attached) seem to give the relevant details in this matter.

2. The facts are:

(i) The Department of Mines and Resources informed us on June 26th that they were endeavouring to complete arrangements for the return to France of Bernonville and his wife and two daughters under deportation proceedings, in view of the rejection of their application for a permanent landing in Canada. In this letter we were informed that according to a confidential source Bernonville is alleged to have actively collaborated with the German occupational troops in France subsequent to that country's capitulation. He was stated to have been the brain behind the German plans for large scale attacks on the French Underground, and to have been responsible for the massacre of Frenchmen and Allied servicemen working behind the German lines.

(ii) In fact Bernonville was accused of treason and was condemned to death and was ordered to be shot in accordance with French Ordinance No. 77 of 28th November, 1944, by a Court of Appeal of Toulouse on October 8th, 1947. It appeared from the evidence taken at his trial that:

“attendu que des pièces de la procédure reconnue régulière et de l'ensemble de l'information il résulte la preuve que *Duge de Bernonville* s'est rendu coupable d'avoir en France et en Afrique du Nord, notamment à *Paris, Lyon, Rabat*, de 1940 à 1944, en tout cas depuis un temps non prescrit et en temps de guerre, entretenu des intelligences avec une puissance Étrangère en l'espèce l'Allemagne ou ses agents, en vue de favoriser les entreprises de cette puissance contre la France en entrant en rapport avec des agents du S.D. (Sicherheitsdienst) en organisant le

corps des volontaires français et la phalange africaine, en introduisant en Afrique du Nord des missions de sabotage et en livrant aux Allemands deux Français détenus dans une Maison d'Arrêt."

An extract from the minutes of the Court of Appeal at Toulouse on this case is attached.†

(iii) Bernonville has admitted that at the time of his entry into Canada he was travelling under an assumed name on a false French passport which he obtained from friends in France. A review of his case by the Department of Mines and Resources gave him the privilege of effecting voluntary departure from Canada provided he and his family did so prior to September 2nd, 1948.

3. Mr. Basdevant of the French Embassy told Mr. Reid that he was writing to Paris to seek confirmation of a story that he had heard that Bernonville had entered Canada on false papers, which had been taken from the body of a Canadian Officer who had been killed in the campaign in France. He did not know whether this Officer had been killed in action or shortly after being taken prisoner. Confirmation on this point has not been received.

4. Mr. Basdevant informed Mr. Reid yesterday, September 7th, that a retrial would be automatic in the case of Bernonville who was convicted *in absentia*.

5. It is quite clear that Bernonville has been shown every consideration, and that he is fortunate in having been allowed to remain in Canada at all. This is not the case of an ordinary political refugee, but of a person in direct touch with the German Intelligence Service whose deportation would appear desirable from every point of view.

6. My general conclusions are:

(a) that there would be some danger in making official statements on this matter, while it is *sub judice*, in the sense that *habeas corpus* proceedings are pending;

(b) that any official statement which may be made ought to be limited to facts which are demonstrable. I should think it dangerous to make statements, based upon suspicion or "confidential sources" which may not be capable of substantiation.

(c) that any statement made should be by Mines and Resources, the Department primarily concerned. A statement (copy attached) has already been made, as you know by Mr. Keenleyside. Should it be regarded as necessary to reply governmentally to some of the wild charges that have been made in Quebec, a statement might issue from the leader of the Government after consultation with Mines and Resources;

(d) It would be helpful if the French Government could be induced to make a statement about this man. If you agree, the French Embassy could be approached. However, I do not think the approach would be fruitful.

7. Pending a decision on whether a further statement is to be made, and by whom, I have asked Mines and Resources for (a) a copy of the record on the deportation proceedings and (b) a copy of the judge's order in the *habeas corpus* proceedings (which has not yet arrived from Montreal).

8. Attached is a teletype from Washington† which indicates the lengths to which Bernonville's champions are prepared to go. This, so far as I know has not been made public.

E.R. HOPKINS

786.

L.S.L./Vol. 13

*Le secrétaire d'État aux Affaires extérieures
à Maître Paul Massé*

*Secretary of State for External Affairs
to Maître Paul Massé*

Ottawa, le 14 septembre 1948

Cher monsieur Massé,

J'ai bien reçu votre lettre du 12 septembre¹² me demandant d'intervenir pour faire admettre légalement au Canada le comte de Bernonville et d'autres réfugiés politiques français. Il n'est question pour le moment que du comte de Bernonville. Je regrette qu'il ne me soit pas possible de partager votre manière de voir à son endroit.

Il ne s'agit pas d'une décision basée sur "l'acharnement de ses ennemis à poursuivre le comte jusqu'au Canada." Au contraire, il s'agit de l'application normale de nos règlements et, votre lettre le fait voir, vous vous rendez compte qu'il faudrait un arrêté-en-conseil spécial pour l'autoriser à demeurer ici. Les renseignements que nous avons jusqu'à présent ne me permettent pas d'insister auprès de mes collègues pour l'adoption d'un tel arrêté-en-conseil.

Le comte de Bernonville avait été prévenu, il y a déjà plusieurs semaines, qu'il devait quitter le Canada avant le 2 septembre et comme il n'a pas jugé à propos de le faire, le Département de l'Immigration a dû avoir recours à la procédure de déportation. La légalité de cette procédure est contestée devant les tribunaux et c'est à ceux-ci qu'il appartiendra de l'apprécier à ce point de vue.

On m'affirme que si le comte de Bernonville retourne en France il aura un nouveau procès et l'avantage de se défendre contre toutes les accusations extrêmement graves et précises que le gouvernement français, qui n'est pas un gouvernement communiste, retient contre lui. Ce n'est pas à nous qu'il appartient de nous prononcer sur ces accusations et à moins de pouvoir démontrer nous-mêmes qu'elles sont toutes mal fondées, nous ne pourrions justifier l'adoption d'un arrêté de faveur comme celui que vous me suggérez.

Votre bien dévoué,

[L.S. ST. LAURENT]

¹² Massé a signé la lettre comme président,

Massé signed the letter as President,

Comité pour la défense du comte de Bernonville et des réfugiés politiques français.

787.

L.S.L./Vol. 43

*Note de l'adjoint exécutif du premier ministre
pour le premier ministre par intérim*
*Memorandum from Executive Assistant to Prime Minister
to Acting Prime Minister*

[Ottawa], September 22, 1948

RE PRESS RELEASE ON THE BERNONVILLE CASE

I have read the attached draft¹³ and it seems to me there are serious objections to it on two grounds.

(1) The Courts are in process of deciding whether there are legal grounds for deportation. That question should surely be argued before the Courts, and not in a press release.

(2) The question of Bernonville's alleged crimes in France is a matter for the French Courts. Since he is to have a new trial if he is returned to France, that question could most appropriately be decided there.

I feel all the government of Canada needs to say is that:

(1) Bernonville is being deported because he is not legally admissible to Canada.

(2) The French authorities allege he has committed certain serious crimes.

(3) The French government has assured the Canadian authorities that he will receive a new trial.

(4) France is a friendly country with free institutions and the same fundamental conceptions of justice as our own, hence there is no injustice in returning Bernonville to his own country.

Finally, it seems to me the time to make such a statement is not the present, while the case is before the Courts, but after the legal proceedings have been completed, and then only if the agitation is revived and a factual statement is required.

J.W. PICKERSGILL

¹³ Keenleyside a composé et recomposé une déclaration (à la demande de Saint-Laurent) pour répondre à

Keenleyside drafted and redrafted (at St. Laurent's request) a statement to try to deal with "the amount of publicity of an unfavourable character that has occurred."
(L.S.L./Vol. 43, Keenleyside à Saint-Laurent, le 17 septembre.)
(Keenleyside to St. Laurent, September 17, L.S.L./Vol. 43)

788.

L.S.L./Vol. 43

*Note du secrétaire d'État aux Affaires extérieures
pour le premier ministre par intérim*

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

[Ottawa], October 26, 1948

RE PRESS STORIES ON VICHY COLLABORATORS

Shortly before Mr. St. Laurent left for London, word was received that *Time* Magazine was about to publish an article criticizing the Government for harboring Vichy collaborators. Mr. McConaughy, Canadian correspondent of *Time* Magazine, apparently had discussed this with Mr. St. Laurent and had made known that he proposed to refer to an Order in Council granting permanent landing to four French citizens¹⁴ who had been convicted in absentia of collaboration with the Vichy Government.

2. Mr. St. Laurent spoke to the Acting Under-Secretary about this and suggested that if the article appeared to warrant such a course, a short statement might be made along the following lines:

"Canadian Immigration Laws require the deportation of persons who are in Canada illegally unless the Governor in Council is convinced that a man is a bona fide political refugee and makes a special order in his case. Such orders have been made from time to time but there were no such reasons as would have led to the making of a special order for de Bernonville."

3. When the article actually appeared,¹⁵ its tone seemed bantering and did not seem to warrant any formal statement. Accordingly, in the absence of Mr. St. Laurent and yourself, my Department drew to the attention of the Department of Mines and Resources, the formula suggested in advance by Mr. St. Laurent. That Department replied that it seemed desirable to avoid comment if at all possible, but that if questions were asked it might be said that these cases were examined along with hundreds of others in the course of the departmental activity of Mines and Resources and that it was the Government's view that "affirmative action should be taken in these particular instances." If any statement were considered necessary, that Department was anxious that it avoid the use of the expression "bona fide political refugees" since this expression (a) would not accurately describe the per-

¹⁴ Georges Benoît Montel (dit/alias Gaston Ringeval); Julien Gaudens (dit/alias Armand Berard); André Charles Bousset (dit/alias Alfred Bordes); Jean Louis Huc.

¹⁵ Le 19 octobre, le premier ministre par intérim, C.D. Howe, et l'ambassadeur de France, Francisque Gay, publièrent des déclarations indiquant que les poursuites contre les quatre autres individus étaient abandonnées.

On October 19, the Acting Prime Minister, C.D. Howe, and the French Ambassador, Francisque Gay, issued public statements which indicated that the cases against the other four individuals were closed.

sons involved and (b) might prejudice the position of Mines and Resources vis-à-vis de Bernonville, whose case is still "sub judice".

4. In the last day or so, however, numerous stories have appeared in the Canadian press which seem to me more damaging than the article in *Time*. The *Globe and Mail* has headlined "Canada Opens its Doors to Vichy Fugitives." Reference has been made to the "embarrassment" of the officials. The matter of the non-publication of the relevant Orders in Council has been raised. It has been emphasized also that the Cabinet decided to land these persons "as a result of strong pressure from Quebec." These comments have been attributed in part to Government sources. However, it may well be that these are speculative and based largely on the *Time* article.

5. The matter is of course one primarily for Mines and Resources. However, there are certain international implications as well as a governmental interest which has suggested to me that I might draw the foregoing to your attention.

6. I have not been able to devote much time to considering this matter and am indeed leaving Ottawa after the week-end. I think it possible to draw a distinction between Bernonville and the others who were not involved with the Security Police though the distinction is not immediately apparent or easy to draw while the Bernonville case is unsettled. However, it seems to me that it might be wise not to make any formal statement but to follow the generally cautious line indicated by the Department of Mines and Resources; we ought perhaps to avoid becoming involved in discussions of the details concerning these individuals. At this time it might also be wise to undertake the preparation of a considered statement of the Government's position for use on the floor of the House.

7. Attached are the following:†

- (a) The *Time* article which seems to have started the ball rolling;
- (b) Short statements on the three principal French citizens who were granted permanent landings.

L.B. PEARSON

SECTION E

DEMANDE À RENDRE VISITE À KURT MEYER
REQUEST TO VISIT KURT MEYER

789.

DEA/5908-C-40

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

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

SECRET

Ottawa, May 19, 1948

RE REQUEST OF MRS. MEYER TO VISIT HER HUSBAND
AT DORCHESTER PENITENTIARY

General-Major of Waffen-SS Kurt Meyer was convicted and sentenced by a Canadian Military Court, pursuant to the War Crimes Regulations (Canada) passed by virtue of the "Act respecting War Crimes" (Chapter 73 of the Statutes of Canada, 1946). The Court's sentence of death was commuted to one of life imprisonment and the accused was transferred to Dorchester penitentiary in New Brunswick where he is serving his sentence.

2. Kurt Meyer has made application to the Commissioner of Penitentiaries, through the Warden of Dorchester penitentiary, requesting that his wife be permitted to come to Canada, at her own expense, in order to pay him a temporary visit. Attached, marked "A", is a letter received from the Department of Justice enclosing a copy of this application.†

3. Mrs. Kurt Meyer has made her own application to the Canadian Government, through the Canadian Military Mission in Berlin, for permission to make a temporary visit to Canada for the purpose of seeing her husband. She asks for permission to pay only a short visit with her husband and is willing to abide by all the restrictions that might be imposed upon her. With her application she also encloses an affidavit by Mr. Lichtenberg of Moncton, N.B., a distant relative of hers, according to which Mr. Lichtenberg undertakes to pay all expenses and assume the responsibility in connection with her visit. Attached, marked "B", is a despatch from the Canadian Military Mission enclosing Mrs. Meyer's application and Mr. Lichtenberg's affidavit.†

4. The Consular Division has expressed the view that, under existing Canadian Immigration Regulations, enemy aliens are not allowed to enter Canada even for the purpose of a temporary visit. Consequently, Kurt Meyer's wife, being a German citizen, could not enter Canada. That Division also points out that, in view of the objection raised in some quarters of Canada at the time of the commutation of Kurt Meyer's sentence from death to life imprisonment, it may not be politically expedient to comply with the request of Mrs. Meyer to visit her husband at this time.

5. Although existing Canadian legislation prohibits the entry of enemy aliens into Canada, there have been some persons who were, technically, enemy aliens and who have been admitted, the law being waived in their favour because they were able to show that they actively supported the Allied cause during the war.

6. The majority of international war criminals, who have been convicted by military tribunals, have been imprisoned in Germany, and I understand that they are allowed to see their immediate relatives and friends from time to time. It seems that the reason Mrs. Meyer has not been able to see her husband is due to the fact that he has been imprisoned in Canada rather than in Germany. By permitting Mrs. Meyer to visit him in Canada, the government would not be giving him treatment any more favourable than that accorded to international war prisoners serving their sentences in Germany. In fact, such treatment would be less favourable considering that he would be able to see her only during her brief visit to this country.

7. There does not seem to be any doubt that the present application is deserving of consideration on compassionate grounds in view of the failing health of Mrs. Meyer, which apparently has been caused mainly by the separation from her husband and her anxiety to have her husband see their three year old son whom he has only seen once before for a period of about fifteen minutes. There are four other children in the family.

8. In view of the fact that hostilities ceased some three years ago and that the sentence which Kurt Meyer is serving will confine him to prison for the remainder of his life, and also taking into consideration the failing health of Mrs. Kurt Meyer, it seems that this request is deserving of consideration on compassionate grounds. In fact, it may be considered in the larger field of fundamental human rights, the recognition of which is of concern to the Canadian Government.

9. The decision with respect to this request is fundamentally a political decision. For this reason you may wish to consult with your colleagues in the Cabinet concerning this matter.¹⁶

L.B. P[EARSON]

¹⁶ Note marginale :/Marginal note:

We cannot acquiesce in granting of a visa to a person of enemy nationality. St. L[aurant]
Le Cabinet confirma cette opinion le 2 juin.
Cabinet confirmed this view on June 2.

2^e PARTIE/PART 2PERSONNES DÉPLACÉES
DISPLACED PERSONS

790.

PCO/Vol. 82

*Note du chef de la Direction consulaire
pour le Comité du Cabinet sur la politique de l'immigration*

*Memorandum from Head, Consular Division,
to Cabinet Committee on Immigration Policy*

IMP DOCUMENT NO. 20

Ottawa, January 23, 1948

ADMISSION OF UKRAINIAN DISPLACED PERSONS

At its meeting on November 7th, 1947, the Cabinet Committee on Immigration Policy considered the admission of certain Ukrainian Displaced Persons. Two main groups were under consideration:

- (a) Approximately 8,000 who had been captured in Italy in German uniform and who had been subsequently transferred to the United Kingdom.
- (b) Approximately 26,000 who were held in Displaced Persons camps in Germany.

Both groups were said to be very largely, if not entirely anti-Fascist and anti-Communist.

Group (a) undoubtedly had served in the forces of the German Enemy against the Russians. Representation was put forward on their behalf in a memorandum submitted by the Ukrainian Canadian Committee and the Ukrainian Canadian Relief Fund that these people had consented to serve in the German Army in order to free the Ukraine from Russian-Communist domination but that when moved to the Western Front they had surrendered almost en masse.

Group (b) was said to consist of persons who had been conscripted for forced labour in Germany and who had subsequently become Displaced Persons within the meaning of the I.R.O. definition.

After discussion, it was decided that External Affairs and Immigration Branch should make further enquiries and secure such additional information as might be available concerning the two groups.

Enquiries have been made through the High Commissioner for Canada in the United Kingdom and the Canadian Military Mission, Berlin. Replies indicate that:

- (i) All of the 8,000 now held in the United Kingdom were in the German Army.
- (ii) The 26,000 held on the Continent were very largely persons who had been moved to Germany for forced labour. They are Displaced Persons within the I.R.O. definition. Relatively few of them were in the service of our enemies. It is reported that a very large number of these persons were transferred to Germany to work on farms where they were welcomed and did extremely good work. They are on the

whole reticent about their past and few would admit having served in the Enemy Forces even if that were true.

The effect of the above is to confirm the impression already formed regarding group (a). As to group (b) indications are that reasonably good agriculturist immigrants could be selected from among them.¹⁷

LESLIE CHANCE

791.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], March 4, 1948

IMMIGRATION; REFUGEES, SPECIAL FINANCIAL ASSISTANCE

3. *The Minister of Mines and Resources* reported that special arrangements were required for the substantial number of admissible immigrants from Europe of German origin who were not eligible for assistance from the International Refugee Organization. For the most part these were relatives of Canadian residents.

A vessel had been specially set aside by the Immigration Branch for movement of these immigrants but, since IRO facilities were not available, some organization was necessary to assist in their handling. The Canadian Christian Council for the Resettlement of Refugees had been functioning successfully in this field but now required financial assistance if an adequate number of persons were to be moved.

Accordingly, it was proposed that a grant of \$50,000 be made to the Council for this purpose with an undertaking that the government pay the balance of the cost of the operations up to a maximum of \$100,000 on the understanding that 5,000 immigrants be moved during 1948, no service charge be required and that the Council provide an audited statement of expenditures from such grants.

An explanatory note had been circulated.

(Minister's memorandum, Feb. 23, 1948 — Cabinet Document 620).†

4. *The Cabinet*, after discussion, agreed that the amount recommended be made available to the Department of Mines and Resources for assistance in the movement to Canada of admissible immigrants from among displaced persons who were not eligible for IRO assistance; such funds to be made available for this purpose on the conditions recommended to such agency as the Minister might approve.

¹⁷ Le 15 avril, le Comité du Cabinet sur la politique de l'immigration approuva les conclusions de cette note et notamment que les ukrainiens qui avaient servi dans les forces armées allemandes n'étaient pas admissibles au Canada.

On April 15, Cabinet Committee on Immigration Policy agreed with the conclusions of the memorandum and that Ukrainians who had served in German Armed Forces were inadmissible to Canada.

*Note du sous-ministre du Travail
pour le Comité du Cabinet sur la politique de l'immigration*

*Memorandum from Deputy Minister of Labour
to Cabinet Committee on Immigration Policy*

IMP DOCUMENT NO. 19

[Ottawa], April 8, 1948

CONFIDENTIAL

REPORT OF THE INTERDEPARTMENTAL IMMIGRATION - LABOUR COMMITTEE

This Committee established pursuant to Cabinet decision of March 27, 1947 to advise the Cabinet Immigration Committee on group immigration of displaced persons and other selected group immigration projects and the interested departments consists of representatives of Department of Mines and Resources (Immigration Branch), Labour, External Affairs, Health and Welfare.

2. The Committee has held 37 meetings since April 22, 1947.

3. Following Committee recommendation, 20,000 D.Ps have been authorized for entry to Canada and tentative quotas fixed for occupational groups based upon labour requirements in the particular industry. It has been necessary to revise quotas from time to time in the light of a changing labour market.

4. The procedure established by the Committee for selection of occupational groups is illustrated by the procedure followed in the *woods industry*:

Employer organizations were invited, in the summer of 1947, to canvass their member companies as to their D.P. labour requirements and to have these companies submit individual applications specifying the number they required. The applicant company gave a written undertaking to the Department of Mines and Resources to give ten months' employment at prevailing wages and working conditions, to pay transportation costs from port of entry to place of employment. These costs could be charged back by the company to the immigrant but would be written off by the company if the immigrant worked his ten months with the company. The Committee satisfied itself by reports from the Employment Service that Canadian labour would not be reasonably available to fill the employer labour needs and that the applicants were reliable.

Representatives of the companies were sent overseas at company expense to assist Government selection teams in the selection of D.Ps to fill the quotas fixed.

The D.Ps selected gave a written undertaking to the Minister of Labour to take employment in the woods industry at prevailing wages and to work in this type of employment for ten months following arrival in Canada.

The I.R.O. paid passage and provided transportation to port of entry in Canada.

Following arrival and placement in Canada, it has been necessary to provide for a follow-up service to adjust employer-employee difficulties, emergency cases of accident, illness and a limited amount of educational and welfare service; also to take care of seasonal spring lay-offs of D.P. employees in the industry.

5. This procedure has been followed through with appropriate variations in case of workers for the clothing industry, fur workers, metal miners, heavy labourers, construction workers and smaller groups for other industries.

6. In the case of domestic workers involving applications from individuals and institutions, the prospective employers are asked to complete an application guaranteeing twelve months' employment and specifying working conditions which will apply to the D.P. worker and guaranteeing going wages with a minimum of \$35.00 per month. Applications are screened through the National Employment Service as to suitability.

The D.Ps selected overseas by the Government selection teams are matched up on arrival in Canada with the screened applications and are moved from a hostel centre at Montreal to place of employment. The Dominion Government pays transportation from port of entry to employment. Local welfare voluntary committees have been established at some 40 centres to provide a follow-up welfare and recreational service for these girls.

While all placements to date have been urban, it is proposed to proceed with the selection and placement of domestics (D.Ps) in farm homes. This will be done using the Dominion-Provincial Farm Labour Committees which handle farm labour in each province, to screen applications from farm homes for domestic help and to make placement.

7. The Committee proposes that the Dominion Departments work closely with the Provincial Agricultural Departments through the Dominion-Provincial Farm Labour Committees in each province in fixing quotas of D.Ps for farm employment, for handling applications from farmers and for placement. As far as possible, family placement on farms will be promoted. Provinces are asked to share placement costs within the Dominion.

One of the present difficulties in farm placement arises out of the fact that there are several voluntary nationalist organizations engaged in bringing in farm groups from various parts of Europe without reference to this Committee. The result is that no orderly planning is possible in the matter of farm placement either by or through the Committee or by the provinces, all of whom have expressed the desire to have this type of placement handled through the Dominion-Provincial Farm Labour Committee.

8. Of necessity, D.Ps who have been selected have been workers, either single persons or those willing to come ahead of their families. It is evident that a plan should be developed to bring dependents out as soon as there is reasonable evidence that the family will not be a public charge and that accommodation is available for them.

9. To date there has been a substantial time lag between the time of selection of D.Ps overseas for employment and their embarkation on board ship due to lack of shipping facilities. This is being remedied as more shipping space has become available.

10. The attached statement sets forth the tentative quotas of D.P. and other selected immigrant groups set by the Committee, the number of workers covered

by the applications recommended for approval and the number of workers who have arrived in Canada under the group movement plan as at April 8, 1948.¹⁸

A. MACNAMARA

IMMIGRATION-LABOUR COMMITTEE

GROUP MOVEMENTS

<i>Displaced Persons</i>	Tentative Quotas	Workers Covered by Approved Applications	Numbers Who have Arrived	Balance Due on Approved Applications
Woods Workers	3,750	3,547	3,472	75
Clothing Workers	2,516	2,371	766(1)	1,605
Fur Workers	500	-	-	-
Domestic Workers (Urban)	4,000	2,571(2)	1,840	731
(Rural)	500	-	-	-
(150 Married Couples)	300	142	82	60
Heavy Labourers	2,689	2,689(3)	613(4)	2,076
Building Construction Workers	1,000	64	-	64
Outside Rural Construction Workers	2,000	2,000	645	1,355
Furniture Workers	10	10	-	10
Agricultural Workers (Male)	2,000	-	-	-
(160 Married Couples)	320	-	-	-
Metal Miners	2,222	2,222	1,209	1,013
Textile Workers	150	101	101	-
Boot and Shoe Workers	100	100	-	100
Nurses (Hospital Aides)	300	-	-	-
	<u>22,357</u>	<u>15,817</u>	<u>8,728</u>	<u>7,089</u>
<i>Italians</i>				
Terrazzo Workers		70	-	70
Track Maintenance Workers		100	-	100
<i>Poles</i>				
Agricultural Workers from Italy		10	-	10
<i>Maltese</i>				
Construction Workers		<u>500</u>	<u>-</u>	<u>500</u>
		<u>16,497</u>	<u>8,728</u>	<u>7,769</u>

(1) These workers were accompanied by 606 dependants.

(2) Does not include applications received after March 1, 1948.

(3) Made up of 375 for Steel Mills, 114 for Foundries, 2,100 for Railway Track Maintenance Work and 100 for Meat Packing.

(4) Made up of 406 for Railway Track Maintenance Work, 143 for Steel Mills and 64 for Foundries.

¹⁸ Le rapport fut approuvé par le Comité du Cabinet sur la politique de l'immigration le 15 avril et par le Cabinet le 21 avril.

The report was noted with approval by Cabinet Committee on Immigration Policy on April 15 and by Cabinet on April 21.

793.

DEA/939-B-40

*Note du sous-ministre du Travail
pour le Comité du Cabinet sur la politique de l'immigration*

*Memorandum from Deputy Minister of Labour
to Cabinet Committee on Immigration Policy*

IMP DOCUMENT NO. 30

[Ottawa], September 1, 1948

CONFIDENTIAL

REPORT OF THE INTERDEPARTMENTAL IMMIGRATION - LABOUR COMMITTEE

This is the third progress report of this Committee, established pursuant to Cabinet decision of March 27, 1947 to advise the Cabinet Immigration Committee on group immigration of displaced persons and other selected group immigration projects, and the interested departments consist of representatives of Department of Mines and Resources (Immigration Branch), Labour, External Affairs, Health and Welfare and Secretary of State (Citizenship Branch).

2. The Committee has held 51 meetings since April 22, 1947.

3. Following Committee recommendation, 30,000 D.P.'s have been authorized for entry to Canada and tentative quotas fixed for occupational groups based upon labour requirements in the particular industry. It has been necessary to revise quotas from time to time in the light of a changing labour market.

4. With regard to citizens of Czechoslovakia who have fled that country to Occupied Territory in Europe, Order-in-Council P.C. 3371 was passed on July 28, 1948 extending the authority to admit to Canada persons from D.P. camps in Europe to include these Czech refugees. The Committee has recommended that, for the present, a special selection team proceed immediately to interview and select 1,000 of these Czech refugees to come to Canada under the present occupational group movement.

5. The Committee has recommended the admission to Canada of an additional 10,000 Displaced Persons from Europe for a total of 40,000.

6. The Committee has also recommended the admission to Canada of a tentative quota of 500 Estonian refugees in Sweden.

7. The attached statement† sets forth the tentative quotas of D.P.'s and other selected immigrant groups set by the Committee, the number of workers covered by the applications recommended for approval and the number of workers who have arrived in Canada under the group movement plan as at August 26, 1948.¹⁹

A. MACNAMARA

¹⁹ Le rapport fut approuvé par le Comité du Cabinet sur la politique de l'immigration le 9 septembre et par le Cabinet le 29 septembre.

The report was noted with approval by Cabinet Committee on Immigration Policy on September 9 and by Cabinet on September 29.

794.

DEA/939-B-40

*Note pour le Comité du Cabinet
sur la politique de l'immigration*

*Memorandum to Cabinet Committee
on Immigration Policy*

IMP DOCUMENT NO. 34

[Ottawa], September 2, 1948

CONFIDENTIAL

APPLICATION FOR THE ADMISSION OF DISPLACED PERSONS OF ARMENIAN
ORIGIN FROM GERMANY AND AUSTRIA

The Canadian Armenian Congress representing the people of Armenian origin in Canada has requested the admission to Canada of 500 Armenian displaced persons from occupied territory in Europe.

The organization approached several industrial concerns in Hamilton, Ontario, including the International Harvester Company, the Glendale Spinning Mills Limited, the Chipman Halton Knitting Company, and were assured that employment would be available for some of these prospective immigrants. Mr. Y. Karsh of Ottawa, on behalf of the organization, has submitted further representations to the effect that the Canadian Armenian Congress is prepared to give financial and other assistance towards the transportation, housing and employment of those whose admission may be approved.

There are approximately 2,300 Armenians in occupied territory, and according to information obtained from the Canadian Representative of the International Refugee Organization in June last, 1,700 of this number had been processed and declared eligible for maintenance and migration under the mandate. It is anticipated that there would be additions to this number as the examination of cases progresses. I.R.O. will process and pay the transportation to Canada of immigrants selected by Canadian Teams from those eligible.

As Armenians belong to one of the Asiatic races they are inadmissible to Canada under the terms of Order-in-Council P.C. 2115 of the 16th September, 1930, which regulation prohibits the admission of immigrants of any Asiatic race other than the wife or child under 18 of a Canadian citizen.

Approval of the application filed by the Canadian Armenian Congress will necessitate the waiving of the provisions of P.C. 2115 by Order-in-Council, and this is recommended.²⁰

795.

DEA/939-B-40

*Note du sous-ministre des Mines et des Ressources
pour le Comité du Cabinet sur la politique de l'immigration*

*Memorandum from Deputy Minister of Mines and Resources
to Cabinet Committee on Immigration Policy*

IMP DOCUMENT NO. [35]

[Ottawa], September 3, 1948

CONFIDENTIAL

IMMIGRATION OF DISPLACED PERSONS TO CANADA

On the 6th of June, 1947, the Canadian Government approved the entry into Canada of 5,000 Displaced Persons not otherwise admissible. This number was raised by subsequent Orders-in-Council to 30,000.

2. The reasons for the Canadian action were both humanitarian and pragmatic. The Government desired to make a contribution to the solution of a sad human problem both directly and by setting an example for others. It also wished to add a new and valuable element to the Canadian economy.

3. Both these results have been attained. Over 20 thousand persons from the D.P. camps have been added to the labour supply of Canada. (Over 13 thousand D.P. relatives of Canadian residents have also been admitted.) Other countries, following the Canadian lead, have admitted, or are admitting, large numbers of selected D.P.'s. Most important among these is the United States of America, which has agreed to accept 205,000 refugees. Canada has still, however, by far the best record of any overseas country in its handling of the D.P. movement. This fact is admitted and praised by everyone concerned with the refugee problem and, in particular, by the officials of the International Refugee Organization.

4. Recent developments have made it desirable to review the Canadian position and to consider the questions of policy arising from the current situation.

5. Canada's example of enlightened self-interest has been established, and some ten other non-European countries are now admitting Displaced Persons. Concur-

²⁰ Le Comité du Cabinet sur la politique de l'immigration référé cette question au Cabinet ainsi que la question sur le bien-fondé d'inclure les Syriens, les Arméniens et les Libanais dans la catégorie «asiatiques» dans C.P. 2115. Plutôt que de modifier l'Ordre en Conseil, le Cabinet décida le 29 septembre que

The question was referred by Cabinet Committee on Immigration Policy to Cabinet along with a related question on whether Syrians, Armenians and Lebanese were appropriately categorized as "Asiatics" under P.C. 2115. Rather than change the Order in Council, Cabinet decided on September 29 that

'the Immigration Branch should treat all cases involving admission of these nationals as exceptions requiring special orders.'

rently, the Canadian demand for additional imports of labour has declined to relatively minor proportions. (It may or may not rise materially in the spring and summer of 1949). At the same time the Canadian teams are experiencing increasing difficulty in finding new candidates for admission to Canada of the same quality that has marked the previous immigrants. This difficulty will increase still further when the United States begins to accept applications, and the concentration of United States security personnel on the processing of immigrants to America will add materially to the task of the Canadian screening officers.

6. Up to the present time, Canada has occupied the first place in the minds of those D.P.'s who wished to escape from Europe. As a result, Canada has been able, on the whole, to obtain the best of the groups that have gone overseas. The entrance of the United States into the field will at once end this satisfactory situation. Rightly or wrongly, to most D.P.'s, as to most Europeans generally, the United States is still the Promised Land and Canada only a second choice. Most of the D.P.'s who wish to emigrate will now apply first to the United States officials and come to the Canadian teams only if they are not accepted by the United States. These rejected applicants would in general make good Canadians, as their ultimate objective would remain the United States. For practical as well as prestige reasons, it would be inadvisable for Canada to accept refugees rejected by the United States.

7. In view of the considerations outlined in paragraphs 5 and 6, it would seem appropriate to revise the Canadian programme in relation to the movement of Displaced Persons. It is suggested that the emphasis be changed — temporarily at least — from a bulk labour movement to a movement of relatives of persons already in Canada. The objectives of a new Canadian policy might be set out as follows:

(1) To move to Canada as rapidly as possible all admissible relatives of residents of Canada for whom application has been made — this to include the dependants of D.P.'s who have already arrived and who are in a position to receive and care for their families who were left behind.

(2) To provide for the admission of trade and other specialists, of domestics, and of whatever bulk movements may be required to meet the diminished demand of Canadian industry.

Except under special circumstances, no applicant who has applied to and been refused by the United States should be accepted for admission to Canada. It is estimated that a policy of this kind would result in the movement of something between 30,000 and 45,000 refugees to Canada during the year ending the 31st of August, 1949.

8. If this policy is adopted, it will be possible to reduce and improve the Canadian screening organization on the European continent. As at the 1st of August, 1948, that organization was comprised of:

13 Immigration Officers

11 Security Officers

10 Medical Officers

9 Labour Officers

2 Interpreters

and an office and house staff totalling 26 persons.

These are divided into nine teams, and are directed from a permanent administrative headquarters at Karlsruhe. A staff of this size will not be required to handle the prospective movement from Germany, Austria, and Italy during the next twelve months.

9. It is proposed that, if the policy outlined above is adopted, the Canadian establishment in Germany should be revised in the following manner:²¹

(a) The Immigration Mission should be abolished and the Headquarters closed.

(b) Mr. Cormier, head of the Mission, should be reassigned to his permanent post at Brussels.

(c) Canadian consulates should be established at Hamburg (British Zone), Heidelberg or Frankfurt (U.S. Zone), and Salzburg (Austria).

(d) General Pope, head of the Canadian Military Mission, should be given general supervision over the Consulates, but each establishment shall be directed by an Acting Consul to be appointed from the staff of External Affairs or the Immigration Branch.

(e) The staff of each consulate to consist, under the Acting Consul, of the following:

2 Immigration Officers

2 Security Officers

2 Medical Officers

2 Labour Officers

Suitable clerical staff.

This number to be increased if conditions in the spring of 1949 make this necessary.

(f) The I.R.O. to be asked to bring all prospective immigrants to Canada to the assembly centre closest to one of the Consulates. These centres to be visited from time to time by the Consulate teams. Individual immigrants who can make their own way to the Consulates to be processed there.

(g) Mr. Cormier to be available to visit Germany to assist the Consulates as occasion may require.

10. This arrangement should result in the immediate reduction of the Canadian establishment on the Continent by approximately 16 officers and certain supplementary staff. It is suggested that not more than 5 of these surplus officers should be offered to I.R.O. to assist in the locating of relatives of Canadian residents who are in the D.P. areas — the five officers in question to be nominated by Mr. Cormier in the light of his experience with the personnel concerned, subject to confirmation by their respective Ministers.

11. This arrangement does not provide for such special tasks as the handling of the proposed Estonian immigrants from Sweden. This and similar movements would, however, in any case, require separate provision.

²¹ Approuvée par le Cabinet le 29 septembre./Approved by Cabinet on September 29.

12. The policy outlined above has been discussed with and approved in principle by:

- The Head of the Canadian Mission (Mr. Cormier)
- The Chief Security Officer (Mr. Syron)
- The Senior Representative of the Department of Labour (Mr. Phelan)
- Three senior officials of I.R.O. (Mr. Tuck, Mr. Innes, Mr. Jacobsen)
- The Canadian Ambassador to Switzerland and delegate to I.R.O. Conferences (Mr. Wilgress)
- The Chief of the Canadian Military Mission (General Pope)
- The Canadian High Commissioner in the United Kingdom (Mr. Robertson)

13. Finally it is recommended that the whole question of refugee policy be again formally reviewed in six months' time.

H.L. KEENLEYSIDE

796.

DEA/9908-40

*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, September 9, 1948

As you know, displaced persons of German ethnic origin brought to Canada from Occupied Territory in Europe are located, processed, presented to our inspection officers and provided with transportation by the Canadian Christian Council for the Resettlement of Refugees, this procedure having been adopted because the aliens described do not come within the mandate of the International Refugee Organization. At the commencement of the movement representatives of the C.C.C.R.R. sent to Germany were successful in obtaining the use of part of the Refugee Camp at Muehlenberg, Germany, for the reception and holding of these immigrants awaiting transfer to vessels for movement to Canada.

From time to time complaints have reached the Department of the conditions in the Camp and in July last we asked the Senior Immigration Officer in Germany to conduct an investigation and submit a report. I am enclosing herewith a copy of the report dated August 23rd,† which gives a very clear picture of the most unsatisfactory conditions in the Muehlenberg Camp, and I am sure you will agree that prompt action should be taken to improve the living conditions therein.

The Canadian Christian Council for the Resettlement of Refugees are now geared up to move about 700 immigrants per month and these all have to be processed through Muehlenberg. The Organization named is thus contributing in a very material way toward solving the problem of displaced persons in Occupied Territory, and I am sure all concerned will agree that everything possible should be done to assist in carrying this work forward in a proper and efficient manner. The conditions in Muehlenberg have undoubtedly retarded the work and the purpose of this letter is to request that the matter be placed before the proper authorities with a view to having the camp put into a reasonably good condition. We are informed

that the Camp at Muehlenberg had been abandoned by the Intergovernmental Committee on Refugees about June, 1947, it being considered unsuitable for D.P.'s within the mandate of the International Refugee Organization. When the C.C.C.R.R. agreed to handle displaced persons of German ethnic origin they obtained the use of part of this Camp from the C.C.G. as no other assembly centre was available.

I would suggest that copies of the enclosed report be forwarded to the Canadian High Commissioner in London, directing that the same be transmitted to the British Foreign Office and a request made that the appropriate organization in Germany be asked to immediately improve the conditions of the Muehlenberg Camp so that the displaced persons using the same may be afforded reasonable living conditions.

I should appreciate being informed in due course of the result of the representations made in this matter.

H.L. KEENLEYSIDE

797.

DEA/9408-40

*Mission militaire à Berlin
au secrétaire d'État aux Affaires extérieures*

*Military Mission in Berlin
to Secretary of State for External Affairs*

TELEGRAM 260

Berlin, October 7, 1948

IMPORTANT

My telegram No. 254 of 29th September,† CCCRR Muehlenberg camp.

Conditions at Muehlenberg have not improved much since Bird of Immigration Branch made his report which PW²² and DP Division officials in the zone admit gave a fair picture of the situation. A few additional buildings have been rendered barely habitable by the installation of doors and windows. The camp will now accommodate 1000 CCCRR *Volksdeutsche* which is the figure guaranteed by Kenchington and reported in my telegram No. 148 of 10th June.† This seems to be the upper limit, while CCCRR camp population increases during the week before each sailing of the *Beaverbrae* from 800 to approximately 1300 persons. Chief of PW and DP Division asserts that no more space can be made available. Quite apart from accommodation, facilities such as washrooms are woefully inadequate.

Before he first moved in, Erdmann was apparently told by PW and DP officials that Muehlenberg was a poor camp. Unfortunately, alternative accommodation was scarce, and in order to get on with the job he took what was readily available, particularly as it was located near a good railway centre such as Hannover. Since then, of course, CCCRR scheme has expanded rapidly. Molson²³ is of opinion that

²² Prisoner of War.

²³ P.T. Molson, section consulaire, mission militaire à Berlin.
P.T. Molson, Consular Section, Military Mission in Berlin.

even if PW and DP Division could spend more out of their meagre deutsche mark budget and even if materials could be obtained more easily, it would require a lot of work and some time substantially to improve conditions at Muehlenberg. At that they might well not be up to standard.

In the course of the next few weeks PW and DP Division are transferring to Manpower Division their commitments in respect of displaced persons outside the mandate of IRO. The recruitment of displaced persons for the United Kingdom Westward Ho scheme is now small, and PW and DP Division are, therefore, handing over to Manpower Division certain former German army barracks in Munster which were used for this purpose. The Munster barracks were examined a few days ago by PW and DP and Health officials who reported them to be in a very good condition. The capacity of the several buildings is 4700. According to calculations made by officials of PW and DP and Manpower Divisions in Molson's presence, they should be able to house all those for whom Manpower Division will need accommodation, including the CCCRR.

Having regard to conditions at Muehlenberg, it would seem best for CCCRR to take advantage of this opportunity. It would be necessary first to secure approval of appropriate British authorities, and Molson is endeavouring to ascertain how long this would take. He was informed by Manpower officials that it might be difficult to arrange for the move, if it were approved, after the next sailing of the *Beaverbrae* scheduled for 19th October. It might have to be deferred until immediately after the November sailing. This might not be inconvenient for CCCRR. I understand they are now working principally on the November rather than the October sailing, that is to say, one sailing in advance.

Meinsen of CCCRR, who is now in charge at Muehlenberg, advised Molson that he is not anxious to move because the camp is near a railway centre and because he now has suitably trained locally employed German personnel whom he would otherwise lose. In view of the fact that policy considerations are involved, PW and DP officials were not anxious to discuss the possibility of Munster in detail while he was there. However, Munster is well served by railway transportation and Molson was given to understand that if CCCRR were moved, efforts would be made to transfer, at the same time, at least some of the German personnel whom Meinsen wishes to retain. His objections, it seems, might, therefore be met.

Briefly, there appears to be two possibilities if CCCRR are to be afforded more adequate facilities without charge. They can remain in Muehlenberg, which is not likely to be really satisfactory for them for yet a few months, if then. Alternatively, we can press the appropriate British authorities to accommodate them at Munster, the move to be completed by the beginning of December at the latest. The second plan appears definitely to be the better and the prospects are that it could be arranged, provided always that the local CCCRR representatives wish to take it up.

3^e PARTIE/PART 3RÉFUGIÉS DE L'EUROPE DE L'EST
REFUGEES FROM EASTERN EUROPE

798.

DEA/233-A (S)

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

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

SECRET

[Ottawa], January 16, 1948

GRANTING OF "SAFETY VISAS" BY CANADIAN LEGATION IN CZECHOSLOVAKIA

I attach a copy of a letter of December 10 from the Canadian Chargé d'Affaires in Prague.† Mr. Macdonnell has suggested that the least Canada can do to bolster democratic forces behind the Iron Curtain is to grant Canadian visas to democratic leaders when their continued stay in their own country would be at great personal or family risk. Mr. Macdonnell would help sustain their courage by the *promise* of a visa "as a last resort if things get too tough."

2. Mr. Macdonnell makes it clear that no emergency situation exists at present in Czechoslovakia but he asks for departmental guidance in case he should have to meet such a situation on short notice.

3. He suggests that he be empowered to grant non-immigrant visas, valid for a year and which might be later extended. I think we shall have to point out to Mr. Macdonnell that he already has the power under paragraph 904a of the Department's Consular Instructions to issue six-month non-immigrant visas on his own discretion and without previous consultation with the Department. This authorization is, in fact, so broad that it may be necessary at a future date to issue a supplementary instruction, limiting and defining it.²⁴

4. Certainly, if Mr. Macdonnell were to issue "safety visas" he would have to proceed with the utmost caution.²⁵ The bona fides of the non-immigrant would need establishment and I do not think that visas could be issued on any great scale. Mr. Crean has suggested that we should learn something about the potential, underground means of escape from Czechoslovakia before a decision is taken. It would, no doubt, be wise to find what present procedure and future plans the United Kingdom have in this regard. If you agree Mr. Crean will investigate this matter through his channels in the United Kingdom.²⁶

²⁴ Note marginale :/Marginal note:

This should certainly be considered [Pearson]

²⁵ Note marginale :/Marginal note:

I agree [Pearson]

²⁶ Notes marginales :/Marginal notes:

Yes [Pearson]

I have sent a letter asking for the req[ui]re[d] information G.G. C[rean] 27.1.48

5. Mr. Crean has raised the further point that we should ascertain whether the Government would wish to give entry to Canada to a number of people with no automatic right to the status of landed immigrant and who might wish to carry on from Canada with the domestic political struggle in their own country.

6. There is a danger that if a future Czech Government were to discover that we were issuing visas on a political basis, they could designate this as Canadian interference in Czech domestic affairs. I think this charge should be avoided, if possible, but I think it would be difficult for them to maintain successfully that the issuance of a permit to visit Canada constitutes a breach of diplomatic propriety.

7. Unless the greatest discretion were used, there would be a further danger that the Canadian Legation in Prague would be flooded with visa applications if the word were to get around.²⁷

8. I think the political desirability of giving what small comfort we can to Czech democrats is clear. We shall have to try to indicate to Macdonnell what practice he should adopt, with any necessary directions and cautions as to procedure.

9. I am attaching for your signature letters to Prague, London, and Washington.²⁸

ESCOTT REID²⁹

799.

DEA/5127-40

*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, February 11, 1948

Dear Mr. Pearson,

I have at last been able to find a minute to reply to your letter of the 29th of January† and to the copy of a letter from Mr. Robertson which was enclosed with it.† You will recall that in his letter the High Commissioner referred to the plight of ex-diplomats and other political refugees in Eastern European countries who wish

²⁷ Note marginale :/Marginal note:

This would then mean having [?] none or showing favour. Both courses are undesirable [Pearson]

²⁸ Les renseignements obtenus de Londres et de Washington indiquèrent que ni les britanniques ni les américains n'offraient des visas de cette façon. Une réponse intérimaire fut envoyée à Macdonnell le 16 janvier à l'effet que la situation en Tchécoslovaquie n'était pas encore de nature à justifier un recours à des «visas de sécurité». Apparemment, l'envoi d'une réponse dûment considérée fut devancée par le coup dans ce pays.

Inquiries in London and Washington indicated that neither the British nor the Americans offered visas in this way. An interim reply was sent to Macdonnell on January 16 which indicated that the situation in Czechoslovakia did not yet require the use of "safety visas." Apparently a more considered reply was overtaken by the coup there.

²⁹ Note marginale :/Marginal note:

Mr. Chance (Consular Division) concurs [E. Reid]

to emigrate to Canada. Mr. Robertson was anxious to ascertain whether it might not be possible to relax the immigration regulations in connection with some of the most deserving cases of this character. He made this suggestion on the grounds that such persons would provide valuable additions to the Canadian community, and that in assisting them we would be performing a humanitarian act.

I am in full agreement with Mr. Robertson with regard to the undoubtedly deserving character of many of the persons that he has in mind. I also agree that if they could be admitted to Canada and given suitable employment here they would be valuable national assets.

There is, however, this very real and practical difficulty to be overcome. Most of the people in question are without financial resources, or very thinly supplied. They are, moreover, not of the type that can be relied upon to rustle for themselves. Professional men, and particularly ex-diplomats, do not readily find or easily accept the kind of jobs that are commonly available for immigrants. As you know we have had already a number of cases of foreign ex-diplomats who have been rather serious problems here in Ottawa.

As an ex-member of the profession, I may perhaps be forgiven if I suggest that the *average* diplomat is not likely to be very much use at anything else — particularly at the kind of initial jobs that are commonly available for immigrants.

Some of the professional men that Mr. Robertson has in mind will undoubtedly find a place in their professions in Canada, but I am a little afraid that a good many of the most humanly "deserving" cases might also turn out to be the most difficult to provide for after their arrival in Canada.

With the foregoing considerations in mind I would suggest that you inform Mr. Robertson that if he will forward the details surrounding specific cases we will look them over here, and if we think that there is any reasonable hope of the individuals concerned being able to look after themselves following arrival in Canada, we will be prepared to submit them for special action by Order-in-Council. In making his submissions Mr. Robertson should be careful to indicate just how the individuals concerned can be expected to find their places in Canadian community.

It will, of course, be essential, as the High Commissioner has himself indicated, that each case should be screened with considerable care on political or security grounds. In this connection I would not consider a recommendation by Sir Robert Craigie³⁰ an endorsement of great value.

Yours sincerely,

H.L. KEENLEYSIDE

³⁰ Sir Robert Craigie, ancien ambassadeur du Royaume-Uni au Japon/Sir Robert Craigie, former United Kingdom Ambassador in Japan.

800.

DEA/233-A (S)

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

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

[Ottawa], March 22, 1948

The Prime Minister telephoned me this afternoon to mention a matter which he had intended to take up with you and which he may bring up at Cabinet tomorrow.

Mr. and Mrs. [Frantisek] Nemeč³¹ called on him today and asked whether there was anything that the Government could do to help them, and the other two members of the mission who resigned, to find work.

Dr. Nemeč told the Prime Minister that he was doing his best to do or say nothing that would embarrass the Canadian Government, and that he was biding his time for the present and remaining pretty silent. The Prime Minister said that he thought this was wise.

The Prime Minister said that the Government would look about to see whether there was any way they could help Dr. Nemeč, Dr. [Karel] Moudry and Dr. [Karel] Bala to find work.

Mr. King said to me that he wondered if something might not be found in the Immigration Branch for Dr. Nemeč. Dr. Nemeč suggested that perhaps the Department of Trade and Commerce might be able to help Dr. Bala find work in some Canadian business firm. Mr. Moudry has academic training and Dr. Nemeč hoped that something might perhaps be found for him in a Canadian university.

I said to the Prime Minister that perhaps it would be better if work could be found for them outside the Government Service. If they took jobs in the Canadian Government Service, this would be played up against them by the propagandists at home.

We have been giving some consideration in the Department to the whole problem of what can be done by the Government and by individual groups in Canada to help the democratic anti-Communist refugees. It has occurred to us that it ought to be possible to enlist the interest of an unofficial group of humanitarians, supported by some of the outstanding refugees themselves. Perhaps Senator Hugessen or Senator Wilson could be persuaded to take an active part in the formation of such an unofficial group. The communists and fellow-travellers did a magnificent job in the thirties in organizing public sympathy and support for anti-fascist refugees. If liberalism is to demonstrate that it is a dynamic creed, liberals should show at least the same degree of enthusiasm and ability on behalf of democratic anti-communists.

E[SCOTT] R[EID]

³¹ Ancien ministre de Tchécoslovaquie./Former Minister of Czechoslovakia.

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

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

SECRET

Ottawa, May 7, 1948

THE ADMISSION TO CANADA AND SUBSEQUENT SETTLEMENT OF DEMOCRATIC
ANTI-COMMUNIST REFUGEES

By Order in Council P.C. 1108 of March 16, 1948, three former Czech diplomats stationed in Ottawa, together with members of their families and some members of the Embassy clerical and domestic staff, were admitted to Canada. In addition, non-immigrant visas for periods ranging from three to twelve months were granted to five other Czech diplomats and their families. One of these is serving in Italy,³² two in Turkey³³ and two in Belgium.³⁴ After their arrival in Canada, all these persons will undoubtedly seek permanent landing, which will be difficult to refuse. None of these persons come within the classes at present admissible to Canada. Little is known of their qualifications which might fit them to earn their livings in Canada.

2. So far, the number of such persons is not sufficiently large to create a serious problem. However, if the Soviet Union were to secure complete control of Finland, we would probably receive a large number of applications for admission to Canada from democratic anti-Communist Finns.

3. The problem has been considered by officers of the Department of External Affairs, Department of Mines and Resources (Immigration Branch) and the R.C.M.P., and they have made the following recommendations to their respective Ministers.

4. Democratic anti-Communist refugees can be divided for the purpose of this memorandum into three groups: (a) those who are in countries which have fallen under Communist domination, e.g., Czechoslovakia, and whose lives are in danger; (b) those who are in countries where the danger of Communist domination may become imminent, e.g., Greece and Finland; (c) those who are in other countries.

5. It is recommended that persons falling within the above categories should be admitted to Canada under the following conditions:

Group (a). It is unlikely that prominent democratic anti-Communist leaders in a Communist-dominated country would wish to be seen entering the Canadian mission in that country nor could they hope to leave the country legally. Should, however, such a person apply to a Canadian diplomatic mission, he should be told to apply for a visa in the country to which he flees. The mission in the country con-

³² Dr. Jan Smerek.

³³ Ludwig Dvorak et/and Milos Krupka.

³⁴ Dr. Celestin Simr et un autre.

Dr. Celestin Simr and one other.

cerned should submit the application for a visa to Ottawa, where favourable consideration would be given to any bona fide applicant.

Group (b). Applications for admission to Canada of anti-Communist democratic refugees from countries where Communist control may be imminent should be referred to Ottawa before visas are granted. Each application could be considered on its merits by a small interdepartmental group, consisting of representatives of the Department of External Affairs, and Mines and Resources (Immigration Branch) and the R.C.M.P. The general principle to be followed in making recommendations on the applications could not be laid down in advance, e.g., as long as there is a possibility of effective internal resistance it might be unwise to encourage democratic leaders to leave their country.

Group (c). Applications for admission to Canada from countries other than those mentioned in (a) and (b) could be dealt with in accordance with the existing immigration regulations. A careful security investigation will be required in each case, in view of the danger of infiltration of groups of refugees by Communists. Such persons would also have to fulfil the requirements of the health regulations under the Immigration Act.

6. Official responsibility can scarcely go further than to arrange for the admission to Canada of the persons concerned. It cannot extend to guaranteeing support and suitable settlement for them. An unofficial committee consisting of a few leading Canadians and a few selected refugees could be invaluable not only in finding suitable employment but in advising officials regarding the worthiness or otherwise of applicants for admission.

7. The following names of Canadians whose interest might be enlisted have been suggested:

Messrs. J.W. McConnell, Victor Sifton, S.J. McLean, N.J. McLean, Sydney Smith, F.R. Scott, Sir M. Ellsworth Flavelle, Senators Hugesson and Wilson.

8. Perhaps the Minister of Mines and Resources and the Secretary of State might be asked to urge one of these men to make himself responsible for calling a meeting to organize an unofficial Canadian Association for assisting anti-Communist refugees.³⁵

LOUIS S. ST. LAURENT

802.

PCO/Vol. 66

Note du secrétaire du Cabinet pour le Cabinet
Memorandum from Secretary to Cabinet to Cabinet

SECRET

Ottawa, July 23, 1948

IMMIGRATION; ADMISSION OF CZECHOSLOVAKIAN REFUGEES

The Minister of Mines and Resources, with the concurrence of the Secretary of State for External Affairs and the Minister of Labour, has submitted a recommen-

³⁵ Approuvée par le Cabinet le 14 mai./Approved by Cabinet on May 14.

dition to Council to extend the provisions of the Orders in Council presently authorizing admission to Canada of Displaced Persons so as to include citizens of Czechoslovakia who have fled from that country to occupied territory in Europe.

If this policy is approved it is contemplated that the admission of 1,000 of these persons would be recommended immediately.

In view of the urgency, this proposal has not been submitted for preliminary consideration to the Cabinet Committee on Immigration Policy.³⁶

A.D.P. HEENEY

803.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], September 1, 1948

...

IMMIGRATION; ADMISSION OF SPECIAL SMALL GROUPS OF REFUGEES

31. *The Minister of Mines and Resources*, referring to discussion at the meeting of August 25th, 1948, submitted a recommendation to authorize the admission of an additional group of 145 refugees, principally Baltic, who had arrived at Canadian ports from Sweden.

These persons had not undergone health examination or security screening prior to arrival. However, they represented a desirable type of immigrant and the only alternative to their admission was to return them to Sweden at government expense. It was unlikely that many similar movements by small vessels would take place in the future. Full examination and screening to the extent possible would be conducted before they were landed.

It was suggested that, in future, some discretionary power be given to the Minister to act in cases of this sort without specific government approval. Detailed arrangements would be considered in the near future by the Cabinet Committee on Immigration.

(Letter, Deputy Minister of Mines and Resources, Sept. 1, 1948 and attached submission of Minister, Sept. 1, 1948 — P.C. 3963).†

32. *The Cabinet*, after further discussion, agreed:

(a) that the Minister's recommendation regarding admission of the 145 refugees in question be approved and an Order in Council passed accordingly; and,

(b) that, in future, admission of similar small groups be granted in the Minister's discretion subject to detailed arrangements to be approved by the Cabinet Committee on Immigration; reports upon such admissions to be made to the Cabinet.

...

³⁶ Approuvée par le Cabinet le 28 juillet./Approved by Cabinet on July 28.

804.

PCO/Vol. 66

*Note du Comité du Cabinet sur la politique de l'immigration
pour le Cabinet*

*Memorandum from Cabinet Committee on Immigration Policy
to Cabinet*

SECRET

Ottawa, September 15, 1948

IMMIGRATION OF ESTONIAN REFUGEES IN SWEDEN

The Cabinet Committee on Immigration Policy, at a meeting held on September 9, 1948, considered the possible admission to Canada of some Estonian refugees presently living in Sweden.

It is estimated that some two to three thousand would like to come to Canada, 500 as domestics, the remainder as artisans, fishermen or farmers, and a smaller number of the professional or "white collar" class. Each family, on the average, would have about \$2,000 which the Swedish Government would allow them to bring out.

The Swedish authorities would not help the emigration of these persons in any way and would not permit the use of a Canadian "Immigration Team" in Sweden. They would have no objection, however, to the appointment of from two to four additional "attachés" or "secretaries" to the staff of the Canadian Legation.

It was proposed:

(a) that the Canadian Government permit the admission of not more than 5,000 Estonian refugees (families included) from Sweden; terms of their admission to be recommended by the Immigration-Labour Committee subject to approval by the Minister of Mines and Resources;

(b) that arrangements be made for the attachment of an immigration officer, a security officer, and a labour officer to the staff of the Canadian Legation in Stockholm, each to be designated in such a way as to avoid embarrassment to the Swedish Government;

(c) that the work of these officers, subject to the general supervision and final authority of the Head of the Mission, be directed by the immigration officer concerned; and,

(d) that an effort be made to arrange for the I.R.O. to provide transportation for these refugees to Canada; and, if this fails, that the Canadian Government provide the means of transport.

The Committee, after discussion, agreed to recommend to the Cabinet that the proposals of the Deputy Minister of Mines and Resources referred to above be approved, on the understanding that if I.R.O. fail to provide and pay for the transportation of these refugees to Canada only those Estonians who could provide and pay for their own transportation be allowed to come to Canada.³⁷

³⁷ Approuvée par le Cabinet le 29 septembre./Approved by Cabinet on September 29.

4^e PARTIE/PART 4IMMIGRATION DE LA FRANCE
IMMIGRATION FROM FRANCE

805.

PCO/Vol. 66

*Note du Comité du Cabinet sur la politique de l'immigration
pour le Cabinet**Memorandum from Cabinet Committee on Immigration Policy
to Cabinet*

SECRET

Ottawa, September 15, 1948

FRENCH IMMIGRATION

The Cabinet Committee on Immigration Policy, at a meeting held on September 9, 1948, considered a proposal that, for immigration purposes, French citizens be considered to be in a preferential class similar to British subjects and United States citizens. This might not greatly increase the number of French immigrants coming to Canada, due to certain restrictions imposed by the French Government upon the emigration of its citizens, but it might help to mitigate certain Canadian criticisms.

The Committee, after discussion, agreed to recommend for consideration by the Cabinet:

- (a) that French citizens coming to Canada as immigrants be considered on a similar basis to British and United States immigrants; and,
- (b) that an Order in Council be passed accordingly.³⁸

806.

L.S.L./Vol. 55

*Le secrétaire d'État aux Affaires extérieures
au ministre des Mines et des Ressources**Secretary of State for External Affairs
to Minister of Mines and Resources*

Ottawa, October 15, 1948

My dear Colleague,

FRENCH IMMIGRATION TO CANADA

Since the promulgation of Orders in Council P.C. 4186 of September 16, 1948, and P.C. 4468 of October 5, my officers have been considering some aspects of this question in which the Department of External Affairs is interested.

³⁸ Approuvée par le Cabinet le 16 septembre./Approved by Cabinet on September 16.

The first of these is concerned with security. The problem is to ensure that in carrying out the new decision concerning citizens of France, our representatives abroad are able to observe Government policy on the admission of subversive elements. The organized strength of the Communist Party in France, the wide use of false Cartes d'Identité in that country, and the known fact that the Soviet Union is using France extensively as a point of despatch for its agents, raise special difficulties in relation to the suspension of the passport and visa regulations.

Secondly, consideration has been given for some months to the possibility of entering into reciprocal arrangements with various European countries for the mutual abolition of visas for *bona fide* non-immigrants, such as business men and tourists. Recently we advised the countries concerned, including France, that it did not seem possible at this time to make further progress in this direction.

Finally, there is the problem of interpreting the phrase "a citizen of France," as it appears in Order in Council P.C. 4186.

The foregoing matters were discussed with Mr. St. Laurent, in his capacity as Acting Secretary of State for External Affairs, prior to his departure for England. At that time Mr. St. Laurent expressed the following views:

"The principle that citizens of France should have the same rights to enter Canada as citizens of the United Kingdom and the United States should remain untouched. This means that a citizen of France, who is not a Communist, can enter Canada in the same way that a citizen of the United Kingdom or a citizen of the United States, who is not a Communist, can enter Canada. He may, without any previous examination abroad, present himself at a Canadian port of entry, but at that port of entry, he will, of course, have to demonstrate that he is entitled to the privileges of the recent amendments to our Immigration Regulations; i.e., that he is a citizen of France and that he is not a Communist. If he has not in his possession a passport or visa, it may be very difficult for him to convince our officers at the border of his right to enter Canada. In his own interests, therefore, he would be well advised to secure a passport and a visa before he leaves for Canada."

Mr. St. Laurent expressed the further view that the phrase "a citizen of France" means for the purpose of Order in Council P.C. 4186 a citizen of metropolitan France and if there were any practical difficulty in giving this interpretation to this Order in Council, consideration might be given to its amendment.

Mr. St. Laurent further felt that we might suggest to the Government of France that it consider conferring reciprocal privileges on Canadian citizens; that France might amend its rules to provide that Canadians do not require passports or visas to enter France but that they are required to present at the French border, satisfactory proof of their identity (so that it would be in their interest to secure passports and visas before leaving for France).

Since you will, no doubt, be anxious to instruct your officers abroad, I am taking the liberty of bringing Mr. St. Laurent's views, with which I agree, to your attention.

It seems to me dangerous, from a security aspect, to consider French Cartes d'Identités as being valid documents. This aspect of the matter and the desirability of French immigrants being in possession of passports and visas, is perhaps a mat-

ter that might be discussed by the officers of our two departments with a view to ensuring that proper information is disseminated in France on this subject.

I would be most interested in having your views on this whole matter.

Yours sincerely,
L.B. PEARSON

807.

L.S.L./Vol. 114

*Note du directeur de l'Immigration du ministère des Mines et des Ressources
pour le ministre des Mines et des Ressources
et le secrétaire d'État aux Affaires extérieures*

*Memorandum from Director of Immigration, Department of Mines
and Resources,
to Minister of Mines and Resources
and Secretary of State for External Affairs*

SECRET

[Ottawa], October 28, 1948

FRENCH IMMIGRATION TO CANADA: ADMINISTRATIVE PROCEDURE
TO IMPLEMENT P.C. 4185 OF SEPTEMBER 16, 1948
AND P.C. 4468 OF OCTOBER 5TH

In accordance with your instructions, the administrative problems in implementing the policy of the Government with regard to French immigration have been considered by officers of the Immigration Branch, the R.C.M.P. and the Department of External Affairs:

2. The crux of the difficulty lies in the fact that the Immigration Branch is charged with keeping Communists and other undesirable immigrants out of Canada. As Communism is so much more widespread in France than in the United Kingdom and the United States and as the problem of collaborators does not exist in the latter countries, it is necessary to devise a way of administering the new Orders-in-Council so that the essential requirements of security are not neglected. These aspects are not developed here since they were set out in the letter from Mr. Pearson to Mr. MacKinnon of 15th October, 1948.

3. The following proposals are recommended for consideration:

(a) That instructions should be issued to administering officials at home and abroad along the following lines:

While under the new Canadian regulations, citizens of France require neither passports nor visas to enter Canada as immigrants, they must nevertheless satisfy the Immigration officials at the port of entry that they comply with the following requirements:

(i) They are in possession of satisfactory documentary proof of identity and that they are citizens of France, born in France.

(ii) They are of good character and in possession of sufficient funds to maintain themselves until employment has been found.

(iii) They comply with the health regulations and are in possession of X-ray plates of the chest and radiologist's reports certifying that they are free from tuberculosis.

In view of the above, intending immigrants are advised to take advantage of the Canadian Immigration facilities which exist in Paris where both civil and medical officers are available for their assistance.

Moreover, just as a clear certificate of health from the Canadian Government medical officer in Paris is required to facilitate admission at the Canadian port of entry, so will admission be facilitated by possession of a valid French passport, since this is much the most acceptable proof of national status. Although visas are not required, the endorsement of a Canadian visa on a valid French passport will be found to be of great assistance as indicating that satisfactory preliminary examination as to character has been conducted in France.

Intending immigrants should further be warned of the French Government regulations regarding the export of funds.

(b) The great majority of applications come first to attention through the media of transportation companies. It is therefore recommended that the companies be informed of the regulations in terms somewhat similar to the above. The effect will almost certainly be that the companies, in their anxiety to avoid carrying passengers who may be denied entry at Canadian ports, will refuse to issue tickets to persons not in possession of valid French passports and Canadian visas, in view of their liability to return rejected passengers to their country of origin.

(c) *Confidential* instructions to Canadian representatives in Paris should specify that Canadian Government Medical Officers will refer applicants for examination to the Civil Examination Staff, who will institute immediate enquiries with the assistance of the R.C.M.P. attached to the Paris office for that purpose. By these means a check can be made in Paris of those immigrants who do not choose to request visas as well as those who do. The names of any who are not clear for security will be forwarded to Ottawa so that information may be available at the intended port of entry if possible before the arrival of the immigrant in Canada. French cartes d'identités will not be accepted as proof of identity.

(d) A public announcement should be made through the Embassy in Paris and concurrently a similar statement might be issued here. A draft of such statement is attached.†

(e) The security aspects of applying the new policy to persons naturalized in France are so grave that further recommendation is made that the relevant Orders-in-Council should be amended to make clear that the new regulations apply only to citizens of France *born in France*.³⁹

³⁹ Le document porte l'annotation suivante :

The following was noted on the document:

All this appears to me to be proper, even para. (e). L.S. St. L[aurant] 4-11-48

808.

L.S.L./Vol. 55

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

SECRET

[Ottawa], October 30, 1948

FRENCH IMMIGRATION TO CANADA

On October 15 last Mr. Pearson wrote a letter on this subject to Mr. MacKinnon; a copy is attached (Annex 'A'). Subsequently and by agreement between the two Ministers, discussions took place at the official level between officers of the Immigration Branch, R.C.M.P. and this department. They resulted in a memorandum (Annex 'B') signed by Mr. Jolliffe, Director of Immigration and Mr. Chance, Chief of the Consular Division of this department.

2. It had been hoped that further discussions might take place between Mr. MacKinnon and Mr. Pearson, before the latter left for Paris. This proved impossible. Mr. Pearson therefore asked that you would be so good as to continue the discussions with Mr. MacKinnon. He, at the same time, expressed his general agreement with the memorandum.

3. You will observe from Annex 'A' that this matter was discussed with Mr. St. Laurent in his then capacity of Acting Secretary of State for External Affairs. He made then certain suggestions for meeting the problems which had arisen. Annex 'B' follows the general line suggested by Mr. St. Laurent with one important exception. He felt that the new orders-in-council could be interpreted as meaning "Citizen of metropolitan France." On examination it was found, however, that this would not entirely meet the needs of the case but that "Citizen of France, born in France," would be much more effective.

4. Metropolitan France embraces technically the Department of Algeria and possibly other French North African possessions. More important than that, however, is the doubtful security position of many French citizens by naturalization. Naturalization papers are far too easily obtained.

5. A point which was not, I think, discussed with Mr. St. Laurent was the acceptability of French Cartes d'Identité. There is ample evidence that these are utterly unreliable. Many thousands were issued during the resistance in false names and it is said that even prominent Frenchmen still carry false Cartes d'Identité. There is every justification for refusing recognition of these documents.

6. Detailed discussion of the problems demanding solution has been avoided in Annex 'B' but the appropriate officers will hold themselves in readiness to wait upon Mr. MacKinnon and yourself should further information be desired.

7. You will perhaps feel that effect should not be given to the recommendations of Annex 'B' without approval of Cabinet. Should this be so, it would seem to rest with the Department of Mines and Resources to prepare the necessary Cabinet paper for submission for final approval through the Security Panel.

8. I have sent copies of these papers to Mr. Heeney and Mr. Pickersgill.
E[SCOTT] R[EID]

809.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], December 8, 1948

...

IMMIGRATION; ADMISSION FROM FRANCE

17. *The Minister of Mines and Resources* submitted recommendations to Council to clarify the decision taken at the meeting of November 16th so that the new regulations governing admission of French citizens would apply only to those born in France. This would require amendment of Order in Council P.C. 4186 of September 16, 1948.

An explanatory note had been circulated.

(Secretary's memorandum, Dec. 6 — Cabinet Document 813; Minister's submissions to Council, Nov. 24, 1948 — P.C. 5593 and 5594).†

18. *The Prime Minister* explained that this proposal resulted from further consideration of the administrative problems connected with the implementing of the new government policy with respect to French immigration.

It was considered desirable in the interests of security to restrict the scope of the new regulations to native born French citizens.

While neither passports nor visas would be required under the new regulations, in fact admission would be facilitated by possession of such documents and it was expected that the amendment proposed would permit of reasonably adequate scrutiny of intending immigrants.

(External Affairs memorandum, Dec. 7,† and attached memorandum, Oct. 28, 1948).

19. *The Cabinet*, after discussion, approved the Minister's recommendation and agreed that Orders in Council be passed to amend the regulations accordingly.

...

5^e PARTIE/PART 5IMMIGRATION DE L'INDE
IMMIGRATION FROM INDIA

810.

DEA/50017-40

*Note du directeur de l'Immigration du ministère des Mines et des Ressources
pour le Comité du Cabinet sur la politique de l'immigration*

*Memorandum by Director of Immigration, Department of Mines and Resources,
to Cabinet Committee on Immigration Policy*

IMP DOCUMENT NO. 25

[Ottawa], June 4, 1948

SECRET

RE EAST INDIAN IMMIGRATION

Dr. D.P. Pandia, on behalf of the East Indians in Canada, requests the Government to amend existing Immigration Regulations to provide for the admission to Canada of their close relatives on the same basis as those of European races, and for the fiances of Canadian born East Indian women. As East Indians belong to one of the Asiatic races admission is restricted to the wife and unmarried child under 18 years of age of Canadian citizens (P.C. 2115).

With this submission Dr. Pandia requests consideration of the following facts:

(1) Under restrictive regulations the East Indian population of Canada has declined from 5,438 in 1911 to 1,465 in 1941 and as 25% of those now in Canada are over 60 years old there will be a further decrease during the next 10 years.

(2) That there are members of the East Indian Community established as successful farmers and businessmen who have no children or relatives in Canada to carry on their business now that they are approaching old age, or in case of their demise.

(3) The Canadian born males choose their women in India with the result that the Canadian born females must remain spinsters.

(4) The East Indians have contributed to the development as pioneers of the two basic industries of British Columbia, i.e., lumbering and agriculture, having supplied capable and skilled labour, and invested millions of dollars in the same; they are reliable, thrifty, hard-working and law-abiding.

(5) There are no restrictions on the admission to India of Canadians, but at present Canada discriminates against East Indian British subjects as compared with the citizens of the other dominions. To remove this discrimination at this particular time would be of importance in the friendly relationship between the two countries.

Existing regulations provide for the admission of the following classes provided they do not belong to any Asiatic race:

(a) *British Subjects* having such status by reason of birth or naturalization in Canada, Great Britain, Northern Ireland, the Irish Free State, Newfoundland, New Zealand, Australia, the Union of South Africa.

(b) *United States Citizens*

(c) *Relatives of Residents of Canada*, i.e., Husband or wife, son, daughter, brother or sister, together with husband or wife and unmarried children if any. The orphan nephew or niece under 21 years of age.

(d) *Agriculturists, Farm Labourers, Persons Experienced in Mining, Lumbering or Logging*

(e) *Persons Entering for Marriage to a Legal Resident*

The only immigrants of Asiatic races admissible are the wife and unmarried child under 18 years of age of a Canadian citizen.

To effect any change in the admissible classes of East Indians would require a modification of P.C. 2115, and would result in requests for similar treatment of other Asiatic races who are not admissible under present regulations. The majority of the 1400 East Indians in Canada are Canadian citizens and the admission of their first degree relatives would not mean any large movement. The effect in regard to other Asiatic races would be different. There are in Canada over 16,000 persons of Asiatic races (other than Chinese, Japanese and East Indians), the majority of whom are believed to be Canadian citizens. The Chinese would present the most serious problem. While the proportion of naturalized and native born Chinese to the total Chinese population is small, naturalization would within a few years result in a formidable movement of Chinese immigrants. About 2000 Chinese have applied for naturalization since January 1st, 1947. A similar situation would develop with regard to Japanese subsequent to the revocation of the regulations prohibiting the admission of enemy aliens.

Dr. Pandia believes that the East Indian should be considered as being in a preferred position in his relationship to Canadian Immigration regulations, in that he is a natural born British subject and as such should be given the same privileges as British subjects native to and naturalized in Britain and the Dominions. This view, however, would not appeal to Canadian citizens of alien origin who would naturally claim discrimination as between Canadian citizens of different Asiatic races.

As a change in the regulations applicable alike to all Asiatic races along the lines advocated for the East Indians would within a few years materially increase Asiatic immigration, it is the opinion of the Department that such action would not be warranted. It is, however, recognized that there are cases where the regulations impose definite hardships as described in submission No. 2 on page one of the memorandum, and it is suggested that these could be dealt with individually by Order in Council waiving the provisions of P.C. 2115 where investigation established such action to be warranted.⁴⁰

A.L. JOLLIFFE

⁴⁰ Approuvée par le Comité du Cabinet sur la politique de l'immigration le 16 juin./Approved by Cabinet Committee on Immigration Policy on June 16.

811.

DEA/50017-40

*Note pour le chef de la Direction du Commonwealth
Memorandum for Head, Commonwealth Division*

CONFIDENTIAL

[Ottawa], June 11, 1948

INDIAN IMMIGRATION TO CANADA

Our High Commissioner in New Delhi suggests in despatch No. 168 of May 27, † that our immigration policy might be revised by allowing a "token" quota of at most 100 immigrants a year from India, provided they meet our general requirements regarding financial means, good health and good character. The Indian authorities would probably arrange to select the best type of emigrants available. Mr. Kearney suggests that we might make some reciprocal arrangement with the Indian Government for the admission of Canadians to India.

2. Present Immigration Law

I think Mr. Kearney is under some misunderstanding regarding our present immigration regulations. After referring to Order-in-Council P.C. 2115, in conjunction with the Australian dictation test, he remarks that these laws are "poorly concealed devices for keeping Indians out." Actually our law is quite straightforward and clearly discriminates against persons of Asiatic race. I think that Mr. Kearney probably had in mind Order-in-Council P.C. 23 of January 1914 (based on P.C. 27 of January 8, 1908, and Section 38 of the Immigration Act, 1910) which prohibited the entry of an immigrant who did not come by "continuous journey from the country of which he is a native." This at the time was definitely directed against immigrants from India and was designed to discriminate against them without specifically declaring that British subjects of Indian race or origin would not be permitted entry to Canada for permanent residence. It was apparently not actually found necessary to invoke this Order-in-Council, at least in recent years and in any case it was abolished by P.C. 4852, November 26, 1947. The device of "continuous voyage" therefore no longer exists.

3. P.C. 2115 dated September 16, 1930, prohibits the landing of immigrants of any Asiatic race with the exception of wives and unmarried children under 18 of persons legally resident in Canada and in a position to take care of them. It is under this provision that the Sikhs in British Columbia can bring wives and minor children to this country.

4. Order-in-Council P.C. 4849 of November 26, 1947 (which replaced P.C. 695) is essentially the governing law on immigration to Canada at the present time and in effect sets forth our policy. After enumerating the classes of persons who may be admitted to Canada, it adds a final proviso that they do not include immigrants of any Asiatic race.

5. The "Gentlemen's Agreement" with Japan

There is a proviso to P.C. 2115 which states that it does not apply to nationals of a country having a special treaty or agreement with Canada regulating immigration. This, I believe, was intended to make provision for the working arrangement which

operated between Canada and Japan from the "Lemieux Agreement" of 1908 to the outbreak of war with Japan in 1941. In terms of correspondence of 1923 with some minor modification in 1928, it was agreed that a maximum of 150 Japanese nationals would be admitted to Canada annually. This figure was to include not only domestic servants and agricultural laborers but also wives and children of Japanese resident in Canada. The Japanese authorities took certain administrative measures to control this emigration. I am not very familiar with the manner in which "gentlemen's agreement" worked out in practice but it should be fairly easy to get a clear picture. Apart from political considerations, our Immigration Branch should be able to tell us how the machinery operated and the difficulties which may have been experienced.

6. *Australian System*

In effect, the Australian policy of "White Australia" is not very different from ours though the method used is not the same. Shortly after the Commonwealth of Australia was created, the National Parliament in 1901 adopted an Immigration Act containing the famous dictation test. This was derived from a statute of the colony of Natal of about 1885. It provides that an immigrant may be given a test of a minimum of 50 words in any prescribed language. This is the only legal foundation of the "White Australia" policy. It gives a completely arbitrary and wide discretion to immigration officers to prevent the entry of any person of whatever race or nationality whom it is desired to exclude. Nowhere in so many words does Australian law exclude or restrict the entry of Asiatics. This device is clearly a subterfuge and the actual results are well known to the whole world, including all government authorities in Asia. Our law is more frankly discriminatory. It is arguable which, from a diplomatic viewpoint, is better.

7. From time to time in Australia proposals have been made that the policy of excluding persons of Asiatic race might be modified slightly to permit the admission of a "token" quota. A few liberals, intellectuals and churchmen think that this might satisfy the sensitive feelings of Oriental peoples. However, public opinion in Australia seems to be quite determined to avoid even a slight revision in the traditional immigration policy.

8. *United States System*

The Indian Immigration and Naturalization Act, which became law in July 2, 1946, provides for the admission of a maximum of 100 persons per year who were born in India. The quota system, which since 1924 has been an essential feature of American immigration regulations, is I believe, based not on race or nationality but on country of birth. The quota of 100 a year for India therefore includes persons of European race born in India. I know that some white persons from India have gone to the United States under this quota. There is nothing, I gather, to prevent American consular offices from selecting the entire quota from among white applicants for visas born in India, though it would seem undiplomatic to do so. I recall that much publicity was given in India after the quota of 100 was established and this has no doubt been a factor in improving relations between India and the United States.

9. *Dr. Pandia's Proposal*

The line of argument used by Sir Girja Bajpai to Mr. Kearney is very similar to that which Dr. Pandia has advanced to me and I think to both yourself and Dr. Keenleyside, though his actual proposal is somewhat different. Dr. Pandia contended to me that it might be a strong inducement to India to stay in the Commonwealth if Canada should in the near future modify her policy regarding the entry of Indians. The present position, he argues, is the only disability of or discrimination against the Indian community in Canada. The proposal which he has made in writing (letters of February 28[†] and March 16,[†] 1948, to Dr. Keenleyside) as well as verbally, is that the Indians (Sikhs) resident in Canada should be permitted to bring members of their families to this country, other than those already covered by the provisions in P.C. 2115. More specifically, Dr. Pandia tells me he would like Indians to be included in paragraphs 3, 4(b) and 5 of P.C. 4849. This change would permit the entry of brothers and sisters of the applicant, as well as husbands and wives and unmarried children of any age, orphaned nephews and nieces; and farmers coming to join uncles, nephews, fathers-in-law; sons, sons-in-law, brothers-in-law, etc. It would also permit a Sikh to bring a bride to Canada from India and marry her here. At present he must go to India from Canada and get married there and subsequently try to bring his wife to Canada with him and have her follow him to this country. Likewise, under Dr. Pandia's proposal, a Sikh girl in Canada can have a man come to Canada from India to marry her here.

10. Dr. Pandia also rather vaguely referred to the necessity for allowing some of the older Sikh men in B.C. to adopt sons in India and bring them to this country to carry on their businesses.

11. Pandia states that the number involved in the proposal would be very small. There would seem, however, to be no way to assess accurately the effect of his proposals. One should bear in mind the strength, size, extent and fertility of Indian families. The family system is one of the basic social institutions of India and there is a closely observed obligation of mutual aid. The suggestion to allow adopted sons to enter Canada would in the case of a country like India, where there is an ingenious capacity to make use of legal loopholes, probably result in a considerable number of persons coming forward.

12. *India as a Member of the Commonwealth*

I am not very impressed with the argument that a minor change in Canadian immigration law would have considerable influence on India's decision whether to remain in the Commonwealth group or to proceed with the establishment of an independent republic unassociated with the Commonwealth. The treatment of the Indian minority in South Africa, especially under the new Government of Dr. Malan, is likely to be a much more important factor. Australia and New Zealand also exclude Indians. One should also bear in mind that there are serious restrictions on the entry of Indians to Ceylon, which, of course, is a self-governing dominion, Burma, which is now an independent republic with no British constitutional connection, and some British colonial possessions, such as Kenya and Trinidad, where the established Indian population has created many difficulties and suffers various forms of discrimination. Any inducement which Canada might offer

to India to remain in the Commonwealth could have little or no influence in comparison with the major problems of Indian immigration and residence in South Africa, Ceylon and the colonial empire.

13. *Precedent for Other Countries in Asia*

I do not see how it would be possible for Canada to adopt Mr. Kearney's proposal for India without doing the same or something very similar for not only the other new dominions in Asia, namely Ceylon and Pakistan, but also for any other Asian country sufficiently powerful and influential to protest effectively against our policy of excluding immigrants of Asiatic race. I have in mind at present particularly China, which can argue for the treatment which we gave Japan under the pre-war "gentlemen's agreement". The same may apply, at least theoretically, to Burma and possibly some other countries in Asia.

14. *Reciprocity*

If it were decided to put Indians on a "token" quota of 100 a year, I do not think we could have any objection to a reciprocal arrangement for the entry of Canadians to India. The total resident Canadian community in India at present seems to be about 400. Most of these are missionaries and their families who, while they may wish to live in India for many years, have no desire to settle permanently from generation to generation in the way that Indians would in Canada. Likewise, the Canadians who are resident in India for business purposes normally wish only to stay there for a few years though presumably most of them would have to be classified as immigrants. Under the Reciprocity Act of 1943, I think the Indian Government can make rules placing the same restrictions on the entry of Canadians to India as are imposed on persons of Indian origin by Canada.

15. *Administrative Aspects*

There would no doubt be many administrative difficulties in carrying out Mr. Kearney's proposal and new duties would have to be assigned to our Office in New Delhi. Apparently the Indian authorities, through their control over the issue of passports and of emigration, would wish to pre-select the persons who would go forward to Canada. These persons would presumably have to satisfy our Office in New Delhi regarding bona fides, identity, relationship to persons in Canada, good health, etc. The record of the entry of persons from India does not seem to be very good and certain traits of the general Indian character must be borne in mind. Many Indians seem to be quite skilled and subtle in practices of forgery, substitution of persons, false declarations, "fake" medical reports, etc. A quota system which resulted in constant incidents, arguments and irritation, between our officials both in New Delhi and at Canadian ports of entry, and the Indian authorities, would scarcely result in goodwill and friendly relations.

16. *Public Opinion*

Finally, it may be seriously doubted whether Canadian public opinion especially in British Columbia would be prepared for a proposal such as Mr. Kearney's. Residents on the Pacific Coast would immediately think of the operation of the "gentlemen's agreement" with Japan.

17. I have indicated above some of the principal objections and difficulties that have occurred to me in connection with Mr. Kearney's proposal. They seem to point to a rejection of his scheme. At the same time we must, for international reasons, give serious consideration to any suggestions which might remove the sting of discrimination against Orientals in our immigration policy.

812.

DEA/50017-40

*Le sous-ministre des Mines et des Ressources
au haut-commissaire de l'Inde*

*Deputy Minister of Mines and Resources
to High Commissioner for India*

Ottawa, June 25, 1948

Dear Mr. High Commissioner:

This letter is to confirm the information which I gave to you on the telephone yesterday.

The Canadian Government has decided that it would not be advisable to alter the terms of the Immigration Act and Regulations insofar as these apply to the admission of persons of Asiatic race. (The term "Asiatic", as you know, is used in the Immigration Regulations with a geographical rather than a racial significance.)

The Government has also decided, however, that sympathetic consideration will be given to applications for the admission to Canada of persons from India who fall within the following categories:

(a) Young men seeking to enter Canada for the immediate purpose of marrying girls of Indian racial origin legally resident in this country; and,

(b) Relatives of persons of Indian racial origin legally resident in Canada when the said Canadian residents have reached an advanced age and require assistance not otherwise available in the management of their properties in this country.

While I realise that these decisions of the Government do not entirely meet the wishes that you have expressed in connection with the admission of Indian nationals to Canada, I trust that the modifications in present practice which are indicated above will meet with your approval.

Yours very truly,

H.L. KEENLEYSIDE

813.

DEA/50017-40

*Le haut-commissaire de l'Inde
au sous-ministre des Mines et des Ressources*

*High Commissioner for India
to Deputy Minister of Mines and Resources*

Ottawa, July 2, 1948

Dear Dr. Keenleyside:

I am sorry that on account of my absence from Ottawa your kind letter of June 25th has not been replied to earlier.

I have noted the information contained in your letter and, while I realize that the decision of the Canadian Government to give sympathetic consideration to applications for the admission to Canada of persons from India falling within the two categories mentioned will give a certain amount of relief to those of our people who are resident in Canada, I would of course have felt very much happier if our people could have been put on the same basis for this purpose as Canadian citizens originating from other countries. When I was in British Columbia last month I had the opportunity of discussing these questions very fully with many of our people there and I found them all most appreciative of what had been done for them recently in the matter of facilities for the admission of their wives and minor children to Canada. At the same time, there was a strong feeling that, since they were Canadian citizens, they should enjoy the same rights and privileges as Canadian citizens originating from other countries, particularly as they are, of course, prepared in every way to shoulder the same responsibilities and to play their full part in the development and welfare of their country of adoption. I expect that in due course my Government will be taking up officially with the Canadian Government the whole question of the future admission of people from India to Canada, but I only felt it right at present to let you know how much our people appreciate what has already been done for them and at the same time what their hopes and aspirations are with regard to the few points about which they feel that there is still some deficiency.

Yours sincerely,

H.S. MALIK

814.

DEA/9193-D-40

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

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

SECRET

Ottawa, August 12, 1948

Dear Mr. Kearney,

We were interested to receive your despatch No. 168 of May 27th† in which, in the interest of India's continued membership in the Commonwealth, you made a vigorous plea in favour of a modification in our immigration policy to permit the entry for permanent residence of a small annual quota of Indian citizens. We appreciate your initiative in putting forth this suggestion and have given it careful consideration.

There are a number of major difficulties which would appear to prevent action being taken in the near future along the lines which you propose. Unlike the United States, we have never followed a practice of immigration quotas for various countries. The one exception to this was the so-called "gentlemen's agreement" with Japan which operated, with some modifications, from 1908 to Pearl Harbour.

The greatest difficulty, however, is that it would not seem possible to accord special treatment to a small group of immigrants from India without granting similar treatment to immigrants from other Asian countries. It would seem that we would have to put the other dominions of Pakistan and Ceylon on a similar basis. Furthermore, I do not think that in the matter of immigration from Asia we can distinguish in any important respect between persons who are and persons who are not British subjects. The Chinese, for example, and possibly the Burmese, could be expected to request that any concessions that we might accord to Indians should also be extended in some similar fashion to themselves. Thus it will be seen that your proposal has some wide implications and I do not think we can give serious consideration to altering our immigration laws and regulations regarding Indians without reviewing our fundamental policy on the entry of persons of all Asiatic races.

Finally, it may be questioned whether public opinion on the Pacific Coast would be prepared to go very far at the present time in removing the existing barriers against immigration from Eastern countries.

I do not think that we told you about a proposal which Dr. Pandia advanced with some persistence prior to his departure for England early in June, and this would seem to be a suitable occasion for doing so. He put up a scheme, for the admission of first degree relatives, to Dr. Keenleyside, the Deputy Minister of Mines and Resources, and Mr. Jolliffe, the Director of Immigration, as well as informally and by conversation only, to several officers of this department. Copies of his letters to Dr. Keenleyside of February 28th† and March 16th,† which give only a general outline of his scheme, are attached. More specifically, he has explained that he

hoped that our Immigration Regulations would be amended so that the Sikhs resident in Canada would be permitted to bring to this country not only their wives and children under the age of 18, as provided in P.C. 2115 but also relatives coming within the definitions in paragraph 3, 4(b) and 5 of P.C. 4849, which is the Order-in-Council governing the general nature of our immigration policy. If you will examine it, you will see that his suggestion would include quite a wide range of relatives. He even went further and suggested rather vaguely that it would be desirable to permit some of the older Sikh men in British Columbia to adopt sons in India and bring them to this country to carry on their business enterprises.

He indicated that he thought the number involved in his suggestion would be quite small but that the change would be of great value as it would, in his opinion, remove the last disability of or discrimination against, the Indian community in Canada. He thought that action along the lines suggested might serve as an inducement to India to remain within the Commonwealth.

Before his departure for London en route to India, Dr. Pandia left the impression with officers of this Department that he had persuaded our immigration authorities of the merits of his plan and that he expected his suggestion to be carried out. However, Mr. Jolliffe has recommended against it in his memorandum to the Cabinet Committee on Immigration Policy, IMP Document No. 25 of which copy is attached. His principal objection was that, while Pandia's proposal might involve the entry of only a small number of Indians to Canada, this would by implication lead to a similar demand on behalf of the Chinese community here. In the latter case, the number of relatives who could be expected to come forward would be quite considerable.

Dr. Keenleyside wrote to Sardar Malik on June 25th and indicated that sympathetic consideration would be given to the entry from India of young men for the immediate purpose of marrying girls of Indian racial origin, and of the relatives of persons of Indian racial origin to assume the management of their properties in this country. A copy of this letter is attached. Mr. Malik had apparently taken up the matter where Dr. Pandia left it at the beginning of June. You will note that the decision communicated in Dr. Keenleyside's letter was in line with the suggestion of Mr. Jolliffe made in the final paragraph of his memorandum that in certain cases where definite hardship was established, individual Orders-in-Council might be made waiving the provisions of P.C. 2115.

Mr. Malik acknowledged receipt of Dr. Keenleyside's letter in a reply of July 2nd which is also attached.

The concession which has been made should go some distance to satisfy the representations made both by Dr. Pandia and the Indian High Commissioner, but, as indicated in the latter's reply, the matter will probably not be allowed to rest where it stands at present and we may be hearing in due course from the Indian Government on the whole question of the future admission of persons from India to Canada.

We would appreciate it, therefore, if you would continue to give us the benefit of your views and observations. We will endeavour at this end to keep you informed

of any developments and I hope this will be done with less delay than in the present instance.

Yours sincerely,
L.B. PEARSON

815.

DEA/500017-40

*Le haut-commissaire en Inde
au sous-secrétaire d'État aux Affaires extérieures
High Commissioner in India
to Under-Secretary of State for External Affairs*

SECRET

[New Delhi, October 26, 1948]

Dear Sir:

I wish to acknowledge receipt of Mr. Pearson's kind and interesting letter of August 12th, together with the enclosures therein referred to.† I rather think that my secret Despatch No. 168 of May 27th, though I qualified it by saying that it should not be regarded as my considered opinion, was looked upon as being more vigorous than was my intention. My hasty draftmanship, no doubt, lent itself to this interpretation, but I was anxious speedily to put some observations on record in view of the then impending Prime Minister's Conference and the seemingly wavering attitude of the Indian Government with respect to membership in the Commonwealth. Thus, full advantage of a quick decision might be obtained, provided the Canadian Government was disposed to modify our immigration regulations insofar as Indian citizens were concerned, and provided the matter was susceptible of a quick decision. In accordance with the invitation contained in the concluding paragraph of Mr. Pearson's letter, I make the following observations which you might care to take into account if and when the question of immigration from Eastern countries again arises.

2. I do not know whether at the Prime Ministers' Conference just concluded, Mr. Nehru raised the question of Indian immigration within the Commonwealth, and I would be glad to know what, if anything, was said on the subject. In any case, I think the attitude of at least the Indian Department of External Affairs and Commonwealth Relations is one which recognizes that on the grounds of non-assimilability alone, restrictions on Indian immigration are to be expected. The Indian Government does not seem much concerned about the number of Indian immigrants who may be admitted to Canada, and if a way could be devised which would not increase the number of Indians entering Canada, but which would be a balm to Indian pride and sensibility, it would be wise, I think, to take advantage of the present frame of mind of the Indian Government. Appeasement apart, I think the pages of modern history are filled with instances of how catastrophes could have been avoided if small concessions had been made quickly instead of allowing demands to grow until they could not be met.

3. The rapid increase in the Indian population is a subject of growing importance in this country. In my recent travels through India, I noticed with what envy the large uninhabited spaces of Canada and Australia are being regarded, and if public opinion on the subject continues to grow, I fear that immigration will, at least in the eyes of the over-populated countries, cease to be considered a domestic matter, and one which is to be left for decision unilaterally by each country concerned. So far, Indians seem content to accept restrictive immigration regulations which do not hurt their feelings, but so long as the hurt remains, I feel over-populated countries will be encouraged to regard it as an injustice if their people are not allowed to fill up the vacant spaces in under-populated countries. In other words, I believe insofar as Indian immigration matters are concerned, we are dealing with a case of "Dear Brutus". Compared to fellow Commonwealth countries, however, such as South Africa and Australia, Canada in Indian eyes is regarded almost as a paragon of virtue, especially since the granting to Indians of the federal and provincial franchise, and the concessions which have been made to the 1500 Canadian Sikhs to enable them to bring to Canada some of their relatives. If a reciprocal agreement were made a feature of our Immigration policy it would be held up, I believe, by the government of India, as an example of Canadian fairmindedness and good neighbourliness, and a model to be followed by other members of the commonwealth.

4. If the obstacles are not too formidable I think we have an opportunity if not a duty to take the lead, because the Indian population of our country, numerically at least, is not a major problem. In Mr. Pearson's letter he mentioned the repercussions insofar as other Asian countries are concerned, which might ensue if the suggestions contained in my letter under reference were put into effect. These objections are both numerous and formidable. However, the following quotation from Mr. Pearson's letter rather surprised me:

"Furthermore, I do not think that in the matter of immigration from Asia we can distinguish in any important respect, between persons who are and persons who are not British subjects."

5. I would rather be disposed to take the view that if being a British subject or a Commonwealth citizen has any advantages, then they should be looked for in the field of preferential treatment insofar as immigration is concerned. I would be inclined to say that instead of fearing criticism from Asians or others who are not members of the Commonwealth, we should boast of the fact that membership in the Commonwealth confers favourable immigration treatment which is not granted to those outside it.

6. The foregoing, of course, rests on the important presumption that India remains in the Commonwealth, but even assuming that the yardstick of say one hundred Indians per annum based on a population of three hundred million, were invoked by other Asian nations, whether members of the Commonwealth or not, as a justification for seeking entry into Canada, then their numbers if admitted would be more or less inconsequential due to the precedent established with respect to India. I admit that this argument is much like that of the girl who said even if her child was illegitimate, it was only a small baby. Japan, of course, as an ex-enemy

country and because of the trouble which arose in respect of Canadians of Japanese origin during the war, would no doubt have to be looked upon as a case apart. China, I grant, in a comparative sense, with its large population, would stand to benefit which might not be inappropriate.

7. With the possible unwillingness of British Columbia to admit more Asians even if the flow were but a trickle, I have every sympathy, and even the Indian Government should not be surprised by it. Judging by myself, I fear that those of us who come from other provinces fail to realize that practically all Asian immigration to Canada finds its resting place on the West coast. Since under the British North America Act, immigration is not solely a federal matter but one in which the provinces have a say, it seems to me that if provinces other than British Columbia had no objections to receiving a small number of Asians, perhaps Asian immigrants could be legitimately restricted to those provinces. Administratively such a solution might present theoretical difficulties but from the practical point of view, I doubt if they would arise. I think that the main reason nearly all Asians choose British Columbia is because climatically the other eight provinces have no appeal for them. Machiavellian as the thought may appear, I think you would find that very few Indians would go to Canada if the West coast were not open to them.

8. I was interested in reading the memorandum prepared for the Cabinet Committee on Immigration which contained Dr. Pandia's suggestions. One of the facts which Dr. Pandia mentions is:

"Canadian born males choose their women in India, with the result that Canadian born females must remain spinsters."

9. It would be hard, I think, to find a clearer admission of the non-assimilability of Indians in Canada, and a justification for the Canadian Government in permitting very few of them to enter our country. What I am about to say is perhaps looking too far into the future, but I believe that Indians going to Canada under the scheme which I propose would be no more numerous, and would be more likely and might very well, in fact, assimilate with the indigenous population, while the chances of the Sikhs who are going out under the existing scheme, of ever assimilating are, to my mind, practically nil. (Sir Girja Bajpai once pointed out to me that if a small number of immigrants were permitted to enter Canada they could be hand-picked from among the wealthier and educated classes.) If the better class Indians went to Canada I do not think it would be very long before one would find them marrying Canadian men and women. Speaking from my own experience, I am entirely unconscious of any colour complex when in conversation with cultured Indians.

10. Under the existing scheme whereby relatives of Sikhs are admitted, in point of numbers, we have given seventy-six emigrant visas since Jan. 1st, 1948, and from the types I have seen in our office I do not think these additional immigrants can ever be an advantage to Canada, and I regard them as a poor advertisement from India's point of view. Sooner or later, I believe that existing prejudices on grounds of race and colour will diminish and I think that the better types of Indian if given the opportunity would be the first to bring this about, and it might not be a bad thing if Canada had some hand in its accomplishment.

11. I could not help but notice during my trip in Southern India that both publicly and privately, Canada was complimented on the extent to which we have gone in meeting Indian views on our immigration policy. If the Indian Government is prepared to let the matter rest for the moment, probably the wisest thing for us to do would be to allow things to remain as they are until India's attitude to the Commonwealth is known. Frankly, I am a little jealous of the way the Government of the United States has handled the Indian immigration problem. It has succeeded in preventing large numbers going to the United States by a method which seems completely satisfactory and praiseworthy to India, and it is something which I think we might usefully keep in front of us.

I have, etc.

JOHN D. KEARNEY

CHAPITRE X/CHAPTER X
RELATIONS AVEC LE COMMONWEALTH
COMMONWEALTH RELATIONS

PREMIÈRE PARTIE/PART 1

RÉUNION DES PREMIERS MINISTRES DU COMMONWEALTH
OCTOBRE 1948
MEETING OF COMMONWEALTH PRIME MINISTERS OCTOBER 1948

816.

W.L.M.K./J1/Vol. 434

*Le premier ministre du Royaume-Uni
au premier ministre*

*Prime Minister of United Kingdom
to Prime Minister*

TOP SECRET

[London], May 24, 1948

PERSONAL

For some time I have had in mind to suggest to my fellow Prime Ministers of the Commonwealth that we should hold a meeting in London next Autumn. It has seemed to me that the world situation is such that it is most important that we should meet together at this time to exchange ideas and thus to get to know how each of us is thinking on the grave problems which confront us. I have particularly in mind the relations between Russia and the rest of the world, the problems of Germany and Japan, the general world economic situation and the implications of Western Union and E.R.P. Though some of us have met during the past two years it has not been possible for all of us to be together at the same time and to have those frank talks on these world problems which are so valuable, indeed so essential, an element in our co-operation.

There are, however, at least three questions of the greatest importance to us all on which full consultation is essential and cannot wait until then. I feel sure that we ought to meet very soon for an exchange of views on developments in relation to Germany, the question of an early Peace Conference on Japan and the implications of Western Union. On these urgent questions the present situation is so complex that we cannot confer adequately by telegram.

I know how difficult it is for Prime Ministers who bear such heavy burdens to be away from their posts even for a short time. But the need for a meeting is now so great that despite the difficulties and the short notice I feel I must urge my colleagues to consider the possibility of our gathering together in London in the latter part of next month (June). I would not expect that this preliminary meeting need last more than a few days. We could discuss when we meet what further meetings could be arranged to deal with subjects which call for fuller consideration. In June

our discussions would be concerned primarily with the most urgent problems mentioned in paragraph 2. On economic matters we could have a preliminary talk on how best we can arrange for the fullest consultation and collaboration between ourselves on the world economic situation and the development of Western Union and E.R.P.

At this meeting we should not be concerned to take formal decisions (for that is not our way) nor to discuss specific problems in detail (for this can better be done through the usual channels) but rather to review the world situation and exchange views on these questions of common interest in the light of the most recent information. Informal and personal discussion of this kind would not only be valuable to myself and my colleagues here but would provide me with the only fully satisfactory means of giving my fellow Prime Ministers an adequate picture of the situation as we here see it.

I should be grateful if I might have your views at the earliest possible moment. I very much hope that it will be found possible to adopt my suggestion. We here should of course expect our visitors to be our guests and would naturally be glad to see the official staffs whom Prime Ministers would wish to bring with them. I would suggest, however, that such staffs should be kept small.

We should greatly welcome it if it were possible for your Minister for External Affairs to accompany you in spite of the difficulty which we recognize of your both being away from Canada at the same time. We should hope in any case to see your Minister for External Affairs over here later in the year if, as we think, he may be going to Paris in September for the United Nations Assembly. But I would emphasize that for my part I attach the greatest importance to the meeting being at the Prime Minister level. The absence of even one Prime Minister would, I feel, weaken its value not only in relation to the matters to be discussed but in relation to its effect on world opinion.

817.

W.L.M.K./J1/Vol. 441

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

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

TELEGRAM 768

Ottawa, May 25, 1948

TOP SECRET AND PERSONAL

Following from Prime Minister for Mr. Norman Robertson, Begins: Clutterbuck brought me yesterday personal message from Mr. Attlee urging me to consider the possibility of attending a Prime Ministers' meeting in London in the latter part of June. Message states this would be a preliminary meeting and need not last more

than a few days. Two or three urgent matters are mentioned for consideration. Reference is also made to preliminary talk on economic matters. Attlee says, Quote: I would emphasize that, for my part, I attach the greatest importance to the meeting being at the Prime Ministers' level. Unquote. I think I understand from your Message Number 675, significance of this statement.¹

2. Since my personal and confidential message to you Number 691† was sent, and your reply Number 675† was received, situation here has become more difficult and, in some respects, critical. Budget is far from popular even with our own Party. Amendment now before the House declaring that government has lost confidence of public, will be supported by all members of parties opposite. There are, at present, three by-elections: Yale, 31st instant; Ontario and Vancouver, June 8th. All are uncertain. Tucker, member for Rosthern, has resigned to lead Liberals in provincial elections in Saskatchewan. With our majority over all so greatly reduced, and dissatisfaction among members what it is should we lose by-elections, we shall risk a defeat in the Commons in June. Ontario provincial elections come on June 7th, Saskatchewan, on June 24th, New Brunswick, June 28th, Quebec, probably same month. Results of these Provincial elections may have further unsettling effect on our following in House.

3. I have announced that if Federal House not through with its business by end of June, Parliament will be adjourned until September. Much important business remains to be concluded before then; also far reaching decisions have still to be made by Cabinet on such problems as railway rates, regional pacts, trade and the like. These and other matters vitally affecting position of Party in Parliament and country will make it, I fear, quite impossible for me to be absent between now and end of session.

4. The National Liberal Convention is fixed for first week of August. During early July, policies to be adopted at Convention will have to be carefully studied with colleagues. It is imperative I should also be available for conference with members of Parliament and delegations coming to Ottawa to discuss Convention matters including question of Party leadership.

5. Except with St. Laurent today, I have not discussed possible absence with colleagues in Cabinet. He and I agree that all will be deeply concerned if I even broach possible absence between now and end of session, and will protest vigorously against my going abroad until after Convention. I cannot see how parliamentary programme can possibly be concluded by end of June, if I am not here continuously from now till that date. If not concluded by end of June, Parliament will have to reassemble in September, and I shall have to be here till Session ends in the autumn.

6. Having in mind possible meeting of Prime Ministers in September or October, I took occasion, at the annual press dinner, a few nights ago, to announce that I did not intend to resign office of Prime Minister immediately after the Convention; that

¹ Le message de Robertson† indiquait clairement que les Britanniques espéraient que l'Australie serait représentée par Chifley, et non par Evatt.

Robertson's message† made it clear that the British hoped that Australia would be represented by Chifley, not Evatt.

I would continue to hold office for some little time thereafter, would probably pay a visit to different parts of Canada to thank people for the confidence they had given me over so many years, and was even considering a possible trip to Italy and Greece during Autumn months before asking His Excellency to accept my resignation as Prime Minister.

7. In conclusion, I doubt if, in my present state of fatigue, I could stand, in addition to all that has to be covered between now and the Convention and its three days sessions the further strain which would be involved in a Prime Ministers' meeting late in June, and without more than is now possible in the way of preparation, discussion of the important questions and issues raised by subjects mentioned in Mr. Attlee's memorandum to me. The doctors have counselled me very strongly against permitting further pressures of any kind. The condition of my health during the present session has made only too apparent the importance of following their advice. Ralston's² sudden passing at the age of sixty-six is only too clear an indication of the after effects of war strain where further strain is indefinitely prolonged. On no condition would I undertake to travel by air. To travel by sea, with time necessary in London to make conference worth while, would mean a month's absence from Canada. I wholly agree with last sentence of paragraph 12 your despatch Number 892, 13th of May.³

8. I have just returned from attending Ralston's funeral in Montreal and have called on Clutterbuck to give him views of St. Laurent and myself. Perhaps you would have a personal word with Attlee or Addison⁴ at once and cable me their reaction before I take up matter with colleagues which would be a necessary further step before I could give a final word. I would naturally much prefer not to have colleagues' minds disturbed unless this should be absolutely necessary. Message Ends.

818.

W.L.M.K./J1/Vol. 441

*Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni
Secretary of State for External Affairs
to High Commissioner in United Kingdom*

TELEGRAM 804

Ottawa, May 29, 1948

TOP SECRET AND PERSONAL

Following for High Commissioner from Prime Minister, Begins: Reference your telegram No. 765 just received.† Having regard to the many matters immediately affecting present position and future of both government and Party to which my

² J.L. Ralston, ancien ministre de la Défense nationale et ancien ministre des Finances.

J.L. Ralston, former Minister of National Defence and former Minister of Finance.

³ Cette phrase se lisait comme suit :

That sentence read as follows:

A Conference called at any earlier date would, in my opinion, serve little purpose, and might even cause more harm than good.

⁴ Le vicomte Addison, lord du Sceau privé du Royaume-Uni.
Viscount Addison, Lord Privy Seal of United Kingdom.

personal attention will have to be given between now and meeting of National Liberal Federation, I think it advisable that Prime Minister and Secretary of State for Commonwealth Relations should be informed at once that if an invitation is extended to me to be present at a conference of Prime Ministers to be held during the months of either June or July, I shall be obliged to send word in reply that it will not be possible for me to attend. I hope it may not become necessary for me to have to take this step. Should such be the case, I would have then to reconsider possibility of participation in any meeting which might be held in the Autumn. Message Ends.

819.

W.L.M.K./J1/Vol. 441

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

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

TELEGRAM 771

London, June 1, 1948

TOP SECRET AND PERSONAL. IMMEDIATE.

Following for Prime Minister from Robertson, Begins: The development of plans for a Prime Ministers' meeting has taken a bad twist in the last day or two. The Cabinet, under the leadership of the Prime Minister and the Foreign Secretary, decided yesterday — despite my representations, which were made through the Secretary of State for Commonwealth Relations — to push for a meeting in mid-July of those Prime Ministers of Commonwealth countries who would be able to come to London at that time, though they know that this would mean that Canada would not be represented at it, nor in all probability would South Africa. They hopefully talk about a July meeting as "preliminary" to a main meeting which would be arranged for October or perhaps even later in the year.

2. I lunched with Noel-Baker yesterday after the Cabinet meeting, which had come to the conclusion summarized in the preceding paragraph, and before a meeting of the Cabinet Advisory Committee on Commonwealth questions, which did not modify the decisions taken in the forenoon. I have just seen Noel-Baker again this morning, and am seeing Mr. Attlee at four o'clock this afternoon. Noel-Baker thinks that the principal reason why the Prime Minister is so wedded to the idea of a mid-summer meeting is that he thinks it the only opportunity of getting Nehru to London for private and separate discussions with the United Kingdom Ministers prior to the meeting of the Indian Constituent Assembly which is scheduled to take what may prove to be a final decision regarding the relationship of India to the Commonwealth of Nations. Bevin's chief argument for an early meeting is his belief that even a preliminary meeting of Commonwealth Prime Ministers at which Canada and South Africa were not present would be better than nothing, as a means of impressing the Soviet Union and perhaps in a different sense the countries of Western Europe. I think he is also anxious to have a talk with Chifley about Australian interest in the Japanese settlement. Cripps for his own reasons, I believe,

isn't very keen on the idea of a meeting at all, whether in mid-summer or later in the year.

3. Machtig and Gordon-Walker⁵ of the Commonwealth Relations Office completely share my misgivings about the plan which the Government presently seems intent on pursuing, and have advised as strongly as they can the abandonment of any further effort to get a meeting before September or October.

4. Pending my talk with Attlee, the Commonwealth Relations Office is holding up preparation of messages to the other Commonwealth Prime Ministers which they had been instructed to draft in conformity with the decisions in yesterday's Cabinet. I think that if I cannot do anything more, I should at least be able to make them see that they must get their position straight with Canada before sending out another circular communication to other Commonwealth Governments which would in fact present us with a fait accompli.

5. I shall telegraph again after I have seen the Prime Minister. Ends.

820.

W.L.M.K./J1/Vol. 441

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

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

TELEGRAM 776

London, June 1, 1948

TOP SECRET AND PERSONAL. IMMEDIATE.

Following for Prime Minister from Robertson, Begins: Reference my telegram No. 771 of today's date.

I found the Prime Minister very keen on the plan for an early meeting. He is persistently hoping, despite what you had said to Clutterbuck and I had said to him, that it might somehow, in spite of everything, be possible for you to come. I again went over the points made in your messages, making it quite clear that you could not come in June or July and pointed out as best I could the disadvantages I saw in having a meeting of Commonwealth Prime Ministers at which Canada and South Africa would not be represented. He had on his desk a draft message to you, arguing afresh the desirability of an early meeting, stressing the acceptance already received, urging in particular the importance of Nehru's presence in London which he did not think could be brought about unless he were invited to a Prime Ministers' meeting, and hoping that if it was not possible for Canada to be represented, satisfactory arrangements could be made to explain to press and Parliament in both countries why circumstances had prevented this. I said, and he agreed, that there was not much point in his sending such a message. He hung on tenaciously, how-

⁵P.C. Gordon-Walker, sous-secrétaire d'État aux Affaires parlementaires, Bureau des Relations du Commonwealth du Royaume-Uni.

P.C. Gordon-Walker, Parliamentary Under-Secretary of State, Commonwealth Relations Office of United Kingdom.

ever, to the idea of a conference, and asked suddenly whether it might not perhaps be possible to have a meeting in Ottawa instead of London. He, for his part, would be ready to go, though he would of course have to explore this suggestion with his Cabinet. I said I thought it might be better if I first ascertained privately from you whether this counter-suggestion seemed feasible before he mentioned it to his colleagues. He agreed, and I undertook to send this enquiry at once.

2. In passing on the Prime Minister's enquiry, I think I should emphasize that it was a spur of the moment suggestion, and that he had not had an opportunity to examine the practical difficulties which would stand in its way even if the suggestion itself were, in principle, acceptable to the Government of Canada. I think it would be very difficult for Attlee, Bevin, Cripps, Noel-Baker, and probably Alexander,⁶ who would make up the United Kingdom team at such a meeting, all to be absent from London together at a time like this. Secondly, if they were to have the contemplated side discussions with Chifley on economic and financial questions, and Nehru on Indian Constitution question, they would have to have a battery of technical advisers, whom they could hardly transport to Ottawa. A third objection is really that the initiative for this conference rests with United Kingdom, which would have to be responsible for most of the preparatory work and for initiating most policy discussions. This would make the role of the host Government somewhat anomalous. The foregoing are, I think, the kind of objections which would very quickly occur to the Ministers over here when they looked twice at the suggestion. There is also, of course, the question of whether other Commonwealth Prime Ministers would find it as easy and convenient to come to Ottawa instead of to London.

3. My first reaction, which may be wrong, is that if you welcomed the idea in principle, and on the assumption that it would be agreeable to all the other Commonwealth Prime Ministers, United Kingdom might find that from their own point of view it was not feasible and would also recognize a little more clearly than they do now that they should not think of having a Prime Ministers' meeting without Canada, and that we might get back to what was in fact the original idea of a meeting in October. Ends.

⁶ A.V. Alexander, ministre de la Défense du Royaume-Uni.
A.V. Alexander, Minister of Defence of United Kingdom.

821.

W.L.M.K./J1/Vol. 441

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

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

TELEGRAM 816

Ottawa, June 1, 1948

TOP SECRET AND PERSONAL

Following for Robertson from Prime Minister,⁷ Begins: I should be deeply sorry to disappoint Attlee or other United Kingdom Ministers in anything. I have done my utmost throughout the years I have been in office, in times of war and peace alike, to assist British Governments in meeting difficult and embarrassing situations, and in an endeavour to effect on all matters as large a measure of unity as possible between all parts of the Commonwealth. I hope a like measure of understanding and consideration may be accorded my present position by the Government of the United Kingdom.

2. The public of Canada are well aware of what my position is, and will be quick to appreciate what it involves so far as I and the Government are concerned. I announced in January my intention to retire from the leadership of the Party this year, and at that time issued a call for a National Convention to be held in the summer. The Convention was arranged almost immediately after for the first week of August. Some months ago, having in mind, amongst other things, what would be required of myself and colleagues in preparation for the Convention, I announced that if the present session were not concluded by the end of June, Parliament would be adjourned until September. The reasons which caused the Government not to have Parliament continue its sittings in July apply with even greater force to my not being able to attend a Conference over in London in that month. To ensure the work of the session being terminated by the end of June, leaders of different parties in the House have been conferring today as to the possibility of arranging shortly for morning as well as afternoon and evening sittings of the Commons.

3. You know something of the strain which the concluding weeks of the session will place on me. Quite apart from all else, to face an even greater strain (which is what a meeting of Premiers in Britain would involve), between the prorogation of Parliament and the meeting of the Convention is just more than I can contemplate, and more than I know the doctors whom I have consulted would countenance. If notwithstanding all I have represented through Clutterbuck and yourself, as to the impossibility of attending a Premiers' meeting in London in July, I am pressed to do so by an official communication, I shall be compelled to decline and to make these and other reasons known alike to Parliament and the press.

⁷ Un message ultérieur de Robertson (N° 784 du 2 juin), indiquait qu'il avait donné à Attlee le texte exact de ce télégramme.

A subsequent message from Robertson (No. 784, June 2), indicated that he gave Attlee the exact text of this telegram.

4. Nevertheless if, because of my inability to go to London, the situation appeared to demand a meeting here in July, and this were concurred in by Premiers of the Commonwealth, I would of course seek to arrange matters accordingly, though personally I should greatly doubt the wisdom of attempting anything of the kind in preference to a meeting in London in the autumn. Having found it necessary to plan for prorogation of our Parliament at end of June because of imperative demands upon colleagues and myself that month, I doubt very much if it would be feasible to arrange for a meeting of Prime Ministers of the Commonwealth in Ottawa during July. I shall, however, be pleased to confer with my colleagues respecting this suggestion, should Mr. Attlee wish to have it considered. Message Ends.

822.

W.L.M.K./J1/Vol. 441

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

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

TELEGRAM 788

London, June 1, 1948

TOP SECRET AND PERSONAL. IMMEDIATE.

Following for the Prime Minister from Robertson, Begins: In all the circumstances Mr. Attlee has agreed that it would be unwise to proceed with plans for a July meeting either in London or in Ottawa. Individual Prime Ministers who wish to come to London in the course of the summer and at their own convenience will, of course, be welcome, but it is hoped that all will be able to come to a meeting here in October.

Mr. Attlee will be communicating direct with you and with other Prime Ministers about this change of plans. In the meantime he is anxious nothing should be said publicly until an agreed announcement can be made. Ends.

823.

DEA/50023-40

*Le premier ministre par intérim du Royaume-Uni
au premier ministre*

*Acting Prime Minister of United Kingdom
to Prime Minister*

TOP SECRET AND PERSONAL

[London], August 6, 1948

Mr. Attlee, who is having a short holiday, has asked me to get in touch with you and with other Commonwealth Prime Ministers with a view to fixing more closely the date for the proposed Prime Ministers' Meeting in London. In an earlier message Mr. Attlee suggested that the Meeting should be held in October. Past experience shows that it is always difficult to choose a date which is equally convenient to all concerned. But one of the subjects which we shall wish to discuss with Com-

monwealth Prime Ministers will be the long term programme which the United Kingdom, along with all other O.E.E.C. countries, will have to draw up between now and the 1st October. This must attain its final form by the middle of October by which time it will be under discussion in Paris. We feel, therefore, that we should aim at starting the Prime Ministers' Meeting by the 11th October and we should like now to suggest this as a firm date.

Mr. Attlee very much hopes that the 11th October will not be inconvenient for you and that you will be able to let me know that you can come to London for that date.

If the 11th October proves generally acceptable as a date, a further message will be sent a little later about the agenda for the discussions. We shall also be communicating with you at an early date about keeping Commonwealth Governments in touch with our arrangements for drawing up the long term program.

824.

DEA/50023-40

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

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

TOP SECRET

[Ottawa], August 10, 1948

I am enclosing herewith a note† from Sir Alexander Clutterbuck regarding the forthcoming Prime Minister's meeting in London. The date has been fixed for October 11th, and Mr. King has indicated to me that that date will be satisfactory for him. I have informed Sir Alexander accordingly.

L.B. P[EARSON]

825.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], August 11, 1948

MEETING OF COMMONWEALTH PRIME MINISTERS

3. *The Secretary of State for External Affairs* reported that it was proposed that Mr. King should attend the meeting of Commonwealth Prime Ministers which was to be held in London early in October. For the present it was not intended that he (Mr. St. Laurent) would attend though it would be possible for him to go to London at short notice if in the event this were found to be necessary or advisable.

4. *The Prime Minister* explained that the meeting had originally been proposed for June or July. Discussions would have to do with matters of concern to the Commonwealth. The meetings would be for the purpose of exchanging views and no

decisions would be reached without government and if necessary subsequent Parliamentary approval.

5. *The Cabinet*, after discussion, noted that the Prime Minister would attend the Commonwealth meeting in London and that if it were later found advisable or necessary arrangements might be made for the Secretary of State for External Affairs to join him in London.

...

826.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], August 25, 1948

...

PRIME MINISTER'S RETIREMENT; COMMONWEALTH MEETING, LONDON

12. *The Prime Minister* stated that he had had under consideration with Mr. St. Laurent the question of the precise time of tendering his resignation as Prime Minister.

The matter of his attendance at the meeting of Commonwealth Prime Ministers in October had been discussed at the meeting of August 11th. Mr. St. Laurent felt that it would be unfortunate were he obliged to be away from Canada for some weeks at a time when many important matters required consideration at home. A great number of these related to preparation of business for the next session. Mr. St. Laurent had, therefore, expressed the wish that Mr. King represent Canada in London and also head the Canadian delegation at the United Nations Assembly.

13. *Mr. King* added that, during his absence, Mr. St. Laurent would be Acting Prime Minister and consideration of all matters of policy and preparation of the session's programme would be under his immediate direction. If at any time during the course of the London meetings Mr. St. Laurent's presence appeared desirable he would endeavour to join Mr. King there.

It was Mr. King's intention to seek retirement from office as soon after his return from London as might serve to meet his successor's convenience.

A draft statement to the above effect, prepared by Mr. King and Mr. St. Laurent, was submitted and read.

(Press release, Office of the Prime Minister, Aug. 25, 1948.)†

14. *The Cabinet*, after discussion, agreed that the course described by the Prime Minister was the most appropriate and that the draft statement should therefore be made public forthwith.

...

827.

DEA/50023-40

*Le premier ministre du Royaume-Uni
au premier ministre*

*Prime Minister of United Kingdom
to Prime Minister*

TOP SECRET. PERSONAL.

[London], September 3, 1948

PRIME MINISTERS' MEETING

I have now had replies from all Prime Ministers to the personal message sent on my behalf by the Acting Prime Minister on the 6th August. I am glad to say that most Prime Ministers hope to be able to be present. Mr. Chifley, who was so recently with us, is unable, however, to make a second visit to this country so soon and Australia will therefore be represented by Dr. Evatt. Dr. Malan has been giving the most careful consideration to the meeting in the hope that his attendance will be found possible but he now fears that pressure of domestic and Parliamentary affairs is so great that he could not absent himself from South Africa without considerable embarrassment. I hope, however, that if he is unable to be present himself South Africa will be represented by a Minister. For your personal information there has been informal contact with the Eire Government, but the Prime Minister is not yet able to say whether or not they will be represented at the meeting.

2. It is clear from the replies I have had that 11th October would be generally convenient as the opening date and I now propose that we adopt this as a firm date. I greatly hope that we shall be able to conclude our discussions within a fortnight.

3. I hope to telegraph separately in the immediate future a provisional list of subjects which we might talk over at our meeting.

4. The United Kingdom Government hope that you and your advisers will be their guests during the period of the meeting. Our accommodation problem is as always acute. It will be a great help if we could be given as soon as possible an indication, however provisional, of the maximum staffs for which arrangements should be made.

5. I think it will be well now to make an official announcement and, if you and the other Commonwealth Prime Ministers agree, this might be in the terms of the attached draft. Once I have had all the replies I will suggest a date for simultaneous announcement.

6. I hope that my draft announcement makes clear, as you kindly suggested to Brook, the nature and purpose of our meeting and also that there is no question of formal decisions being reached for ratification. I am also bearing in mind your wish to reduce the number of plenaries and to keep public engagements to a minimum.

[PIÈCE JOINTE/ENCLOSURE]

Projet d'annonce de réunion des premiers ministres
Draft Announcement of Prime Ministers' Meeting

[London, September 3, 1948]

The Prime Minister announced in the House of Commons on the 28th June that it was hoped to hold a meeting of Commonwealth Prime Ministers to discuss broad general questions of common interest in October. Arrangements have now been made for a meeting to take place in London on the 11th October.

2. It is hoped that most Commonwealth Prime Ministers will be able to be present. Mr. Chifley, who visited this country so recently as July, will, however, be unable to leave Australia again after so short an interval and Australia will therefore be represented by Dr. Evatt. Dr. Malan, owing to pressure of domestic matters and Parliamentary business in South Africa, will also be unable to be present and South Africa will be represented by _____.

3. As is customary on these occasions the meeting will be a private one at which there will be confidential discussions and exchanges of view on matters of common concern between Commonwealth Prime Ministers. It is not the practice on these occasions to take formal decisions for subsequent Parliamentary approval.

828.

DEA/50023-40

Le premier ministre du Royaume-Uni
au premier ministre

Prime Minister of United Kingdom
to Prime Minister

TOP SECRET. PERSONAL.

[London], September 4, 1948

AGENDA FOR PRIME MINISTERS' MEETINGS

I have been considering subjects which we might talk over at our meeting and now suggest the following provisional list:

- (i) International Relations with particular reference to the Soviet Union.
- (ii) The future of Germany.
- (iii) Japanese problems and the future of the Pacific.
- (iv) Commonwealth interest in collaboration with Western Europe.
- (v) General economic situation and the European Recovery Programme.
- (vi) The development of economic resources of the Commonwealth.
- (vii) Defence questions.
- (viii) Machinery for consultation between Commonwealth Governments.

If there are any items which you wish added I would be grateful if you would let me know as early as possible.

2. I need not say that, apart from the matters on the list, I greatly hope that we shall be able to take the opportunity to have less formal gatherings and informal discussions between individuals, and it may well be also that there will prove to be advantage in keeping the number of plenary meetings down.

4. I am telegraphing in similar terms to the other Commonwealth Prime Ministers.

829.

DEA/50023-40

*Le premier ministre
au premier ministre du Royaume-Uni
Prime Minister
to Prime Minister of United Kingdom*

TOP SECRET. PERSONAL.

[Ottawa], September 4, 1948

PRIME MINISTERS' MEETING

I am pleased to know October Eleventh definitely fixed as opening date.

I much appreciate generous courtesy United Kingdom Government in extending invitation to my advisers and myself to be their guests during the period of the meeting. Except for accommodation Secretarial staff being arranged through Office of High Commissioner for Canada, I do not expect my staff to extend beyond one adviser, one private secretary, and one confidential messenger.

I agree it is desirable to have an official announcement of meeting made forthwith. I cordially approve terms draft announcement attached to your communication.

830.

DEA/7-CM-1 (S)

*Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures
High Commissioner in United Kingdom
to Secretary of State for External Affairs*

TELEGRAM 1622

London, September 17, 1948

TOP SECRET

Following for Pearson from Robertson, Begins: I had a brief glimpse this afternoon at the United Kingdom Chiefs of Staff paper on aspects of Commonwealth defence which is being prepared for consideration at the Prime Ministers' meetings. I understand that the Australian and New Zealand Governments had asked for a preliminary statement of the United Kingdom views on Commonwealth defence

which could be examined by their Governments prior to the departure of their representatives for the London meetings. The present draft, which might provide a reasonable working paper for discussions between the United Kingdom on the one hand and Australia, New Zealand, and perhaps South Africa, on the other, would, I think, be pretty objectionable if put up as purporting to apply to defence discussions between Canada and other parts of the Commonwealth.

2. I had no opportunity of going through it carefully, and in the circumstances in which I saw it no *locus standi* for commenting on it officially. I did suggest, however, that if the United Kingdom Cabinet, which is to examine the paper later this afternoon, concluded that it reflected their views of the ways in which they could best organize defence cooperation with other Commonwealth countries, and that it was the kind of document the Australian Government was hoping to receive from them, then I saw no objection to their sending it to Australia and other countries in a similar position as a working paper which they could discuss between themselves during the Prime Ministers' meetings, and that they might send us a copy with the rider that discussion of defence arrangements with Canada arising out of the North Atlantic Pact talks, etc., obviously made the pattern of approach proposed in the Chiefs of Staff paper inappropriate for the consideration of defence questions of special concern to Canada and the United Kingdom. Whether the Commonwealth Relations Office will succeed in getting the Chiefs of Staff paper altered into a form which they could hope would be acceptable to us, or whether they will press for the alternative course which I suggested, I do not know. I shall try to keep you informed of developments. Ends.

831.

DEA/50023-40

*Note**Memorandum*

SECRET

[Ottawa], September 21, 1948

DISCUSSION ON PRIME MINISTERS' CONFERENCE TO BE HELD IN LONDON
ON OCTOBER 11, 1948

The following are informal notes made after a meeting in Mr. Pearson's office at 10:00 a.m., September 14, attended by Messrs. Wrong, Robertson, Heeney, Reid, MacKay and [A.J.] Pick, at which some of the points which are likely to come under discussion at the meeting of Commonwealth Prime Ministers in London were considered.

(1) *Constitutional Changes*

There was considerable speculation as to whether constitutional questions might not be raised during the forthcoming meetings, even though they were not included in the list of subjects suggested by Mr. Attlee for discussion. It was noted that, following discussions with Sir Norman Brook, it was generally felt, both at official and political levels, that discussion of constitutional issues at plenary sessions of

the Conference should be avoided in view of the delicate questions which might be raised. This seemed to be the view of the United Kingdom authorities as well.

The visit of the Prime Minister of *Ireland*, however, appeared to have altered the situation somewhat. When in Ottawa, Mr. Costello made it quite clear that Ireland intends to go the whole way in removing the existing link with the Crown. The External Relations Act would not only be repealed, but henceforth Irish diplomatic representatives abroad would be accredited by the President or some other person in the Irish Government. He indicated that Ireland would be prepared to remain in some kind of association, which he left undefined, with the other members of the Commonwealth, but only in a half-hearted way and only if the others were determined to retain some form of association. As for Ireland itself, he intimated it would be quite prepared to go the whole length of dissolving any type of association.

The position taken, or to be taken, might raise the whole issue of the nature of the Commonwealth. Again, certain Prime Ministers might feel called on to help solve the issue by a new formula as a substitute for the Balfour formula of 1926. It was generally felt, however, that such a course might be dangerous and should be avoided if possible. On the other hand, it was felt desirable to give some thought to the problem should it be precipitated in the meetings of Prime Ministers.

There is a distinct possibility that the problem will come up for discussion in the meetings of Prime Ministers since, though Ireland will not be represented, Mr. Nehru will be at the meetings and it is probable that he will raise, either formally or informally, the issue of India's future relations with the Commonwealth. He may be thinking in terms of India remaining a member of the Commonwealth on the existing Irish basis, i.e. an External Relations Act under which the Crown would continue to be used as an instrument in external relations. Alternatively, he might suggest that India be associated in some looser way with the Commonwealth. The members of the Commonwealth have continued to regard Ireland as a member of the Commonwealth so that they could not object to India remaining a member on the same basis as the present Irish basis. Some doubts were expressed, however, about the value of agreeing to some vague formula under which India would remain "associated" with the Commonwealth. The general feeling, nevertheless, was that it is important at the present time to maintain some link however tenuous between India and the Commonwealth in the hope that this may make it more likely that India will remain attached "to the Western World", or at least, not drift into the Soviet camp.

It was thought that there was less desire in *Pakistan* to weaken or alter the Commonwealth link. Consideration was given to whether it would be possible or desirable to have Pakistan stay in the Commonwealth if India went out, or whether we would have to take the attitude that either both should remain in the Commonwealth or both should go out together. It was mentioned that the strategic importance of Pakistan to the Western world was even greater than that of India because of her geographical location.

A possible clash at the meeting between India and Pakistan on the one hand, and *South Africa* on the other, regarding the treatment of the Indian community in

South Africa, which includes Pakistani Moslems, was raised. We might be forced to indicate our attitude to this, though no suggestion was made as to what this might be.

The uneasiness of *Ceylon* as a member of the Commonwealth, because of the Soviet veto of her application for membership in the United Nations, was referred to, but not discussed.

(2) *Subsidiary Constitutional Issues*

After the general discussion on the possible changes in the basic structure of the Commonwealth, there followed at different times during the meeting, brief discussions on the following points:

(a) *Status and Designation of High Commissioners*

There was some criticism of the limited approach made in Mr. Attlee's telegram of August 4, which proposed a change in the precedence of High Commissioners in London but no change in their titles. There was a feeling of uncertainty as to the importance and urgency of this matter in the different capitals of the Commonwealth. It was thought that the issue might become a practical matter by action in the near future by Ireland and possibly India, in changing the designation of their representatives to other Commonwealth countries, and giving them a new formal kind of accreditation similar to that of ambassadors.

(b) *The King's Style and Titles*

There was an inconclusive mention of the suggested change in the King's title which Sir Norman Brook brought with him from London.

(c) *Title of the Governor-General*

Mr. Pearson stressed the importance of early action to change the title of the King's representative in Canada, particularly because of the misunderstanding of the term "Governor-General" in the United States. The titles, "Viceroy" or "Regent", were thought to be suitable alternatives. It was felt that this matter need not be discussed at the general meeting in London and that it might be taken up directly by Canada herself with Buckingham Palace.

(d) *Canadian Privy Councillors*

At the conclusion of the meeting, Mr. Pearson mentioned the need for giving members of the Canadian Privy Council the style "Right Honourable" rather than simply "Honourable". This change of appellation was, however, essentially a domestic issue for Canada to determine, and would not come up at the London meeting.

(3) *Economic Questions*

Regarding the discussion which could be anticipated on the European Recovery Programme, Mr. Robertson pointed out that the members of the sterling area had special interests *inter se* which were not shared by Canada. As far as Canada was concerned, the visit of Sir Stafford Cripps to Ottawa before the London meeting would be much more important. Cripps would no doubt be taking part on his return to England in this aspect of the Prime Ministers' meeting.

(4) *Strategic and Defence Questions*

It was expected that the United Kingdom would wish to consult with the Dominions on the question of her closer political and military relations with the countries of Western Europe. At the moment, the United Kingdom authorities seem to be holding back in the development of the project for Western Union in order to determine the attitude of the Dominions. After the London meeting, the United Kingdom might wish to indicate publicly in some form the position which the Dominions would take on her membership in the Western Union scheme.

It was thought that enquiries might be made at the London meeting, particularly by Dr. Evatt and possibly by others, regarding the discussions which have taken place and will continue to take place in Washington on the project for a North Atlantic Regional Pact. Evatt might even wish to participate in such discussions. While there had been certain "leaks" in London and Washington recently, stress was laid on the secrecy and the security aspects of these talks.

(5) *Arrangements*

It was hoped that Mr. Robertson would be able to be present at most, if not all, of the discussions at which Mr. King might participate in London. In view of the informal nature of the meeting, and of the fact that there was no clearly defined agenda and that careful records and minutes would not be made, it was thought that it would be difficult to keep Ottawa fully informed about the discussions. It was also thought that there would not be time and opportunity to consult with Ottawa and obtain instructions on many matters which would come up spontaneously in the discussions. Nevertheless an effort would be made to keep the Acting Prime Minister and the Secretary of State for External Affairs fully advised of the progress of the talks.

While in Paris, Mr. Robertson would devote much of his time to preparing for the London meetings by consulting with Nehru, Evatt, Eric Louw, and others who would be present later in London. We now lack information regarding subjects which the other Commonwealth representatives would like to raise in London and their attitude to delicate and controversial issues.

It was proposed that while in Paris, Mr. Robertson might suggest to the Prime Minister that he should request Mr. Heeney to be on hand for the London talks.

Mr. MacKay said that some of the papers prepared for the Prime Minister on some subjects might have to be amended in the light of the discussions at this meeting.

832.

DEA/7-CM-1 (S)

*Le premier ministre du Royaume-Uni
au premier ministre par intérim*

*Prime Minister of United Kingdom
to Acting Prime Minister*

TOP SECRET. PERSONAL.

[London], September 23, 1948

COMMONWEALTH PRIME MINISTERS' MEETING

In the message which I sent to the Prime Minister on the 4th September I suggested that one of the items on the agenda for our meeting should be defence questions. In order to focus these problems as we see them my colleagues and I have prepared a paper which we should like other Commonwealth representatives to study before we meet. This paper which is of a general character seeks to analyze the present international situation and, on this analysis, to indicate the problems in the sphere of defence which seem to us to arise. It is highly secret, but you are of course at liberty to show it to those colleagues and advisers that you think necessary. I hope, however, that you will keep it to as restricted a circle as possible.

I am therefore arranging for a copy of the paper to be sent out at once by air bag to our High Commissioner who will be instructed to hand it to you as soon as he receives it.

I shall of course hand a copy also to Mr. Mackenzie King.

833.

W.L.M.K./J1/Vol. 442

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

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

TELEGRAM 1608

Ottawa, October 6, 1948

TOP SECRET

Following personal for the Prime Minister from Mr. St. Laurent, Begins: My immediately following message contains the text of a Memorandum on Defence Co-operation within the Commonwealth prepared by the Chiefs of Staff and External Affairs and approved by Mr. Claxton and Mr. Pearson.

2. This Memorandum is the result of careful examination and consideration by our Military and Civil advisers of the proposals contained in the United Kingdom Memorandum of September 23rd on "The World Situation and its Defence Aspects" and the United Kingdom Chiefs of Staff Memorandum on "Commonwealth Defence Co-operation" attached thereto as an Appendix. Copies of these documents had been sent to you in Paris and to me here for consideration prior to the London Meeting of Prime Ministers.

3. The Memorandum by our advisers deals with certain especially secret aspects of our joint planning with the United Kingdom and the United States. For this reason reference thereto cannot be made in any general Commonwealth meeting. We thought, however, that it would be of assistance to you in any private discussions you may have on the subject with Mr. Attlee or United Kingdom Ministers.

4. A second paper has been prepared here which would in our view be suitable as a basis for any remarks which you may wish to make when defence questions are discussed at full sessions of Commonwealth representatives. This is attached as an Appendix to the Memorandum referred to in the preceding paragraphs and the text is contained in a third message going forward to you separately today.

5. We trust that these papers will be of assistance to you in the London discussions as representing the views which we hold upon Canadian defence arrangements. If there is any point upon which you wish to have further information please let me know. Ends.

834.

W.L.M.K./J1/Vol. 442

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

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

TELEGRAM 1609

Ottawa, October 6, 1948

TOP SECRET

Following personal for the Prime Minister from Mr. St. Laurent, Begins: The following is the text of our Memorandum on Defence Co-operation within the Commonwealth referred to in paragraphs 1, 2 and 3, in my immediately preceding message.

DEFENCE CO-OPERATION WITHIN THE COMMONWEALTH; RECENT
DEVELOPMENTS; U.K.-U.S.-CANADA EMERGENCY PLAN

At approximately the same time as political discussions leading towards an Atlantic Security Pact were taking place in Washington, the Joint Planners of the United Kingdom, the United States and Canadian Services met to draw up an Emergency Military Plan to provide for joint military action by the three countries should war occur in the period ending July 1st, 1949. This Emergency Plan was intended to be an effective Plan for joint action, based on the resources (forces and equipment) immediately available and those capable of being provided by the three

countries within one year of the outbreak of war. It was to be formulated upon an agreed strategic appreciation.

2. It was the joint conclusion of the Service authorities of the three countries that resistance to a Russian offensive in Europe during the period covered could not successfully continue for long. For this reason the Plan which resulted from the tripartite meetings referred to above has been guarded with the utmost care, for it would, of course, be fatal to current discussions with Western European countries if they knew of its existence and the assumptions upon which it was based.

3. In the preparation of this Emergency Plan, Canadian officers, with the authorization of their Governments, were full participants with an independent voice in the discussions with United Kingdom and United States officers.

Western Union Military Discussions

4. In July, 1948, the Canadian and United States Chiefs of Staff were invited to send representatives to attend discussions in London of the Military Committee of the Brussels Powers (Western Union). The instructions to the Canadian representative who has since attended these meetings were that he was to act as an Observer, take no part in discussions on major policy, and avoid making any commitments on behalf of Canada. The United States representative was given somewhat broader terms of reference, which inferred that, under certain conditions, the United States would be prepared to consider assisting Western European countries by providing military equipment and supplies. Nevertheless the United States and Canadian representatives have had equal status insofar as the Western Union Military Committee is concerned.

5. When consideration was being given to the formation of a Western Union Chiefs of Staff Committee, the Canadian representative learned that the United Kingdom Chiefs of Staff were about to propose that the United States accredit a representative to this new organization; no provision, however, was to be made for the Canadian position, it being intended that the United Kingdom provide the link with the "machinery for Commonwealth Defence." This obvious misunderstanding of the Canadian relationship to the whole project was taken up by the Canadian representative and the Canadian High Commissioner with the Chairman of the United Kingdom Chiefs of Staff Committee. As a result an undertaking was given that the United Kingdom Chiefs of Staff proposals would be amended to provide for separate Canadian participation on the same basis as that of the United States. Subsequently the Canadian representative has attended meetings of both the Western Union Chiefs of Staff Committee and of the Western Union Defence Ministers on the same basis as the United States representative. The Defence Ministers have agreed that this arrangement (i.e., attendance at Chiefs of Staff Committee meetings) should continue.

United Kingdom Commonwealth Defence Proposals

6. Though this difficulty of our relations to Western Union has been resolved, it is another indication of a familiar line of thinking in Defence circles in the United Kingdom. The doctrine that the United Kingdom should be enabled to speak for the Commonwealth as a whole in defence negotiations with other countries (e.g., in the

Combined Chiefs of Staff of Western Union and the Combined Chiefs of Staff — U.K. and U.S.) still persists in these quarters. It is based on the concept of an integrated Commonwealth Organization for Defence.

7. Hence it is not surprising to learn that the United Kingdom Chiefs of Staff (as in 1946) are putting forward for consideration at the forthcoming Meeting of Prime Ministers in London further proposals for more closely knit Defence machinery within the Commonwealth. Copies of their Paper on the subject, which has been approved by the United Kingdom Defence Committee as a basis for discussion in London, have been communicated to the Prime Minister in Paris and to the Acting Prime Minister.

8. The United Kingdom proposals may be summed up as follows:

(a) An agreed strategic concept by the countries of the Commonwealth and co-ordinated Commonwealth plans (these would be both overall and regional);

(b) Balanced and immediately available armed forces;

(c) Commonwealth defence plans co-ordinated with those of Western Union and the United States through the respective Combined Chiefs of Staff Organizations; and

(d) Co-operation between all members of the Commonwealth in all aspects of defence.

9. The United Kingdom Paper proposes that discussions on general issues would be conducted by the present Service Liaison Staffs in Commonwealth capitals. Regional plans would be settled through the present methods of consultation, together with exchanges of visits between the different Planning Staffs. All of this planning would be carried on with close co-ordination at the political level and with prior authorization from political authorities. It would be understood that there would be no commitment without approval by each Government. Arrangements for Commonwealth liaison would obviously require further extension to make such a programme fully effective.

10. In essence, the present proposals of the United Kingdom Chiefs of Staff differ very little from the proposals that they put forward at the Meeting of Commonwealth Prime Ministers in 1946. Again it is proposed that the Commonwealth defence machinery should be more closely knit and co-ordinated. Again it is implied that the United Kingdom would provide the link between the "Commonwealth Defence Organization" and the Western Union and the United States. There is, however, some recognition given this time to Canada's special position in defence planning vis-à-vis the United Kingdom and United States insofar as the North American continent and approaches thereto are concerned.

11. Having regard to the very secret Emergency Plan with the United States and Canada, referred to in paras. 1-3, it is recognized that the position of the United Kingdom in defence planning is very difficult because of the United Kingdom Government's special relationship to several different groups:

(a) Other signatories to the Brussels Treaty;

(b) Canada and the United States;

(c) Other countries which may be involved in an Atlantic Security Pact, and

(d) Other countries of the Commonwealth.

The United Kingdom feel that they must find some way to relate their defence arrangements within the North Atlantic grouping to the activities of the Commonwealth as a whole. The United Kingdom Government is under pressure from Australia to bring about some kind of Central Commonwealth Organization in the defence field. They are also under some political pressure at home to the same end.

12. Canada has at no time in recent years favoured proposals for centralized arrangements for Commonwealth defence. Recent developments leading toward the conclusion of a North Atlantic Security Pact make such proposals even less realistic from the Canadian point of view. Canada is now taking her part in Atlantic Security discussions, and if a North Atlantic Pact is concluded, Canada will presumably be a full partner therein. Such an alliance would appear to serve Canada's interest most fully and directly. Certainly Canada's efforts and resources in defence will be fully required in meeting her obligations and commitments within such an Atlantic Group. Therefore it is most unlikely that Canada could, even if she wished, participate effectively in any Commonwealth defence arrangements of the type contemplated. Further, it would certainly be most unsatisfactory if any impression were to be given that the United Kingdom, because of such arrangements, could speak for the Commonwealth as a whole, including Canada. So far as any emergency is concerned, Canada is again participating as a full partner with the United Kingdom and United States.

13. There would, presumably, be no objection to the United Kingdom making such Regional Arrangements with other Commonwealth countries as might be considered desirable, and Canada would be interested in keeping in touch with such arrangements in which we are not a full partner. Such liaison could be effected by our Service Liaison Officers in the United Kingdom. Similarly, perhaps the other Commonwealth countries, such as Australia and New Zealand, could be apprised of North Atlantic developments by the United Kingdom through their Liaison Staffs.

14. In summary, the Canadian position is as follows:

(a) A joint U.K.-U.S.-Canadian Emergency Military Plan has already been prepared and arrangements have now been made for further discussions between the joint planners of the three countries to take place in Washington later this month;

(b) Canadian and U.S. Military Observers are now attending meetings of the Military Organs of Western Union, at which plans for Western European defence are being formulated;

(c) The next stage will presumably be to broaden Western Union military discussions and arrangements to those required under a North Atlantic Security Pact; and

(d) Canada's immediately available military contribution to international security forces would not be substantial; even if Canadian resources of men and materials were increased as rapidly as possible, they would be fully committed under a North Atlantic Security Pact.

15. Therefore, it would only be confusing and contribute nothing for Canada's military planners to enter into any discussion on the basis of a concept of Commonwealth defence; nor would it be desirable to extend the responsibilities of our Liaison

son Officers in the United Kingdom in any way. The present arrangements for liaison serves Canada's purposes adequately and any change would be inadvisable.

16. It will be appreciated that much of the information contained in this Memorandum cannot be used at the Meeting of Prime Ministers, though any or all of it could be discussed quite freely with the Prime Minister of the United Kingdom. It is particularly important that no one other than those directly concerned in the United Kingdom and United States should know anything of the existence of the Emergency Plan concerted between those two countries and Canada. Any such disclosure would, of course, completely compromise the United Kingdom in her discussions and military arrangements within Western Union.

17. For the above reason, a separate Memorandum has been prepared (and is attached). This indicates the line which might be taken in any general Commonwealth meeting without any reference to emergency arrangements between the United Kingdom, the United States and Canada.

Note: Memorandum referred to in paragraph 17 above as being attached is contained in our immediately following telegram No. 1610. Ends. Message ends.

835.

W.L.M.K./J1/Vol. 442

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

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

TELEGRAM 1610

Ottawa, October 6, 1948

TOP SECRET

Following personal for the Prime Minister from Mr. St. Laurent, Begins: The following is the text of the Appendix to the Memorandum referred to in my immediately preceding message — the second paper referred to in paragraph 4 of my message to you No. 1608, Begins:

APPENDIX TO CHIEFS OF STAFF COMMITTEE MEMORANDUM

Canadian authorities have examined with interest the U.K. Government's Memorandum on "The World Situation and its Defence Aspects." With the general conclusions set out in this appreciation we find ourselves in agreement. In particular, as has already been indicated by members of the Canadian Government on a number of occasions, we agree that, in the present grave circumstances, it is of paramount importance that all like-minded Governments should cooperate in building up collective security on a regional basis within the Charter of the United Nations.

2. It is noted that emphasis is laid on the U.K. Government's Memorandum on the necessity for prior political agreement between Governments to enable long-term and emergency military planning to be undertaken. It is also stated that such pre-requisite political agreement has already been reached by the U.K. Government with the Governments of the United States and of the countries of Western Europe.

In this connection, it should be noted that Canada is now participating in military discussions with representatives of the United Kingdom and the other signatories of the Brussels Treaty on the same basis as the United States. This is directly related to the preliminary political talks on North Atlantic Security which have taken place in Washington between representatives of the Brussels Treaty Powers, the United States and Canada.

3. We have also examined the proposals for "Commonwealth Defence Cooperation" contained in the Memorandum by the U.K. Chiefs of Staff attached as an Appendix to the Ministerial Paper.

4. As indicated in the U.K. Chiefs of Staff Paper, "where it is necessary to prepare plans involving the provision of forces for the undertaking of commitments, cooperation can only be on a regional basis." With this principle we are in full agreement. In fact, Canada has, during and since the last war, concerted plans with the United States for common defence measures. The United Kingdom has also been kept fully informed in respect of this planning. Furthermore, as pointed out previously, Canada is now represented, on the same basis as the United States, at military discussions being conducted by Western Union countries.

5. So far as Canada is concerned, therefore, defence planning on a regional basis is already accepted policy. At the same time, we recognize that other members of the Commonwealth may wish to concert their military planning in relation to other areas in which Canada has a less direct concern and toward the defence of which she cannot at the present time make an effective direct contribution.

6. The U.K. Government's Memorandum, however, goes farther than to propose planning on a regional basis. It suggests that, as a preliminary to regional planning, it is necessary to reach agreement among all the countries of the Commonwealth on the fundamental principles of a policy and strategy. To this end, the U.K. Chiefs of Staff propose that, if agreement can be reached on a closer measure of cooperation within the Commonwealth, certain initial joint studies might be undertaken by a "slight adjustment to the present Service Liaison Staffs."

7. It is our view that such studies conducted jointly by all countries of the Commonwealth are not a necessary pre-requisite to regional planning. Indeed they might well serve only to complicate if not confuse the natural and obvious lines of development. Our present plans, concerted with the United States, may develop into broader security arrangements under a North Atlantic Pact. But these plans will still be regional, will provide the most suitable basis for Canada's defence contribution, and will assuredly fully commit our military resources. We see no objection, however, and possible advantages in the United Kingdom joining with other Commonwealth countries and perhaps others outside the Commonwealth in similar regional developments.

8. We fully support the desirability of continued exchanges of views and value our continued close contact with other countries of the Commonwealth. The United Kingdom, of course, has been the focal point for these exchanges of information and will no doubt continue to be so. This function, however, can be carried on efficiently by our present Liaison Staffs and we see no necessity for any changes in

this system, at least until such time as an Atlantic Security Pact is concluded. Ends.
Message ends.

836.

DEA/50023-40

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

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

TELEGRAM 1646

Ottawa, October 9, 1948

TOP SECRET

For Robertson from Reid.

1. Your telegram 1752 of October 8th[†] concerning Cripps' presentation of the United Kingdom's economic position. Pearson is visiting his constituency and will not return before October 15th. Abbott is also absent from Ottawa but is expected back on Tuesday October 12th.

2. Last Thursday we sent to Ritchie a draft copy of the minutes of the meetings held here and these contain reasonably full statements by both Abbott and St. Laurent. It was my thought that from these you might be able to brief the Prime Minister adequately for the London talks. However in consultation with Finance we will prepare a summary of Canada's view point as we understand it on the United Kingdom long term economic programme and will place it before Abbott for his comments immediately on his arrival in Ottawa. Because of the limited time the memorandum could not of course be as comprehensive as that on defence sent in our telegram No. 1610. But perhaps such detail will not be essential because I should think that discussion will be very general on a subject like the United Kingdom's Four Year Plan. Further it was agreed that many of the Canadian observations made during Cripps' visit should be matters for study by the continuing Joint Committee and it is unlikely that the Chancellor will expect from Mr. King anything additional to what was said here.

3. Insofar as the other Commonwealth representatives are concerned the Prime Minister may consider it desirable to refer to the magnitude of the Canadian contribution to European recovery which matches the record of any other country in the world and has resulted in a serious depletion of our own reserves. He could say that both the United Kingdom and the United States authorities, after examining our balance of payments forecast and being apprised of the general Canadian situation regard as reasonable our estimate of the financial assistance which we can give to the United Kingdom during the first six months of 1949.

4. Unless you feel that the United Kingdom Government will have any objection I see no reason why he should not mention:

(a) Our concern at the increasing U.K. purchases in sterling area countries of commodities of which Canada has been the traditional supplier.

(b) The numerous barter agreements negotiated which require the U.K. to provide materials which would find a ready dollar market in Canada.

(c) The adverse effect on our economy of the present U.K. policy of pre-emptive buying in the other countries of the Commonwealth.

(d) We recognize the necessity in the short run for replacing imports from dollar countries by purchases from soft currency countries but we observe in the U.K. plan a trend towards a closed trading area from which to some extent we will be excluded. We hope that the European countries within this area will realize what the Western Hemisphere did for them over a long period when they were not in a position to assist one another and that a determined effort will be made to return to a multilateral system of free and full trade at the earliest possible date.

(e) It is in the interests of both countries that the U.K. increase substantially its exports to Canada in the period 1948-52 and it is our understanding that the United Kingdom Government will employ its best endeavours in this connection.

5. Pending a statement from Mr. Abbott on the line which he thinks Mr. King might usefully adopt it would perhaps be helpful if I indicated to you some of the views which Mr. Abbott has expressed in Cabinet meetings during the past ten days and which received Cabinet approval.

6. He has consistently taken the stand that any further Canadian financial assistance would be contingent upon satisfactory understandings with the United States that off-shore purchasing in Canada by ECA would continue at the present rate both in volume and types of commodities.

7. His stand is that in giving financial aid Canada has always done and will continue to do what is reasonable and within its capacity and that any surplus in our dollar receipts would have to be used for three purposes:

(a) The restoration of Canadian dollar reserves to a satisfactory level.

(b) Modification of our fiscal policies and some relaxation in our Exchange Conservation Programme.

(c) Assistance to Western Europe.

8. He has stressed the importance of reaching agreement on a satisfactory schedule of Canadian exports to the United Kingdom for the calendar year 1949 and in particular an adjustment in the United Kingdom Programme to take care of surplus Canadian production of bacon and eggs. He has added that if such arrangements could be made with the United Kingdom and the necessary understandings reached with ECA a somewhat larger amount of credit than \$60 millions could be released during the first six months of 1949 if the Government considered it necessary or advisable. He has mentioned a figure of \$15 millions for specific agricultural products.

837.

DEA/50025-40

*Extrait du procès-verbal de la réunion des premier ministres**Extract from Minutes of Prime Ministers' Meeting*

SECRET

London, October 11, 1948

...

1. OPENING OF MEETING

Mr. Attlee extended, on behalf of the United Kingdom Government, a warm welcome to the representatives of the other Commonwealth countries. He hoped that their stay in London would be happy and fruitful. He offered a special welcome to the Prime Ministers of India, Pakistan and Ceylon whose countries were for the first time being represented at a meeting of Commonwealth Prime Ministers. All would share his very great regret that Mr. Mackenzie King would be prevented by indisposition from attending the meeting; and he suggested that a message should be sent to Mr. Mackenzie King in the following terms:

"We wish to extend our sincere sympathy to the Prime Minister of Canada in the unfortunate illness which is preventing him from joining us during this meeting. His counsel and advice will be very greatly missed from our deliberations. We all join in wishing him a speedy return to good health and take this opportunity of congratulating him on the great part which he has played in the affairs of the Commonwealth for so many years."

This proposal was unanimously approved.

Mr. Norman Robertson read the following message from Mr. Mackenzie King:

"I wish to express to Prime Minister Attlee, his colleagues, and the Prime Ministers and representatives of the other nations of the Commonwealth, my great regret at not being able to be present this morning at the opening meeting of the Conference to which I have been much looking forward for the past few months. I should like, however, through Mr. Robertson, to convey to all present my warmest of greetings. I send a special word of greeting to those whom I have met at previous conferences in London and in Canada, and wish particularly to extend a word of greeting to the representatives of India, Pakistan and Ceylon, who for the first time are seated around the table at No. 10 Downing Street.

"The first meeting of Prime Ministers and others which I attended was the Imperial Conference of 1923. Since that time I have been present at a number of other conferences and meetings. Each occasion has helped to widen and extend my appreciation not only of Commonwealth but of world affairs, and to confirm more strongly than ever my belief in the great value to be attached to co-operation between the different nations of the Commonwealth, and to the larger co-operation which our unity has made possible with the peoples of other nations. While I shall not be able to be present at the meetings, I am arranging for a member of the Canadian Cabinet to be present in a day or two. Meanwhile, Mr. Robertson, who has been associated with me in the work of government over many years, will, I feel confident, be able to represent my views accurately and adequately.

"I hope, though confined to my room and at present to bed, I shall in the course of the Conference be able to meet the representatives from the countries of the Commonwealth who are attending the present meetings."

...

838.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], October 12, 1948

...

ARRANGEMENTS DURING ACTING PRIME MINISTER'S ABSENCE

1. *The Acting Prime Minister* reported that, upon learning of the Prime Minister's illness, which would prevent his participation in the Commonwealth meetings commencing this week, it had been agreed, after consultation with other members of the government that he should leave immediately for London to take Mr. King's place.

U.K. authorities had been informed that, because of the pressure of affairs at home, it would not be possible for Mr. St. Laurent to remain in London for long; he would expect to be back in Ottawa by October 25th.

Meantime, with the concurrence of Mr. King, it was proposed that the Minister of Trade and Commerce assume the functions of Acting Prime Minister and that the Minister of National Defence be appointed Acting Secretary of State for External Affairs.

2. *The Cabinet*, after discussion, noted with approval the Acting Prime Minister's report and agreed that the appropriate Orders in Council be passed forthwith.

...

839.

CH/Vol. 2118

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

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

TELEGRAM 1780

London, October 12, 1948

SECRET. URGENT.

Reference Prime Ministers' meetings introductory discussion on economic matters.

The second meeting of Commonwealth Prime Ministers which was on the subject of economic affairs was held this afternoon.

2. Sir Stafford Cripps outlined very ably the contents of the U.K.'s four-year programme or forecast, of which you have already had copies and which the Chancellor discussed with you while in Ottawa. In his exposition this afternoon the

Chancellor confined himself to a summary of this programme, supplementing it with the most recent information on the gold and dollar deficit of the sterling area, and with observations regarding the effect on Commonwealth countries of bilateral trade agreements entered into by the United Kingdom.

3. He noted with satisfaction that, as you will have seen from earlier telegrams regarding the Sterling Area Statistical Committee, the total gold and dollar deficit of the sterling area before taking into account receipts under the European Recovery Programme, amounted to only £76,000,000 in the third quarter of the present year as compared with £147,000,000 in the first quarter and £107,000,000 in the second quarter. Concerning E.R.P. assistance he reported that of the £183,000,000 allotted to the U.K. in loans and grants for the first six months of 1948, the U.K. had received during the second quarter £22,000,000 and during the third quarter £41,000,000 in reimbursement of dollar expenditure already incurred by the U.K. He noted that since in the third quarter £41,000,000 of the £76,000,000 deficit had been met by those receipts under E.R.P., £35,000,000 remained to be met by a temporary reduction in U.K. holdings of gold and dollars to £437,000,000. If allowance is made for amounts due under E.R.P. in respect of expenditures made by the U.K. the reserves can be regarded as in excess of £537,000,000, which is slightly more than the essential minimum.

4. Regarding the bilateral agreements and their effects on Commonwealth countries, Sir Stafford considered that such agreements as they had entered or were entering into, were unavoidable in the circumstances. They were attempting to keep the term of each agreement as short as possible and were desirous of avoiding rigid commitments regarding specific commodities. He defended the agreements as being in the interests of the sterling area, and of trade expansion generally in present circumstances, and expressed the view that these agreements had not deprived Commonwealth countries of supplies which they needed. (In this connection it might be noted parenthetically that according to one of the information papers circulated in advance of the Chancellor's talk, it was indicated that the U.K. expects to export to Western European countries in 1948/49, machinery, ships, tractors, vehicles and other capital equipment to a value of \$585,000,000; 330,000 tons of steel; 10,000,000 tons of coal and coke; 15,000,000 tons or \$425,000,000 of crude oil and petroleum products; and shipping services to a value of \$200,000,000. Some of these transactions would be under separate bilateral agreements while others would be under the general understanding arrived at through the O.E.E.C. in Paris.)

5. Sir Stafford considered it to be apparent from the picture which he had presented that import controls would have to be continued on goods from the dollar area and that the production of goods, particularly raw materials and foodstuffs, within the sterling area would have to be expanded for the purpose of saving and earning dollars. He felt that the close relationship, or even interdependence, between the sterling area and the countries participating in E.R.P. was also apparent. For many countries, including those in the sterling area and those in E.R.P. as well as others with whom sterling payments arrangements existed, the importance of ensuring the strength and stability of sterling would be recognized. He reminded the meeting that the prosperity of the U.K. and of the sterling area was dependent

upon the eventual achievement of expanded many-sided trade. In such bilateral agreements as they find necessary the U.K. would endeavour to emphasize the expansionist aspect (presumably that represented by increasing transferability of sterling) rather than the contractionist aspect (presumably that represented by rigid barter transactions.) He felt that all members of the Commonwealth would recognize the need, politically as well as economically, to build up Western Europe. Even with support from outside the maintenance of Western Europe on its present basis could not be guaranteed, but without such support the collapse of Western Europe could almost be taken for granted.

6. In his remarks Sir Stafford did not discuss the particular position of Canada in any detail since, as he noted at the beginning, he had only recently had a full discussion on this subject with Canadian Ministers. He did however stress the importance which the sterling area must attach to Canada both as a source of essential supplies, in the future as well as in the past, and as a link with the dollar area. In the course of his remarks he indicated that the U.K. would in practice give preferential treatment to Canada over other parts of the dollar area.

7. Following Sir Stafford's statement Mr. Attlee invited representatives of other Commonwealth countries to comment. Since it was known that the principal discussion on economic questions would take place on Wednesday the comments at this meeting were not extensive.

8. I indicated that I would prefer to reserve any comments from the Canadian point of view until the later meeting on this subject.

9. Dr. Evatt of Australia spoke of the effort which his country was making to conserve dollars and indicated that for the year 1948/49 the *gross* figure for import licenses to be granted in terms of dollars was £56,000,000 Australian (or £42,000,000 sterling). Representatives of all of the sterling area countries in the Commonwealth expressed their admiration for the achievements reported by the Chancellor and assured the U.K. of their desire to contribute to the strength of the sterling area, although as mentioned below, certain of the representatives indicated, that if they could not get from sterling sources the capital equipment which they needed they might have to resort to dollar sources. Mr. Louw of South Africa had some doubt as to whether his country was inside or outside the sterling area. He mentioned however that when the gold loan to the U.K. was under discussion his Party, which was then in Opposition in Parliament, had supported the measure. He mentioned that controls had not yet been imposed in South Africa on imports from dollar sources, and that the present Minister of Finance did not look with favour at this stage of the imposition of such controls, but that if the situation so required they would probably have to restrict such imports.

10. Several of the representatives spoke of the need to strengthen economic cooperation in the interest of avoiding conditions in their countries and abroad which might encourage "upsets" (to use Nehru's expression) or the spread of Communism (to use the expression more generally employed.)

11. From the few comments which were made at this meeting it would appear that among the questions which will arise in the later discussion the most prominent are likely to be:

(a) *The Need for Under-developed Countries in the Commonwealth to Secure Capital Equipment*

On this subject Mr. Louw of South Africa indicated that for the purpose of expanding gold production in the Orange Free State it was essential that South Africa should secure steel, hoisting machinery and other equipment. He hoped that such equipment could be supplied from the U.K. since otherwise they would have to import from the dollar area. Mr. Nehru, Mr. Liaqat Ali Khan of Pakistan, Mr. D.S. Senanayake of Ceylon and Sir Godfrey Huggins of Southern Rhodesia also emphasized in varying terms the need of their countries for assistance in agricultural and industrial development. Clearly it is going to be argued that if these "under-developed" countries are to maintain effective restrictions on dollar imports and if they are going to make their maximum contribution to the dollar earning capacity of the sterling area, more attention will have to be given by the U.K. to their needs for capital equipment from the U.K.

(b) *The Effect of U.K. Bilateral Agreements on the availability of Supplies to Commonwealth Countries*

Dr. Evatt and Mr. Fraser indicated that this was a subject which they would particularly wish to see examined during the talks.

(c) *The Present Position and Future Prospects of the Project for a European Customs Union or Similar Arrangement*

Mr. Fraser indicated that this was a subject of some concern to him. In this connection the U.K. has circulated an information paper regarding the Customs Union project which gives substantially the same information as that contained in my despatch No. 1864 of September 27th.† In addition, as you will have seen from my telegram No. 1767 of October 9th† it is expected that the question of Most Favoured Nation treatment for Japanese trade will also come up.

12. Another point which I understand may be raised by the Australians is the problem of enabling Western Europe to finance its deficit with the sterling area when the E.R.P. tapers off. In other meetings in London recently Dr. Evatt's principal adviser has raised this question and has suggested tentatively that it may be necessary for the sterling area to encourage deliberately an import surplus from countries (e.g. those in Eastern Europe) with which Western Europe might have, or be able to develop, an export surplus if the sterling area itself is not able to absorb Western European exports in sufficient volume.

13. In order that the discussion on Wednesday might proceed satisfactorily it was agreed that representatives of the various Commonwealth countries should indicate during tomorrow (Tuesday) the particular economic questions which they feel should be included. In view of the recent exhaustive discussions with the Chancellor in Ottawa, and in view of the fact that the Continuing U.K. - Canadian Committee has been established, I assume that it is not desirable to emphasize at these meetings questions referring particularly to relations between Canada and the U.K. Of the points mentioned above I understand the Canadian position to be briefly as follows:

(a) We should generally oppose the use of the dollar shortage as an excuse for diverting to sterling area countries capital equipment and other supplies which

might yield greater immediate returns elsewhere and which, if installed in sterling area countries, would create a further vested interest in the continuation of a closed economy in the sterling area and related countries. Concerning the encouragement of economic development generally we should base our position on the provisions of Article XVIII of the General Agreement on Tariffs and Trade as modified in Geneva.

(b) We should welcome an examination of the bilateral agreements with a view to determining the extent to which supplies which are badly needed, or which could be disposed of at least equally advantageously, in Canada are being exchanged with other countries for commodities available from Canada.

(c) We should not oppose the formation of a European Customs Union if such a Union were to be regarded as economically and politically desirable. In the event of the establishment of such a Union or any similar arrangement, we should of course expect to negotiate with the participants regarding any of our rights which might be affected. If the Study Group on the Customs Union is absorbed into O.E.E.C. in Paris we assume that arrangements will be made to ensure the right of Canada to have an observer at the principal discussions.

(d) Regarding Most Favoured Nation treatment of Japanese trade I indicated in my telegram No. 1767 of December [sic] 9th my understanding that Canada was prepared to negotiate such treatment through the G.A.T.T. subject to certain assurances and safeguards. In explanation of any difference between the Canadian attitude and that of the sterling area members of the Commonwealth it might be noted that the sterling area countries have themselves virtually completed a general trade and payments agreement with S.C.A.P. whereby special treatment is accorded to trade between them and Japan in specified commodities until July, 1949.

(e) Regarding the possible discussion of the future Western European deficit with the sterling area, we should not be opposed to any solution which did not result in the sterling area giving preference to imports from those other sources over imports of similar commodities from Canada.

14. The present meetings might provide an appropriate occasion for a reminder to the other sterling area countries in the Commonwealth that Canada is interested in increasing imports not only from the U.K. but also from them, to the extent that they may be able to meet the requirements of our market in terms of price, delivery, etc. In this connection, what you describe as "preemptive buying" in para. 4(c) of your telegram No. 1646 of October 10th [sic] might be touched upon. For this purpose I should be grateful if you could cable immediately some details regarding the nature of the Canadian complaint on this score.

15. One aspect of the position expected in 1952/53 which no one is likely to raise formally but to which it might be advisable to draw attention is the possible effect on U.S. attitudes and policies of the reduction in U.S. exports which is envisaged. According to the U.K. forecast U.S. exports will decline by some 20 to 25% from 1948 to 1952/53. Such a decline coming on top of the reduction which has already taken place might have some unfortunate repercussions for various international political projects to which we all attach importance. It might be desirable to consider the extent to which the disequilibrium in the U.S. balance of payments can be

remedied by Commonwealth countries (and European countries) expanding their exports to the U.S. rather than reducing their imports.

16. To the extent that the above subjects are covered in your communications I believe that the approach which I have outlined is consistent with the substances of your telegram No. 1646 and of the draft minutes of the meeting of the Cabinet Committee on September 21st† (the latter of which arrived here late today).

840.

DEA/50023-40

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

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

TELEGRAM 1664

Ottawa, October 12, 1948

SECRET. IMMEDIATE.

Reference your Telegram No. 1780 of October 12th concerning economic matters to be discussed at Prime Ministers' meetings.

The Canadian position on the various points raised in Paragraph 13 of your telegram is substantially as you describe it. The only comments which I might make are as follows, in each case referring to the corresponding lettered sub-para of your Paragraph 13: (a) The only point to note here is that Article XVIII of GATT as modified at the recent Geneva meeting has not yet been approved by Cabinet but it is expected that approval will be given when the Protocol is submitted later this month. (c) Concerning the formation of a European Customs Union, you might also include two specific qualifications from our standpoint: (i) We would not view with favour any arrangement that involved the raising of new tariffs against Canada and (ii) if Commonwealth preferences are to be affected we should wish to consult with the United Kingdom concerning those preference margins which are of particular importance to Canada.

On the subject of pre-emptive buying referred to in your Paragraph 14, we have in mind the large bulk purchases which are being made by the United Kingdom Government in Sterling area countries which have been traditional suppliers of such commodities to Canada. A specific example is the recent purchase in New Zealand of 140,000 calf-skins at a price of eighty-eight cents compared with the then market price of fifty-five cents in New York. Other commodities which in the past have been purchased in bulk lots by the United Kingdom to our prejudice are goat skins and sisal in British East Africa, tallow in Australia, vegetable oils and fats in all Colonial sources. We can participate in such arrangements by negotiating through the British bulk purchasing agencies but it requires us to contract in advance instead of purchasing the items in a free market and this involves a departure from our normal patterns of trade. A striking example is the United Kingdom commitment to the colonial areas to take all exportable sugar offered up to 1952. If we wish to continue procuring sugar through the United Kingdom Government, it

seems we will have to commit ourselves far in advance for amounts from the colonial areas.

This whole problem was discussed in some detail with Sir John Henry Wood when he was here with Sir Stafford Cripps and it was thought that this might be one of the items to which the continuing Joint Committee would give early consideration. With this in mind, a survey of the problems associated with the United Kingdom method of purchasing is under preparation and the question which is being posed is how far the United Kingdom Government will go in an effort to accommodate our purchasing practices within their own bulk purchasing arrangements. I am of the opinion, therefore, that it would be undesirable to embark on any detailed discussion of the matter tomorrow but reference might profitably be made to the issue in order to keep it alive and to obtain, perhaps, the reaction of other Commonwealth representatives.

I agree with your thought that it might be advisable to draw attention to possible United States reaction when it is discovered that the long-term economic programmes of the European countries will result in reduced imports from the United States. ECA officials, during informal discussions with us, have said that they anticipate difficulty with some Congressmen who will undoubtedly point to this trend when future appropriations for ERP are being sought.

841.

DEA/50023-40

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

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

TELEGRAM 1809

London, October 14, 1948

SECRET. IMMEDIATE.

Reference my telegrams No. 1798† and No. 1800† in which mention is made of proposals to establish further Commonwealth consultative machinery on economic questions.

This subject is to be discussed at the official level by Commonwealth representatives tomorrow morning, October 15th in preparation for its consideration by the Prime Ministers' meeting on Monday, October 18th.

2. My inclination is to discourage the establishment of further permanent committees in this field. Insofar as there are general economic matters to be discussed I think they could properly be dealt with by the existing Commonwealth Economic Committee which was established by an Imperial Conference. The reference of such questions to this Committee would probably involve some change in the emphasis and tempo of its activities but could be done, I feel, within its present very broad terms of reference. Insofar as there may be specific economic questions affecting all Commonwealth countries to be discussed it would appear to me that the existing Sterling Area Statistical Committee (of which we are an observer) and

the Commonwealth E.R.P. Liaison Committee are adequate for any proper discussion of such questions relating to balance of payments or Western European economic matters. To the extent that there are specific economic questions involving pairs of Commonwealth countries, I feel that they can probably best be dealt with by ad hoc consultation or, if there are persistent or recurrent questions, through bilateral committees along the lines of the joint United Kingdom-Canada Trade Committee.

3. Not only do I feel that further consultative machinery would probably be redundant but I fear that it might also be dangerous. In the first place, such machinery would probably tend to place the emphasis on increasing trade within the Commonwealth rather than expanding trade generally, in much the way that the OEEC appears to be doing in respect of western Europe. In the second place, it would seem to me that the creation of this machinery (which has already been forecast in the London press) would evoke an unfavourable reaction outside, particularly in the United States. I see no reason why this sort of reaction should be invited, particularly since I fail to see what useful purpose this new machinery could serve.

4. From the discussions at the Prime Ministers' meetings it is clear that a number of countries will press for the establishment of a permanent Commonwealth committee which would concern itself with a great range of matters relating to intra-Commonwealth trade and to industrial or agricultural development within the Commonwealth. While I doubt that the United Kingdom itself can be really enthusiastic over this proposal, there is a possibility that they will find it impracticable to resist. In addition, on manpower grounds, they may feel that it would be easier for them to service one general committee (along with the existing Sterling Area and ERP Committees which could then become sub-committees) than to service separate bilateral consultations with every other Commonwealth country.

5. If the weight of opinion turns out to be in favour of the establishment of this machinery, as I fear it may, I think we should insist that:

- (a) The committee should be purely advisory;
- (b) The committee should be at the official rather than the Ministerial level;
- (c) The establishment of this committee should not affect any existing arrangement for consultation between pairs of Commonwealth countries, such as the joint United Kingdom-Canada Trade Committee;
- (d) The terms of reference of the committee should include the making of recommendations designed to facilitate the revival or expansion of trade between the sterling area and hard currency countries.

6. If this committee is established, despite the fact that we may not favour it, the question arises whether we should accept full membership in it, or content ourselves with observer status on the ground that it is likely to be concerned primarily with sterling area questions. My own feeling is that if the committee is set up we should accept full membership provided that the committee's terms of reference take somewhat the form I have suggested above. As members we might be able to influence the direction of its activities substantially. If we are not members the committee may get into all sorts of mischief.

7. In the event of the establishment of such a committee the question also arises whether or not it should have a permanent secretariat drawn from the several Commonwealth countries, or whether the servicing of it would be left to the United Kingdom. I should favour the latter alternative so long as the committee is purely advisory in its functions.

8. I should be grateful for your views as soon as possible.

842.

CH/Vol. 2118

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

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

TELEGRAM 1706

Ottawa, October 17, 1948

SECRET

Your telegram No. 1809 of October 14 concerning Commonwealth consultative machinery on economic matters.

2. We do not see the need of consultative machinery along the lines suggested but if the proposal comes up for consideration we realize you will be asked to comment. It is for this reason the subject was placed before the Sub-Committee on External Trade Policy last Friday whose conclusions, as cleared with the Deputies yesterday, are set out below.

3. Because of the resistance, with which you are familiar, to the forming of additional Commonwealth Committees, we would favour having general economic questions dealt with by the existing Commonwealth Economic Committee, if such arrangement is possible within its present terms of reference. You will no doubt be discussing with Mr. St. Laurent the political implications surrounding the formation of another Commonwealth Committee so our comments are confined to the economic aspects. You may wish to mention to Mr. St. Laurent some of the conclusions reached by the Skelton Committee of 1933.

4. The establishment of the Sterling Area Statistical Committee and the Commonwealth ERP Liaison Committee as Sub-Committees would appear to be a satisfactory organizational arrangement.

5. We would hope that this new Committee will not overlap the functions of the Continuing UK-Canada Joint Committee.

6. If the creation of a Permanent Commonwealth Committee is desired by the representatives at Monday's meeting we would want it, if we participated at all, to take the form suggested in paragraph 5 of your telegram No. 1809. In this connection we are in complete agreement with the views you have expressed in that paragraph and in particular we attach a great importance to the point you make in subparagraph (d).

7. It seems to us that until we know the exact terms of reference of the Committee it will be impossible to decide whether we should accept full membership or be

represented solely by an observer. If our indecision is questioned you could remind the representatives at Monday's meeting that Canada's position is different from the other Commonwealth countries all of which are members of the Sterling Area.

8. In any event it is our understanding that no final decisions will be made at the London meetings but that all matters which carry general approval will be referred to the various Commonwealth Governments. We can at that time give fuller consideration to the proposal. Ends.

843.

DEA/50025-40

Extrait du procès-verbal de la réunion des premier ministres

Extract from Minutes of Prime Ministers' Meeting

SECRET

London, October 18, 1948

...

1. ATTENDANCE

Mr. Attlee, on behalf of all the Commonwealth Ministers, extended a warm welcome to *Mr. St. Laurent*.

2. STATUS OF HIGH COMMISSIONERS

Mr. Attlee said that there seemed to be general agreement among all Commonwealth countries that Commonwealth High Commissioners should be accorded a high place in the order of precedence in the countries to which they were accredited, and in his paper P.M.M. (48)9† he had put forward certain specific suggestions for giving effect to this object. If these suggestions could be accepted in principle each Commonwealth country could work out their detailed application in its own territory.

Mr. St. Laurent said that Canada accepted these suggestions in principle.

...

3. COMMONWEALTH CONSULTATION

Mr. Attlee said that there appeared to be a general desire to examine the existing methods of consultation between Commonwealth Governments, in order to see whether they met the requirements of the present situation or whether they could be improved. The situation had been changed by the increased tempo of affairs and the need for rapid action. There had also been some change in the degree of common interest between Commonwealth countries. Although there was still much of common interest to all, there were now many questions which concerned certain Commonwealth countries or groups of countries much more directly than others. Thus, members of the sterling area had common financial interests which were not shared in the same degree by Canada. There were questions of security in the South Pacific in which Australia and New Zealand had a closer interest than other Commonwealth countries. The economic development of South-East Asia was of particular interest to Australia, New Zealand, India, Pakistan and Ceylon. Atlantic security affected Canada and the United Kingdom more closely than other Commonwealth countries. And African questions were of special concern to South

Africa. It would be wrong, therefore, to apply a rigid and uniform pattern of consultation to all subjects. Future arrangements must be more flexible, and it was natural that on certain matters there should be fuller consultation between some Commonwealth countries than between others. It followed that there was not always a "Commonwealth view" on every subject: it might often be a matter rather of ascertaining the Canadian view or the Australian view or the Indian view. It also followed that there would be increasingly frequent need for regional discussions between the Commonwealth countries specially concerned with a given problem. The composition of these groups would naturally vary according to the nature of the subject.

Mr. Attlee next emphasised the need for supplementing written communications by more frequent personal contacts. Meetings of Commonwealth Prime Ministers were of great value in providing opportunities for the free exchange of views and promoting greater understanding of common purposes, and he suggested that such meetings should be held more frequently, possibly at intervals of two or three years. He appreciated the practical difficulties of gathering Prime Ministers together, particularly now that nine countries were involved, but he again emphasised the value of these meetings and suggested that the aim should be more frequent informal meetings rather than the old-style formal meetings with elaborate agenda and many committees, held at infrequent intervals.

In the intervals between the meetings of Prime Ministers, there might be meetings of Commonwealth Ministers responsible for foreign affairs, economic affairs, and defence. Ministers attending such meetings would not be expected to commit their Governments to decisions, and here again regional conferences of the countries most directly concerned might often be the right way of dealing with particular points. These meetings need not always be held in London. For the secretarial services at such meetings he would be glad to place the experience of the United Kingdom Cabinet Secretariat at the disposal of any Commonwealth Government which might desire to use it.

These meetings could be held only at relatively long intervals and the need remained for arrangements to enable Commonwealth representatives in London to establish even more regular personal contacts with Ministers and officials concerned in the formulation of policy. This also applied, of course, to capitals other than London.

Turning to the three main subjects on which closer consultation was required, Mr. Attlee dealt first with foreign affairs. There could be no question of trying to frame a uniform foreign policy for the Commonwealth as a whole. Each member country must continue to form its independent judgment on matters of foreign policy. At the same time members of the Commonwealth had many common interests, and it was most desirable that they should be able to form their judgments with a full knowledge of the views and interests of other members. The United Kingdom Government were particularly anxious to be seized of the views of Commonwealth countries at an early stage, so that when a crisis arose they should not be deprived of the advantages of those views for want of time to obtain them.

In reply to a question by Mr. Louw, Mr. Attlee said that he had particularly in mind closer and more regular personal contacts between Commonwealth High Commissioners in London and the Foreign Secretary. Mr. Bevin had recently invited High Commissioners to approach him directly on matters of foreign policy, and he hoped that they would take full advantage of this. The Secretary of State for Commonwealth Relations would be kept informed of such meetings and would normally be present at them. In addition to these continuing contacts in London, Mr. Attlee suggested that there should be frequent meetings of Ministers of External Affairs, perhaps once or twice a year. Here again, all Commonwealth countries need not necessarily be represented at every meeting, and the meetings need not always be held in London. It would perhaps be convenient if some of them could be timed to be held just before or after a meeting of the United Nations Assembly.

The Political Secretaries of the Commonwealth High Commissioners also had a right of direct access to the Foreign Office, mainly for the purpose of collecting factual information, and he hoped that fuller use would be made of this facility.

As regards economic affairs, discussion at meetings in the previous week had shown a general desire for more regular consultation. There was need for more regular exchange of information about the future intentions of Commonwealth Governments in the economic field, though here again it was important to bear in mind that final decisions could only be taken by Governments. Much the same procedure might be followed as for foreign affairs, e.g., there should be meetings of Ministers or senior officials, not necessarily in London, and not necessarily including all members of the Commonwealth. For example, problems of economic development in South-East Asia might well be discussed by representatives of the United Kingdom, Australia, New Zealand, India, Pakistan and Ceylon. It was also important that there should be closer contact between the central organisations dealing with economic planning in London and the senior economic advisers of the other Commonwealth Governments. But meetings, which at best could only be periodical, must be supplemented by a regular flow of information, week by week, on economic subjects, and it might be useful for this purpose if some central focus could be established in London for the exchange of information between Commonwealth Governments on all economic subjects. There might be a Standing Committee for this purpose, through which the economic advisers attached to the Commonwealth High Commissioners in London could maintain direct and regular contact with the appropriate officials of United Kingdom Departments. There were already in existence two such official committees: first, the Sterling Area Statistical Committee, which met at regular intervals to review dollar expenditure and, second, the Commonwealth Liaison Committee for the European Recovery Programme, which was designed to keep Commonwealth countries in close touch with the development of the European Recovery Programme. Neither of these Committees was, however, designed to provide regular information on subjects such as bilateral trade agreements and the supply of capital goods, which had been mentioned in the discussions in the previous week. It might, therefore, be advisable to reconstitute these two Committees as one Committee with broader terms of reference, which should serve as a focus for the exchange of information between Commonwealth countries on all economic questions of common interest. Such a

Committee would work, in a wider field, on the same model as the two existing Committees, which had proved their value in practice. It would comprise official representatives of all the Commonwealth High Commissioners in London and representatives of all the economic Departments of the United Kingdom Government. It might also be possible to set up parallel Committees in some of the other Commonwealth capitals.

Mr. Attlee emphasised that no such Committee could be a medium for formulating Commonwealth policy on economic questions, still less for reaching decisions, which must remain in the hands of Governments. It would, however, provide a forum for the exchange of information, a general background of knowledge and common understanding, and advance information of probable future developments, which would give Commonwealth Governments a chance of making their views known early enough to enable them to be taken into account in the formulation of economic policy.

In conclusion, Mr. Attlee said that he did not wish to put forward any specific proposals for closer consultation on defence until the general problems of defence had been discussed at the meeting arranged for 20th October.

Mr. St. Laurent said that Canada was in a somewhat special position. She had, however, greatly appreciated all the opportunities for contact with other Commonwealth countries in the past and would certainly try to send representatives to any meetings which might be arranged for the future. He agreed that a meeting of Prime Ministers every two or three years was a reasonable aim, but doubted whether any fixed interval should be rigidly prescribed. Meetings of the United Nations Assembly would offer a suitable opportunity for meetings of Ministers of External Affairs. Canada appreciated past endeavours to keep her well informed on foreign affairs, and she had done her best to reciprocate. Where personal meetings were required, these could no doubt be arranged, if necessary on a regional basis. Canada would be glad to have such meetings held in Ottawa, when appropriate. The object of such meetings would be discussion and the exchange of views: final decisions must be reserved to Governments. Close and continuing contact between High Commissioners and the Government Departments in capitals where they were stationed was most important; and it was Canada's experience that this was secured under existing practice both in London and in other Commonwealth capitals.

As regards foreign relations, Canada was in a special position as a country of the North American continent. Many of her problems concerned herself and the United States exclusively, but she had always striven, in dealing with those problems, to avoid doing anything which might embarrass other Commonwealth countries. The work of the North American Defence Board, for example, had not caused any embarrassment to any Commonwealth Government.

On the economic side, Mr. St. Laurent said that, although he looked forward to the ultimate restoration of multilateral trading, international trade was at present very largely on a bilateral basis and could most conveniently be discussed bilaterally. Canada and the United Kingdom, for instance, had recently set up a Committee to keep under review their common economic problems and the progress of the measures taken to ease them. No doubt the work of this Committee could, if

desired, be integrated with the larger Committee which had been suggested; but for the moment it was concerned largely with matters of detail which would not be suitable for discussion by a larger Committee. The problems of Anglo-Canadian trade, with their dollar implications, were primarily a matter for those two countries, but he appreciated that they would have repercussions on other sterling countries.

Speaking generally, he felt that what was required was, not so much to set up a new and elaborate organisation for Commonwealth consultation, as to ensure that the existing organisations functioned more effectively.

...

844.

DEA/50025-40

Extrait du procès-verbal de la réunion des premier ministres

Extract from Minutes of Prime Ministers' Meeting

SECRET

London, October 18, 1948

...

Mr. St. Laurent said that some of the existing *ad hoc* Committees were doing very useful work; Canada would be reluctant to see the benefits from these Committees lost by merging them with larger Committees, which could not deal so conveniently with concrete problems. One Committee which should certainly not be abolished was that which had recently been set up as the result of Sir Stafford Cripps's recent visit to Canada to deal with United Kingdom-Canada trade problems.

...

Mr. Attlee said that it appeared to be the general wish of the Meeting that a Committee of officials should be set up as suggested by Dr. Evatt, to work out his proposals in detail in the light of the discussion.

It was agreed that the discussion should be resumed on the basis of the Committee's conclusions.

...

845.

DEA/50023-A-40

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

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

SECRET

[Ottawa], October 19, 1948

DISCUSSIONS ON ECONOMIC MATTERS AT THE COMMONWEALTH PRIME
MINISTERS' MEETINGS

At the meetings of the Commonwealth Prime Ministers now being held in London, Sir Stafford Cripps outlined the proposals of the United Kingdom long-term programme which has been approved by the United Kingdom Ministers and

submitted to the Organization for European Economic Cooperation in Paris with the reservation that it is subject to amendment following discussions at the Commonwealth Prime Ministers meetings.

2. Representatives from various Commonwealth countries made general remarks concerning the United Kingdom long-term programme.

3. Dr. Evatt of Australia pointed out that it should be made clear to O.E.E.C. that discussions on the long-term programme by Commonwealth Prime Ministers did not imply approval by Commonwealth countries. With respect to trade he felt that the United Kingdom might adopt a more expansionist approach in its transactions, particularly with the sterling area. While he felt that Australia would be willing to increase its commodity contribution to alleviate the dollar shortage, it would be unwilling to embark on long-term projects unsuited to competition in conditions of freer trade. Dr. Evatt stressed the need of fuller information within the Commonwealth, particularly with respect to timing, in United Kingdom plans for the revival of trade between the sterling and dollar areas.

4. Mr. Robertson, speaking for Canada, referred to the fact that much of Canadian industry had been developed on the basis of markets in the Sterling Area. While Canada appreciated the United Kingdom and Europe's immediate dollar problem, he felt that the O.E.E.C. should be encouraged to emphasize plans for dollar earning rather than dollar saving. A reduction of imports from Canada and the United States might have serious political as well as economic effects, particularly if a recession of business activity were to occur. The present economic pattern would not provide the best foundation for the political cooperation necessary in the future.

5. Mr. Fraser of New Zealand emphasized New Zealand's reservations concerning the proposed European Customs Union. He felt that it would be unwise for Europe to embark on a Customs Union until it appeared more certain that some sort of political union would not be feasible.

6. Dr. Louw of South Africa felt that while his country was not in favour of the Commonwealth becoming an economic union, it was prepared to cooperate in return for favourable United Kingdom consideration to South African commodity needs and the easing by the United Kingdom of import restrictions against South African exports. He felt further that South Africa was entitled to full membership in any organization of countries concerned with the development of African territories.

7. Mr. Nehru of India felt that industrialization of India was vital to the maintenance of stability in other economies such as the United States. His country did not intend to be either Communist or capitalist in its economic organization but rather the present Government was planning to adopt the mid-road approach of the United Kingdom.

8. Mr. Liaqat Ali Khan of Pakistan also spoke of the need for economic development in his country. He suggested that a Commonwealth Committee should be established which would concern itself with the industrial and agricultural development and mutual trade of the Commonwealth countries.

9. Mr. Senanayake of Ceylon spoke briefly on the desirability of increasing trade within the Commonwealth in preference to trading with outside countries.

10. The Chancellor of the Exchequer then spoke on each of the principal points which had been raised by the various Commonwealth representatives. He agreed with Dr. Evatt that the long-term programme would be presented to O.E.E.C. solely as the responsibility of the United Kingdom. He felt that no estimate could be made as to when multilateral trade could be restored except that it would not generally be feasible until some years after 1952-53. Concerning the export of capital goods by the United Kingdom, Sir Stafford admitted that the Commonwealth share had relatively decreased. He felt, however, that United Kingdom assistance to Western Europe was not only a political necessity but would in the long run increase the availability of capital goods from both the United Kingdom and Western Europe. The Chancellor expressed his agreement with Mr. Robertson's suggestion to emphasize the need of dollar earning rather than dollar saving and reiterated a statement made at an earlier meeting to the effect that between sources of dollar earning the United Kingdom would continue to give preference to the Canadian market. The Chancellor referred to the proposed European Customs Union and indicated that the United Kingdom was not particularly enthusiastic in pushing the project at the present stage. Public opinion in the United States he felt would become less enamoured with the scheme as O.E.E.C. continues to cooperate effectively on practical economic problems. The Chancellor felt that Mr. Liaqat Ali Khan's suggestion for a Commonwealth Committee might be further considered on October 18th.

E[SCOTT] R[EID]

846.

DEA/50023-40

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

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

SECRET

[Ottawa], October 19, 1948

PRIME MINISTERS' MEETING, LONDON: PROGRESS REPORT⁸

The meetings of Commonwealth Prime Ministers or their representatives were opened in London on the morning of October 11 at a formal session, which dealt with arrangements for the conference, and the timetable for dealing with the list of subjects for discussion.

2. That afternoon the Chancellor of the Exchequer gave a statement on the economic situation. This was discussed at the morning and afternoon plenary sessions on Wednesday, October 13. The consideration of the economic problems is being reported separately to Cabinet.

3. The plenary sessions on Tuesday, October 12, were concerned with a statement by the Foreign Minister on United Kingdom policy with reference to the Middle

⁸ Le Cabinet pris note de ce rapport à sa réunion du 20 octobre.
Cabinet noted this report at its meeting on October 20.

East, Far East and South-East Asia, and discussion thereon. The subjects considered were of principal interest to the Dominions in the Pacific and Indian Oceans and not of such immediate concern to Canada. Mr. Bevin suggested that there would be considerable advantage in arranging for closer consultation between the countries concerned in this whole area. He said that his idea had not been presented to the United Kingdom Cabinet. Dr. Evatt and Mr. Nehru were sympathetic to Mr. Bevin's idea of regional consultation. It was not clear whether they were thinking solely of Commonwealth countries or of other nations in the area as well. Mr. Fraser said he would approach the idea of regional consultation with considerable caution since all important questions were also world problems and European questions were of as great importance to New Zealand as those of South East Asia. He did not like the concept of sectionalism. Mr. Louw said that while South Africa was interested in the problems of Asia, he did not think it was an area where they all had a "common concern" and that he thought his country would not be prepared to make any definite commitments as regards South East Asia consultation. In concluding the discussion, Mr. Bevin hoped that his suggestion would not be rejected out of hand.

4. Mr. Fraser declared that the Commonwealth should strive to arrive at some basis for standing together for democratic principles and to build up a third force in addition to the United States and the Soviet Union. He thought the time was ripe for re-examining the proposal for a Commonwealth secretariat, but he said New Zealand would want assurance that any suggestions made by the Commonwealth countries would be seriously considered. In his conclusion, when dealing with this point, Mr. Bevin said that he hoped consultation could be improved but that he did not think the fault lay entirely with the United Kingdom. He suggested that the Commonwealth countries should at least have consultation on the general trend of policy. He did not want to speak for the Commonwealth, but in fact he very often did and this thought was continually at the back of his mind. Therefore, he would like the conference to suggest a way by which it would be possible to arrive at decisions that would summarize the views of all.

5. On Sunday, October 17, a meeting was held at Chequers, attended by Mr. Attlee, Mr. Noel-Baker, Viscount Jowitt, Mr. St. Laurent, Mr. Fraser, Dr. Evatt, the Irish Minister for External Affairs, Mr. MacBride and the Irish Minister of Finance, Mr. McGilligan, to consider the future status of Ireland, following the expected repeal of the External Relations Act. Ireland is not represented at the plenary sessions of the Prime Ministers. The abolition of the External Relations Act will mean the severance of the last remaining constitutional link with the Crown, and Ireland will become a foreign country, unless some formula can be devised to give it a special kind of association with the Commonwealth such as by treaty arrangement. If Ireland becomes a foreign country, serious legal problems will arise regarding the position of Irish citizens in Commonwealth countries and the granting of imperial preferences to Irish exports.

6. Plenary sessions were scheduled for Monday, Tuesday and Wednesday of this week. At the Monday meeting consideration was given to the machinery of consultation and the status of High Commissioners. These two questions were referred to committees for further examination. Tuesday's meeting was to commence with a

statement by Mr. Bevin on the international situation with special reference to Western Europe and the Soviet Union, to be followed by discussion. On Wednesday, Mr. Attlee is to give a statement on defence problems, likewise to be followed by discussion.

7. If this timetable is adhered to, all the main subjects listed for discussion will have been dealt with in some manner at the conclusion of the plenary sessions on Wednesday.

8. Reports have not yet been received from London on the special meeting on Sunday, dealing with Ireland, and the plenary sessions of yesterday and today.

E[SCOTT] R[EID]

847.

DEA/50025-40

Extrait du procès-verbal de la réunion des premier ministres

Extract from Minutes of Prime Ministers' Meeting

SECRET

London, October 19, 1948

FOREIGN AFFAIRS

...
Mr. St. Laurent said that Mr. Bevin's statement had confirmed Canadian opinion on these difficult problems. Canada had recognised the expansionist tendencies of the Soviet Government, and the weakness of the continental Powers of Western Europe in resisting such aggression. The Slav peoples were realists, and it was improbable that they would contemplate policies which did not promise success. But the prospect, if they gained control of the resources of Western Europe, would be formidable indeed. In order to build up an organisation able to demonstrate that, though unaggressive, it held the preponderance of force, it might be necessary to contribute only a small fraction of what would inevitably have to be sacrificed if war came. If possible aggressors realised that they would have to meet the productive power of the Western Hemisphere, they would take account of it in reaching their decisions. Canada felt that the task was to convince France and the other continental Powers of Western Europe that it would be worth while resisting aggression from the beginning. As soon as the Brussels Treaty was announced, President Truman and Mr. Mackenzie King had made public statements welcoming it as the germ of a wider scheme of regional security to provide some of the advantages which had been hoped for from a fully effective United Nations. There had been other favourable pronouncements in the United States and Canada, and it seemed that public support was assured.⁹
 ...

⁹ Les affaires étrangères furent de nouveau discutées au PMM (la réunion des premiers ministres) (48) 10ème session, le 19 octobre (après-midi). Comme il n'y a pas eu d'intervention canadienne durant cette réunion, le compte rendu n'est pas reproduit ici.

There was further discussion of foreign affairs at P.M.M. (48) 10th meeting, October 19 (afternoon). Because there was no Canadian statement in that session, the record is not reproduced here.

848.

DEA/50025-40

*Extrait du procès-verbal de la réunion des premier ministres**Extract from Minutes of Prime Ministers' Meeting*

TOP SECRET

London, October 20, 1948

CONFIDENTIAL ANNEX¹⁰

DEFENCE

Mr. Attlee said that the discussions on foreign affairs had been an essential preliminary to the consideration of defence problems. At the outset of the Meeting, the United Kingdom Government had circulated a paper (P.M.M. (48)1) in order that all members of the Commonwealth might be informed of their views on the defence aspects of the world situation. They recognised that the facts set out must be seen in a different light and approached from a different angle by each of the Commonwealth countries. Principles of policy might be generally agreed, but their practical application must vary with the special interests, status and geographical position of each country. The Meeting should by this time be well informed as to United Kingdom views. The United Kingdom Government in its turn was now seeking the views of the Commonwealth countries, so that, if possible, a common view might be established.

P.M.M.(48)1 took as its starting point the Charter of the United Nations, which had, as the first of its purposes, the maintenance of international peace and security. In the course of their discussions, Ministers had displayed their overriding concern with the maintenance of peace. The task was now to consider how this could be achieved. In the past, the peace of a large part of the world had rested mainly on the British fleet. This was widely accepted because of the general recognition that the interests of the British Commonwealth were fundamentally pacific. Some countries were only now beginning to realise what that situation meant: for instance, the United States had for long failed to recognise the extent to which their security had rested on the maintenance of a strong British fleet. But in recent years there had been great changes, due to the development of new weapons, and to the growth of air power, and the effect upon the United Kingdom had been profound. Formerly, it had been a secure island base: now these Islands were probably the most exposed portion of the whole Commonwealth. A large population and great industrial resources were concentrated in a small area highly vulnerable to air attack.

For these reasons, the United Kingdom Government had in recent years sought security through the establishment of a system of collective defence. Every effort had been made to achieve this first through the League of Nations, and subsequently through the United Nations; but these efforts had not been successful. Similarly, between the wars, continuous efforts were made to secure a reduction of

¹⁰ Le procès-verbal officiel du PMM (48) 11ème session, le 20 octobre (matin)† renvoie simplement au compte rendu qui se trouve dans l'annexe confidentielle.
The formal minutes of P.M.M. (48) 11th meeting, October 20 (morning)† simply refer to the record in the Confidential Annex.

armaments; and similar discussions were in progress at the present time. But experience showed that such reductions, whether qualitative or quantitative, could not be achieved in an atmosphere of insecurity. If, then, security could not be achieved under present circumstances, on a comprehensive basis through the United Nations, it must be sought through regional arrangements; and this consideration lay behind the efforts which were being made by the United Kingdom Government to make effective regional arrangements covering Western Europe and the Atlantic. But Western Europe was not the only point of danger; each member of the Commonwealth must wish to consider when and how danger might threaten it. The most striking and tragic conclusion which had emerged from the discussions on foreign affairs was that there was one Power which was not interested in reaching a settlement of international differences by peaceful means. The Soviet Union had a vested interest in chaos.

There were two distinct dangers which must be taken into account: first, direct war-like attack, against which it was necessary to maintain strong defensive forces; secondly, that, owing to the economic weight of those defensive forces, living standards would be so lowered as to open the way for Communist infiltration. It was, therefore, important to remember that the best foundation of an effective defence policy was a sound industrial economy. Action must therefore be twofold: negatively, defensive forces must be built up; positively, the peace loving Powers must offer a better way of life than the aggressor. Pandit Nehru had rightly spoken of the danger that a moral position might be forfeited in grasping what seemed to be a material advantage.

P.M.M. (48)1 set out what the United Kingdom Government had done in the light of these considerations. It explained the steps taken to secure the recovery of the United Kingdom's own economy; the United Kingdom Government's participation, with the United States and with the Western European countries in the European Recovery Programme; and the first stages in the establishment of Western Union. The aim had been to restore the war-shattered economy of Europe, and to provide the basis of security against aggression. The United Kingdom Government was anxious to extend this system of co-operation in defence consultation to the Commonwealth generally. No doubt, defence co-operation must in the first instance be on a regional basis. Commonwealth countries had their special interests in their own areas, and it was logical that they should be primarily concerned with those interests. But the way in which the interests of the different areas interacted had been brought out in earlier discussions, and there was need to ensure co-ordination between the defence policies of the different regions. That did not mean subordination, but a free partnership for mutual help.

Mr. Attlee said that the United Kingdom war effort could be measured by the fact that, at the end of the war, there had been over 5 million men and women in the Armed Forces. The first post-war task was their orderly demobilisation; the economic situation demanded that they should be freed urgently for productive employment. The scheme of release by age and service groups was put into force and worked smoothly. The mistakes of the years 1918-21 were avoided, and in particular the amount of unemployment during the transitional period was very small. In 1946 the United Kingdom spent £1,100 millions on defence; the Service

estimates for 1947-48 amounted only to £653 millions. But this meant that the Forces would have to be run down to 715,000 by the end of March 1949. Against this, it might be noted that the Soviet Defence budget for 1948 had made provision for 66 billion roubles, which was only 6 billion roubles below the expenditure in 1946. That contrast exposed the fantastic nature of the Soviet suggestion that an equitable reduction in armaments might be achieved by an all-round cut of one-third. The rapid run-down of the Armed Forces in the United Kingdom had created serious difficulties because of the wholesale exodus of skilled and experienced men. The consequent unbalance of the Forces had created a grave problem for United Kingdom Service Ministers.

In 1947 two events had affected demobilisation. The financial crisis had made it necessary to exercise the most drastic economy on defence expenditure, and thus to reduce the Forces to the absolute minimum. At the same time, the international situation made it increasingly difficult to liquidate overseas commitments. It became clear that for some time large occupation forces must be maintained in Germany, Austria, Trieste and Greece. There was also the additional strain on the Forces caused by events in Palestine; great gratitude was due to the Australian and New Zealand Governments for making it possible to withdraw substantial numbers of United Kingdom troops from Japan.

The United Kingdom Government were thus faced with a paradoxical situation. On the one hand, they were continuing to uncoil the spring of their strength in order to assist economic recovery. On the other hand, there was the need to provide forces capable of backing diplomatic policy and of providing a measure of security in the event of war. Because of the economic straits of the United Kingdom and of the occupational burdens arising from the war, and because the first objective necessarily had to be economic reconstruction, it was not possible for her to re-form, re-equip and maintain forces to guarantee her own safety and that of others at the present time. It was necessary carefully to weigh the priorities under which resources should be allocated to defence. High priority had to be given to research and development, because the United Kingdom's disadvantage in man-power increased the need to maintain a technical ascendancy; to maintaining deterrent weapons in readiness and efficiency; to safeguarding the security of sea communications and overseas garrisons; and to the training of National Service men with a view to establishing a substantial trained reserve capable of rapid mobilisation.

In recent months, the state of international affairs had become serious enough to warrant a survey of the policy governing the size and shape of the Forces. It was decided that it was still necessary to concentrate on the economic recovery of the country, but that a beginning should so far as possible be made with remedying the deficiencies in the Armed Forces and their supplies. The following decisions had been taken as a result of this survey:

- (a) To suspend releases from the Armed Forces for a period of three months at least.
- (b) To review the National Service Act.
- (c) To review the pay and conditions of the members of the Armed Forces.

(d) To institute a drive for recruits for the Regular, Territorial and Auxiliary Services.

(e) To start again the production of small and heavy army ammunition, to repair and overhaul reserve equipment, to provide additional constructional materials for accommodation and for the preparation of airfields, and to accelerate the production of fighter aircraft and the refitting and overhaul of naval vessels.

The United Kingdom Government's wide commitments overseas had created a difficult man-power problem. The forces in Germany, Austria, Trieste, Greece, Tripoli, Cyrenaica, Egypt, Transjordan, Iraq, Singapore and until recently, in Palestine and Japan, had imposed a very serious strain on United Kingdom resources, and the rapid running down of service manpower had materially affected the administrative efficiency of the three Services. The United Kingdom Government had no wish to shirk the tasks before it, because they believed that the only way to peace was to undertake them. They proposed therefore to carry them out to the best of their ability within the limits set by their economic resources. Mr. Alexander was glad to note that all Commonwealth countries had welcomed the stand taken by the United Kingdom against Soviet aggression and had approved the policy followed in regard to Berlin. This had only been made possible by means of the air-lift. This had been a most formidable undertaking, and its difficulties would increase during the winter months. It had been estimated that Berlin could be sustained on a daily air-lift of 5,500 metric tons. If this were in fact sufficient for the purpose, it should be possible to maintain it. But the strain on the staff and aircraft engaged was very great. He therefore welcomed the offers of help which had been forthcoming from Commonwealth countries.

The United Kingdom Government had entered upon the policy of Western Union with a determination to build up Western Europe. The Military Committee had two purposes; short-term — to create the confidence necessary to make economic recovery a reality; long-term — to provide the solidarity and security necessary to show that aggression would not pay. All the Governments concerned participated on a basis of equality of status, and of a common pooling of resources. On this understanding the United States and Canada co-operated in the work of the Committee. The results already achieved had increased confidence in Western Europe. Further bodies had also been set up; the Chiefs of Staff Committee; the Commanders-in-Chief Committee, of which Field-Marshal Viscount Montgomery had recently been appointed Chairman; and the Supply and Resources Board. The United Kingdom Government hoped that these efforts towards co-operation in the defence field in relation to Western Europe could now be matched by a determined attempt to improve the system of consultation between Commonwealth Governments. This did not, of course, mean that valuable co-operation in various aspects of defence had not already been achieved. In certain directions, substantial progress had been made. First, the Commonwealth Advisory Committee on Defence Sciences performed a valuable function in exchanging information on scientific data. Secondly, the Joint Intelligence Bureau collected statistics essential for defence purposes. It was satisfactory to note that the Governments of Canada, Australia and New Zealand had set up similar Bureaux. The Joint Intelligence Bureau in London had been instructed to render freely to other Commonwealth countries all the help

and assistance which they might ask of it. He hoped that those Commonwealth countries which had not yet set up such a Bureau would consider it worth while to enquire into the possibilities of this aspect of co-operation. Thirdly, there were the Service Liaison Officers. The United Kingdom Government had now appointed Service Liaison Officers in four Commonwealth countries and they were performing valuable services.

At the moment there was a tendency for the United Kingdom to disseminate a great volume of information to other Commonwealth countries and to receive little information in return. This was understandable and natural, but the United Kingdom Government hoped that the reciprocal flow of information inwards to the United Kingdom would increase in due course.

In conclusion, Mr. Alexander said that, if the spirit of co-operation were lacking, it would make no difference what machinery for consultation were devised. The first essential was to secure general agreement on the principles and objects of defence policy, and then to give freedom to staffs to consult and to discuss, within the scope of the principles agreed, the plans which Commonwealth Governments might consider appropriate to the safety of their peoples. He hoped that other Commonwealth Prime Ministers would express their views on the methods of defence consultation, especially on the suggestions contained in paragraphs 14 and 15 of P.M.M. (48)1.

Lord Tedder, on behalf of the United Kingdom Chiefs of Staff, said that though the world to-day was not formally at war, it could not be said to be enjoying a real peace. In countless parts of the world the hand of the Soviet Union could be seen — in Czechoslovakia, Greece, Burma and Indonesia, in the infiltration of Nazis into Eastern Germany, and in the Communist-provoked strikes in France. Under such conditions, the risk of open conflict could not be ignored. The democratic countries everywhere should face the fact that a ruthless and unprincipled "cold" war was being directed from Moscow and was probing the weak spots of each country. Its main object was to sap the power of Governments in democratic countries and to create the conditions of economic chaos in which Communism flourished. The "cold" war was worldwide; it compelled the United Kingdom to disperse its resources and it laid an increasing strain on the national economy. Its effect therefore was to weaken the capacity to resist in the event of open aggression. The war against Germany had left many military commitments which were in themselves sufficient to hamper economic recovery; but the "cold" war had imposed heavy additional burdens of which the most recent were the Berlin air-lift and the operations in Malaya. In the light of these considerations, the United Kingdom Chiefs of Staff view was that the "cold" war was a very real insidious war which might, unless it was effectively countered, prove more dangerous than open war.

There appeared to be general agreement that an essential part of any effective reply to Soviet aggression was the building up of the political, economic and military strength of the democratic countries. Commonwealth Governments should be aware that the Soviet Union was maintaining very large land forces and was making strenuous efforts to modernise her Air Forces. Further, she was making full use

of German scientists on the production of submarines. But so far as information was available — and it was admittedly not complete — there was no direct evidence of preparations specifically attributable to an intention to make actual war in the immediate future. It was in any event arguable that the Soviet Union was not in an economic position to contemplate war; and that she would be unwilling to do so until she possessed atomic weapons, which did not appear to be the case at present. The United Kingdom Chiefs of Staff view was that, for the present, the Soviet Union would not incur serious risk of war and that, faced with such a risk, she would decide to withdraw.

It was clearly impossible, on economic grounds, for the United Kingdom to attempt to maintain in peacetime forces comparable to those maintained by the Soviet Union. This meant that the latter's aggressive tactics could be countered only by the maintenance of available forces in the highest state of technical efficiency and readiness.

As regards the nature of modern war, the United Kingdom Chiefs of Staff did not regard so-called "push-button" warfare as a practical possibility in the immediate future. Any war within the next six or seven years would be fought with equipment which was already on the drawing boards; but that included the atomic bomb and possibly some form of bacterial weapon. The last war showed the danger of sudden attack; this danger had been immeasurably increased by the advent of the atomic weapon. The power of the offensive had increased enormously, and it was difficult at present to see how it could be overtaken by the development of defensive power. The conclusion, therefore, became inevitable that, in order to provide a deterrent to war, the Armed Forces of the democratic countries must be maintained in a state to enable them to strike hard and rapidly. If war came, the United Kingdom would have to rely on immediate help from the United States. Neither the United Kingdom nor the other Western European Powers could themselves maintain in peacetime forces adequate to cope with the power of the Soviet Union. It was no longer possible for the United Kingdom to expect, during a war, to have time to build up its forces behind the barrier of sea power. The blitzkrieg with atomic weapons was a far more real and dangerous threat in the future than any form of attack during the recent war.

Lord Tedder then discussed the broad outlines of strategy in a possible war. The conclusion had been reached that the fundamental basis for United Kingdom strategy must rest on the defence of the United Kingdom; on the maintenance of sea communications between the United Kingdom and the Commonwealth and the United States; and on the defence of the Middle East. The strategy of a world-wide war would have many facets. Each country would have problems of its own; groups of countries in various regions would have their different regional problems. The United Kingdom Chiefs of Staff thought that these regional problems might be discussed and worked out amongst those immediately concerned so that they might be fitted into the world-wide problems with which all Commonwealth countries were concerned. In Western Europe some progress had been made in this direction; the United Kingdom Chiefs of Staff would like to feel that similar progress was being made in other fields, especially as regards the defence of the Middle East in which so many members of the Commonwealth were more or less directly con-

cerned. If, without setting up any complicated organisation, Ministers could give authority for their military advisers to consult on this specific problem and to draft concerted plans, without committing their Governments, an advance would have been made towards filling a very dangerous gap in the armour against aggression.

Mr. St. Laurent said that he had been impressed by the indications given by Lord Tedder of the dangers of the situation. Canada realised that she would not be faced with a war against a single opponent of comparable size, and that she must fit her resources into the general plan for resisting aggression. Hence, she had welcomed the establishment of the United Nations as a means for ensuring, by collective action, the peace of all countries. When it became clear that, under present conditions, this hope could not be realised, the Canadian Government had concentrated their attention on devising arrangements for regional defence and, with the knowledge of the United Kingdom Government, had developed further the system of co-operation with the United States Government which had worked so successfully in the recent war. Substantial progress had already been made along these lines. Until there was some prospect of the fulfilment of the intentions of the United Nations Charter, the right course clearly was for like minded Governments to co-operate in building up security on a regional basis in accordance with the provisions of Article 51 of the Charter; and it was on this basis that Canada was participating in the military discussions under the Treaty of Brussels and was entering into political discussions regarding the establishment of an Atlantic scheme of defence. The Canadian Government were, therefore, in agreement with the proposals contained in the Chief of Staff memorandum annexed to P.M.M. (48)1 regarding the need for preparations of defence plans on a regional basis; the Canadian Government accepted this as the basis of their policy, and were in fact already giving effect to it. In other regions of Commonwealth defence, the Canadian interest was less direct; moreover, her resources were likely to be fully committed by her own regional plans. Agreement on defence policy and general strategy by all the Commonwealth Governments was not in his view a prerequisite for regional planning. It could not be suggested that the consultations on regional planning in which the Canadian Government was already engaged should be interrupted for a general study of Commonwealth defence problems. Any plans for North American defence could easily be fitted into any arrangements that might be made with regard to the North Atlantic area as a whole; and Canada's part in these plans would be her contributions to general defence based on her available resources which would be fully deployed for the purpose. Nevertheless, he did not wish to deny the value of a continual exchange of views and information on defence matters between Commonwealth countries. Up to now the United Kingdom had been the focal point for such information, and he had hoped that this would continue; but he felt that this exchange of views could best be carried on by the existing Military Liaison Staffs, and the Canadian Government could not see the need for any substantial modification of the existing arrangements. It should be possible, through existing machinery, to secure the adequate co-ordination of regional arrangements.

849.

DEA/50025-40

*Extrait du procès-verbal de la réunion des premier ministres**Extract from Minutes of Prime Ministers' Meeting*

SECRET

London, October 20, 1948

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2. COMMONWEALTH CONSULTATION¹¹

(Previous Reference: P.M.M. (48) 8th Meeting, Minute 1.)

Mr. Attlee said that a note (P.M.M. (48) 13),† prepared by the Secretary after consultation with officials of all the Delegations, had been circulated covering a detailed statement of the suggestions made in the discussion on 18th October. A further note by the Secretary (P.M.M. (48) 15),† covering a statement on Commonwealth consultation, prepared by Dr. Evatt, had also been circulated. He suggested that Dr. Evatt's draft, which seemed more suitable for publication, might be taken as a basis for discussion with a view to reaching an agreed statement which could be included in the final communiqué about the Meeting.

Mr. Liaquat Ali Khan suggested that, before Dr. Evatt's draft was considered, it should be revised to cover consultation on defence.

Dr. Evatt said that his draft had been designed to set out in more specific terms the main results of the discussion on Commonwealth consultation. He believed that an announcement on the lines that he proposed would be helpful. He agreed that the statement should cover consultation on defence.

Mr. St. Laurent said that, to a considerable extent, the arrangements set out in Dr. Evatt's draft were already in operation and that it would therefore be misleading to announce them as though they were new developments agreed on at the Meeting. For example, it would be wrong to imply that the Canadian High Commissioner in London had not in the past had direct access to the Foreign Secretary.

Mr. Louw said that he had no authority to agree, on behalf of the South African Government, to the arrangements proposed in the draft.

Mr. Noel-Baker said that, in general, he preferred Dr. Evatt's draft to the draft annexed to P.M.M. (48) 13. It would, however, be desirable to amend it so as to indicate to what extent it was a declaration of arrangements already in force, and to make it clear that it was subject to endorsement by the Governments of the Commonwealth countries.

Mr. Attlee proposed that the draft should be revised by officials in the light of the discussion, and that a revised version should be circulated for consideration at a Meeting at 12 noon on 21st October.

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¹¹ Le point 1† à l'ordre du jour était la reprise de la discussion sur la politique de défense (il n'y eut pas de contribution canadienne additionnelle).

Item 1† was the resumption of discussion on defence (there was no further Canadian contribution).

850.

DEA/50025-40

Extrait du procès-verbal de la réunion des premier ministres
Extract from Minutes of Prime Ministers' Meeting

SECRET

London, October 21, 1948

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2. COMMONWEALTH CONSULTATION

(Previous Reference: P.M.M. (48) 12th Meeting, Minute 2.)

The Meeting had before them a note by their Secretary (P.M.M. (48) 16)† covering a revised draft of the proposed statement on Commonwealth Consultation.

Mr. Louw said that, if it were intended to publish a document purporting to contain the agreed conclusions of the meeting on this subject, he would have specifically to reserve the position of the South African Government. The paper proposed the creation of new machinery for consultation, or the extension of existing machinery. He could not commit his Government to public acceptance of these proposals at the present stage. He did not wish to suggest that his Government were opposed to consultation and co-operation where suitable, but he would urge the unwisdom of hasty publication. If, however, it were merely a question of making recommendations for consideration by Governments, he would be able to assent to much of the contents of this statement.

After discussion, it was agreed to consider the statement on the basis of a recommendation to Commonwealth Governments and not as a document for publication. It was also agreed that the communiqué to be issued to the Press at the conclusion of the Prime Ministers' Meeting should incorporate a passage stating in general terms that recommendations on the subject of Commonwealth consultation had been drawn up for submission to Commonwealth Governments.

In the ensuing discussion of the draft statement the following were the main points raised:

(a) Paragraph 2. — Varying views were expressed about the frequency with which Ministerial meetings could be held on foreign affairs. Stress was laid on the physical difficulty of arranging as many as two such meetings a year, in view of the many other commitments falling upon a Minister of External Affairs — especially when he might also be Prime Minister.

Dr. Evatt said that if it were proposed to recommend only one meeting a year the recommendation was scarcely worth making, since one such meeting was usually held at the time of the United Nations Assembly. *Mr. Bevin* made it clear that he was prepared to agree to another such meeting in addition to any which might take place at the same time as the Assembly. Thus, in effect, two meetings a year were contemplated, though for tactical reasons it might be unwise to state publicly an intention to hold one regularly at the time of the United Nations Assembly since this might be taken to imply a "ganging-up" of Commonwealth countries in connection with United Nations business.

It was accordingly agreed that the recommendation should be for Ministerial meetings on foreign affairs to be held at least once, and, if possible, twice, a year.

(b) Paragraph 3. — It was pointed out that, although Commonwealth High Commissioners in London had direct access to the Foreign Secretary, it would not always be practicable for the Foreign Secretary at short notice to give personal interviews. It was agreed that on such occasions High Commissioners should see other Foreign Office Ministers or senior officials.

(c) Paragraph 6. — There was a general discussion of the question whether this paragraph should recommend consultation and co-operation, as envisaged in the draft before the Meeting, or consultation only. *Mr. Louw* thought the latter sufficient in itself, and stated that the Union Government could not be committed to any co-operation necessarily developing out of the consultation on defence matters which she was willing to undertake.

Mr. Fraser said that all Commonwealth countries must take account of the facts. Speaking for New Zealand, he would say that if the United Kingdom were defeated in war, it would only be a question of time before New Zealand fell too. He therefore regarded New Zealand's defence interests as being closely linked with those of the United Kingdom, and was anxious to enter into the closest co-operation as well as consultation with the latter on defence matters. *Dr. Evatt* agreed with *Mr. Fraser* and emphasised that consultation which did not lead to co-operation could be positively dangerous.

There was also considerable discussion whether paragraph 6, which made specific mention of regional security, laid sufficient stress also on the prior necessity of drawing up an overall strategic plan into which regional plans could be dovetailed. *Dr. Evatt* and *Mr. Fraser* were anxious that regional co-operation should not be over-emphasised to the exclusion of general co-operation, whilst *Mr. Louw* advocated limiting the application of the paragraph more strictly to regional defence.

Lord Tedder referred to paragraph 6 of the memorandum by the United Kingdom Chiefs of Staff attached to P.M.M. (48)1, which stated that, before regional planning could take place or be put effectively into practice, it was necessary to reach agreement on the fundamental principles of defence policy and strategy. He said that it was necessary to be practical, and to base one's plans on what was reasonably likely to happen during the next ten years. As things stood at present, it must be admitted that the United Kingdom had made further progress in co-operation in planning with the Western Union countries than it had with the other Commonwealth countries. The United Kingdom and the Western Union countries had started by trying to plan the defence of Western Europe on a purely regional basis, but it had soon been found that this was not practicable and that it was necessary to consider the problems of Western European defence in the broader context of the world-wide commitments of the countries taking part. As part of this it was necessary for the United Kingdom to have defence discussions with the other members of the Commonwealth.

Mr. Bevin said that the defence of Africa was of the greatest importance in world strategy, and it was difficult to see how it could be a matter of regional con-

cern. On the wider question of Commonwealth co-operation in defence matters, it ought to be recognised that the other members of the Commonwealth would be placed in a position of considerable difficulty if they were left in doubt as to the intentions of any individual Commonwealth Government.

Mr. St. Laurent was anxious that paragraph 6 should be so drafted as not to make it appear that consultation and co-operation in defence matters was necessarily confined to British Commonwealth countries. It would be quite unrealistic for Canada to agree to any arrangement which precluded her from concerting defence measures with the United States, and the same applied also in the economic sphere. This point found general acceptance, *Mr. Bevin* pointing out that the United Kingdom already had such consultation and co-operation with, for instance, other members of the Western Union.

Mr. Fraser also supported *Mr. St. Laurent's* view and said that consultation and co-operation on defence matters which might be contemplated also with, for instance, the United States, made it all the more imperative to achieve agreement inside the Commonwealth first.

Mr. Nehru, *Mr. Liaqat Ali Khan* and *Mr. Senanayake* also made the point that their Governments were anxious for close consultation in defence matters. *Mr. Attlee* said that this was also the desire of the United Kingdom Government.

Various amendments were made to the text of P.M.M. (48) 16 in order to meet the points made in the course of the discussion.

A revised text of the statement incorporating the amendments approved in the discussion is reproduced in the Annex to these minutes.¹² The Meeting agreed that the statement should be submitted in this form to all Commonwealth Governments for approval.

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851.

DEA/50025-40

Extrait du procès-verbal de la réunion des premier ministres

Extract from Minutes of Prime Ministers' Meeting

SECRET

London, October 21, 1948

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3. COMMONWEALTH CONSULTATION¹³

(Previous Reference: P.M.M. (48) 13th Meeting, Minute 2.)

¹² Pour le texte de cette annexe, voir la pièce jointe au document 856 dans la section suivante, qui traite aussi de la réponse aux propositions du Canada et d'autres pays relatives à la consultation entre pays membres du Commonwealth.

For the text of this Annex, see enclosure to Document 856 in the following section, which also deals with the response to proposals on Commonwealth consultation by Canada and others.

¹³ À cette réunion, il y eut une discussion peu concluante sur le statut des hauts commissaires des pays du Commonwealth.

At this meeting, there was an inconclusive discussion of the status of Commonwealth High Commissioners.

Mr. St. Laurent said that he thought it necessary to make an explanatory statement in connection with the recommendations on Commonwealth consultation which the Meeting had agreed earlier in the day. In agreeing to recommend consultation between Commonwealth Governments to arrange co-operative action in matters of defence, he wished to make it clear that, in view of her historic position, it would be unreal for Canada to regard as effective either general or regional plans of defence which would comprise Commonwealth countries exclusively, and which did not also include other peace-loving countries prepared to co-operate in resisting aggression. He asked that a note to that effect should be circulated with the statement which the Meeting had approved for submission to Commonwealth Governments. The Meeting agreed to this proposal.

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852. DEA/50025-40

Extrait du procès-verbal de la réunion des premier ministres

Extract from Minutes of Prime Ministers' Meeting

SECRET

London, October 22, 1948

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1. FINAL COMMUNIQUÉ

(Previous Reference: P.M.M. (48) 14th Meeting, Minute 2.)

The meeting had before them a revised draft (P.M.M. (48) 17 (Revised)) of the final communiqué for the Press, which had been prepared by representatives of the Delegations in the light of the criticisms and suggestions made at the previous meeting.

The meeting considered the revised draft paragraph by paragraph and various suggestions for amendment were discussed.

The final text of the communiqué, incorporating the amendments approved in the discussion, is reproduced in the annex to these minutes.

2. COMMONWEALTH CONSULTATION

(Previous Reference: P.M.M. (48) 13th Meeting, Minute 2.)

Sir Stafford Cripps said that a clear understanding should be reached that there would be no publication in any Commonwealth country of the detailed recommendations on Commonwealth consultation until all Governments had approved them and agreed to their publication.

Mr. Fraser said that Governments might soon be pressed to give information about these recommendations in their Parliaments; and all Governments should, therefore, undertake to reach decisions on them with the minimum of delay. If ultimately no general agreement could be reached, each Government would be at liberty to disclose the views on this subject which had been expressed on its behalf at the meeting.

There was general agreement that all Governments should reach decisions on these recommendations as quickly as possible, and in any event by the end of November; and that meanwhile there should be no publication of the recommendations in any country.

3. CONCLUDING SPEECHES

Mr. Attlee said that at the conclusion of the plenary sessions of the Meeting he would like to express, on behalf of himself and his colleagues in the United Kingdom Government, their pleasure as hosts in having had the opportunity of welcoming the Delegations. They were impressed with the value of the exchange of views which had taken place, with the high level of the discussions and with the great measure of agreement which had been reached. He thought that all present could regard the Meeting as having been highly successful.

Mr. St. Laurent said he would like to express, on behalf of the representatives of the other Commonwealth Governments, their sincere thanks to Mr. Attlee for presiding over the meetings and for giving his constant and valuable help, which had contributed so much to the success of the discussions.

Pandit Nehru, in associating himself with Mr. St. Laurent's remarks, expressed the great pleasure of the Indian Delegation at having been able to participate in the Meeting.

Mr. Louw asked to be associated with what had been said about Mr. Attlee's chairmanship. A word of thanks was also due to the officials of the Commonwealth Relations Office and to the members of the Secretariat for the assistance which they had given to all Delegations. The South African Delegation were most grateful for the hospitality they had received during their stay in London.

Mr. Liaqat Ali Khan joined in the tributes to Mr. Attlee's chairmanship. He was particularly happy to have had this opportunity of closer contact with his Commonwealth colleagues. He hoped that the ties between the Commonwealth countries would be strengthened by this Meeting.

Mr. Senanayake expressed his great pleasure at having been able to attend the Meeting as the representative of Ceylon.

Mr. Beasley said that the Meeting had been of great educative value for all taking part in it. It had provided for each Commonwealth Government an opportunity to gain a clearer understanding of the problems and viewpoints of the others.

Mr. Fraser said that Mr. Attlee's fair and forbearing chairmanship had done much to ensure the success of the Meeting. He himself had been much impressed by the spirit of mutual accommodation shown throughout the proceedings. He had derived great pleasure from the presence of the representatives of India, Pakistan and Ceylon. This had been an inspiration to them all, and he hoped that these countries would derive from their Commonwealth membership strength and confidence in facing the great tasks before them. He himself believed that the world had rarely seen anything finer than the courage and enlightenment shown by Mr. Attlee's Government in recognising the rights of these peoples who had so long been struggling to achieve their independent destiny. This indeed was an example which had been an inspiration to the world.

Mr. Attlee, in concluding the conference, expressed his gratitude for the assistance given to him by his colleagues in the United Kingdom Government and for the spirit of helpful co-operation shown by all the representatives of Commonwealth countries throughout the discussions.

ANNEX

FINAL COMMUNIQUÉ

The Final Plenary Session of the Meeting of Commonwealth Prime Ministers was held at No. 10 Downing Street this morning. At the end of the meeting the representatives of the other Commonwealth Governments placed on record their sincere thanks to the Prime Minister of the United Kingdom for presiding over the meetings and for his constant and valuable help.

The purpose of these informal meetings of Commonwealth Prime Ministers is to provide opportunities for a free exchange of views on matters of common concern.

The meetings held during the past two weeks have covered many such matters of common concern, including international relations, economic affairs and defence. The discussions have shown a substantial community of outlook among all the Commonwealth Governments in their approach to present world problems. Fundamentally, this approach is based upon their support of the objectives of the United Nations as an instrument for world peace and their determination to make its work fully effective. All the Commonwealth Governments are resolved to work together and with other Governments to establish world peace on a democratic basis.

In furtherance of these objectives, the representatives of Commonwealth Governments affirmed their purpose to build up the economic strength of their countries and to take all appropriate measures to deter and resist aggression. At the same time they will do their utmost to encourage an increased production of wealth so as to achieve higher standards of living, especially for the peoples of the less developed countries of the world, as a constructive contribution to the preservation of world peace.

The economic forecast for the coming years made by the United Kingdom Government for the Organisation for European Economic Co-operation was considered in order to give the other Commonwealth countries an opportunity to examine its implications for their own economies. The conference re-affirmed the desirability for all the Commonwealth Governments, in formulating their policies, to consult with one another, so far as practicable, so that each can co-operate by taking into account the needs and policies of the others.

The United Kingdom Government outlined the nature of its association with other Western European nations under the Brussels Treaty, as a regional association within the terms of the United Nations Charter. There was general agreement that this association of the United Kingdom with her European neighbours was in accordance with the interests of the other members of the Commonwealth, the United Nations, and the promotion of world peace. It was agreed that other Commonwealth Governments should be kept in close touch with the progress of this co-operation with Western Europe.

The Conference was impressed by the value of the discussions which had taken place at the Ministerial level and expressed a general desire to maintain and extend methods of consultation between the Governments of the Commonwealth. Recommendations for improving Commonwealth consultation on foreign affairs, economic affairs and defence are being submitted to the Governments for consideration and decision.

The Meeting recorded its support for Ceylon's application for membership of the United Nations. The representatives of all the other Commonwealth Governments took note of the constitutional documents published by the Ceylon Government in Ceylon Sessional Paper XXII of 1947 under the title "The Independence of Ceylon" and in Ceylon Sessional Paper III of 1948 under the title "The Constitution of Ceylon." They agreed to take this opportunity of their meeting in London to place on record their recognition of Ceylon's independence and to affirm that Ceylon enjoys the same sovereign independent status as the other self-governing countries of the Commonwealth which are members of the United Nations.

This meeting included for the first time the Prime Ministers of India, Pakistan and Ceylon. Their presence symbolised the extension of the bounds of democratic freedom which reflects the spirit and steadfast purpose of the Commonwealth. These new representatives of sovereign nations brought to the deliberations of their colleagues from the other free countries of the Commonwealth the wisdom of their ancient civilisations vivified by the dynamism of the modern age. This blending of the West and the East in the lofty task of building a lasting peace on the foundations of freedom, justice and economic prosperity provides a new hope for harassed mankind.

853.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], October 27, 1948

...

PRIME MINISTERS' MEETINGS, LONDON

1. *The Acting Prime Minister* made a preliminary report upon the Commonwealth meetings which had concluded the preceding week with the issue of an agreed communiqué. The full report of proceedings would be reviewed and considered by the Cabinet at a later stage.

Meantime, it was to be noted that it was being proposed that meetings of Commonwealth Prime Ministers be held every two years and meetings on foreign affairs annually at the Ministerial level.

2. *Mr. St. Laurent* said that, at the meetings, he had taken the general line which had been agreed upon by Cabinet at the meeting of October 12th.

It was evident that Ireland was determined to sever the remaining link with the Commonwealth though the Irish Ministers wished to maintain some form of asso-

ciation with Commonwealth nations. The Prime Minister of India had made it clear that his country would have to take a somewhat similar line.

The Canadian position had been that Canada would take no initiative to change the present position. The link through the Crown was satisfactory for our purposes. The Canadian government would not, however, raise any barrier to any other form of association which might be worked out by others. Any new arrangements proposed would be considered on their merits.

It had been agreed that as a matter of practice, though without formal action, the word "British" would be dropped from "British Commonwealth of Nations."

With respect to defence policy, it had been requested that the Canadian view be circulated to those participating in the meetings, viz., that it would be unrealistic to enter into exclusively Commonwealth arrangements on a regional basis; further, that defence arrangements between Canada and the United States had to remain the exclusive concern of the governments of those two countries.

It was hoped that Commonwealth governments would be able to reach decisions upon the recommendations resulting from the conference within a comparatively short time.

3. *Mr. St. Laurent* added that, with respect to the status of High Commissioners, it had been agreed that these officials would take precedence with Ambassadors according to their dates of appointment. No change in their titles was being recommended for the present.

4. *The Cabinet*, after discussion, noted with approval the Acting Prime Minister's report.

...

2^e PARTIE/PART 2
CONSULTATION

854.

DEA/50024-40

Note

Memorandum

SECRET

[Ottawa], September 28, 1948

MACHINERY FOR CONSULTATION BETWEEN COMMONWEALTH GOVERNMENTS

The question of machinery for consultation between Commonwealth governments has been proposed by the United Kingdom Prime Minister for inclusion in the agenda for the meeting of Commonwealth Prime Ministers which is to open in London on October 11.

2. The present system for Commonwealth consultation is complex, varied, and flexible, and preserves the principle that decisions on major questions of policy are, in the last resort, the responsibility of the Government and Parliament of each of

the Commonwealth nations. The methods at present available for Commonwealth consultation are:

(a) Communications between governments, by telegram or despatch, through the channel of the Commonwealth Relations Office and the External Affairs ministries.

(b) Communications from Prime Minister to Prime Minister, either through the same channel or directly by telegram, telephone, or letter.

(c) Meetings of Prime Ministers.

(d) High Commissioners.

(e) Conferences and committees on special subjects.

3. There have been frequent suggestions that this system would be improved by the formation of a permanent Commonwealth secretariat. The latest of these was made by Viscount Bruce¹⁴ of Melbourne, speaking in the House of Lords on February 17. In addition to the secretariat, Bruce proposed a Council of British Nations, composed essentially of the Prime Ministers of the great self-governing parts of the Empire. This body would hold plenary meetings, replacing the Imperial Conferences; meetings on special questions such as finance or transport, attended by the cabinet ministers concerned; and monthly meetings in London under the presidency of the United Kingdom Prime Minister, at which the Dominions would be represented by their High Commissioners, supplemented by any Dominion cabinet ministers who might happen to be in London. The Commonwealth secretariat, besides handling the business of this Council, might assume the task of arranging and giving continuity and coordination to the numerous *ad hoc* meetings of experts on special subjects.

4. While the Australian Government has not appeared to favour this plan unreservedly, it has been under considerable pressure from an Opposition campaign for Empire unity, led by the former Prime Minister, R.G. Menzies. Attached is a copy of a recent article by Mr. Menzies in the *Listener*,† which will show the line he takes. Dr. Evatt, in a broadcast on September 6, referred approvingly to Mr. Curtin's wartime proposals and declared that Australia would support "any progressive step designed to strengthen the system of cooperation within the Commonwealth." Mr. Fraser, the Prime Minister of New Zealand, has shown some tendency to favour permanent machinery for Commonwealth consultation, but appears to be keeping an open mind. The line which may be taken by United Kingdom supporters of a somewhat closer Commonwealth organization is indicated in an editorial in the *Economist* of September 18, of which a copy is attached†: it urges closer coordination in foreign policy and defence, and looks upon the growth of Commonwealth committees on special questions as the main opportunity "for evolving a joint Commonwealth policy and for ensuring that the Dominions speak with one voice when the need arises."

5. Annexed is a survey of the principal minor Commonwealth bodies in which Canada participates,† which may be of interest in this connection.

¹⁴ Le haut-commissaire de l'Australie au Royaume-Uni.
High Commissioner for Australia in United Kingdom.

6. Extracts from the Imperial Conference reports of 1923, 1926, and 1930 dealing with Commonwealth consultation are also annexed.†

7. Any Australian pressure for a more formal organization of the Commonwealth would doubtless be based on the rather questionable assumption that such an organization would enable them to ensure that United Kingdom policy would in future subordinate the special interests of the United Kingdom to those of other Commonwealth countries, and particularly of Australia. The experience of the last war does not appear to confirm this assumption. While the United Kingdom will no doubt always defend Australia's interests when she can do so without detriment to her own, the fact remains that in the crisis of the war she was forced to choose between defending her own coasts and those of Australia, and made the same choice that any other country would have made in the same position. No Commonwealth machinery would have made any difference to this choice.

8. If, however, some members of the Commonwealth insist upon integrating their own government machinery with that of the United Kingdom to some extent, with the hope of achieving greater influence on United Kingdom policy, it might become desirable to recognize that, in view of the growing regional interests of Commonwealth members and of their different attitudes towards Commonwealth association, it may not be possible to lay down any general rules as to consultation. It might be better to have the principle accepted that consultation between governments is a matter for those governments themselves to determine in each case, and that it may happen to be desirable, in any given case, to have much closer consultation between certain members of the Commonwealth than with others.

9. If, following the recognition of this principle, some inner-circle organization was set up in which Australia and New Zealand participated with the United Kingdom, while Canada, South Africa, India, Pakistan, and Ceylon remained outside, there would of course be a certain amount of domestic pressure within Canada which might make it difficult for the Canadian Government to maintain a policy of non-participation. Much would depend on the impression which would be given as to the nature and purpose of the inner circle, and it would obviously be to the interest of the Australian Government to magnify its importance and value. The present set-up seems, on the whole, to meet more adequately the dual requirements of cooperation and flexibility.

855.

DEA/50024-40

*Le secrétaire d'État des Relations du Commonwealth du Royaume-Uni
au secrétaire d'État aux Affaires extérieures*

*Secretary of State for Commonwealth Relations of United Kingdom
to Secretary of State for External Affairs*

DESPATCH 108

London, November 2, 1948

SECRET

Sir,

I have the honour to enclose the text of recommendations on the subject of Commonwealth consultation which, as all Commonwealth Governments will no doubt have been informed by their representatives there present, it was agreed at the 13th

Meeting on Thursday, 21st October, of the recent Commonwealth Prime Ministers' Meeting in London, should be submitted to all Commonwealth Governments in this form for approval.¹⁵

2. At the 14th Meeting on the same day, Mr. St. Laurent, speaking on behalf of Canada, said that in view of the historic position of Canada he wished to make it clear, so far as Canada was concerned, that in agreeing to arrange co-operative action in matters of defence, it would be unreal for Canada to regard as effective either general or regional plans of defence which would comprise Commonwealth countries exclusively, and which did not include other peace-loving countries who are prepared to co-operate in resisting aggression.

3. At the 15th Meeting on the 22nd October it was also agreed, having regard especially to the possibility that Commonwealth Governments might soon be pressed to give information about these recommendations in their Parliaments, that Commonwealth Governments should be invited to reach decisions on them as quickly as possible, and in any event by the end of November. It was further agreed that in the meanwhile there should be no publication of the recommendations in any country.

4. The United Kingdom Government for their part are giving urgent consideration to the recommendations, and I shall not fail to inform you of the result of that consideration as soon as possible. In the meanwhile it would be appreciated if other Commonwealth Governments could also be considering their attitude in the matter and would advise me, and other Commonwealth Governments, of their decisions as soon as they are available.

I have, etc.

PHILIP NOEL-BAKER

¹⁵ Le texte des recommandations est reproduit dans le rapport canadien (pièce jointe au document suivant). Dans le document original, ces propositions étaient précédés du préambule suivant :
The text of the recommendations is included in the Canadian commentary (enclosure to the following document). Those proposals were preceded in the original document by the following preamble:
"Discussions during the meeting have demonstrated the value to Commonwealth Governments of consultation with one another on foreign and economic affairs, defence and other matters of common concern. Although the exchange of information is fuller at the present time than it has ever been, it is especially important that consultation should take place early while policy is still in the formative stages. The meeting recommend, subject to endorsement by the respective Governments, the following arrangements for Commonwealth consultation, which in part reflect existing practice: —"

856.

DEA/50024-40

*Note du secrétaire d'État par intérim aux Affaires extérieures
pour le premier ministre par intérim*

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

SECRET

Ottawa, November 4, 1948

RE PROPOSAL FOR COMMONWEALTH CONSULTATION — REQUEST FOR
CANADIAN APPROVAL

At the meeting of Commonwealth Prime Ministers, held in London on October 21, 1948, it was agreed that certain proposals relating to Commonwealth consultation should be submitted to the Governments concerned "for approval". These proposals were reproduced in an Annex to the minutes of the meeting.

2. The approval of the Canadian Government has now been sought by the Secretary of State for Commonwealth Relations. Presumably, you would wish to send an early reply, at least of an interim character. I understand that an item relating to this matter has been included on the Agenda of the Cabinet meeting planned for Thursday, November 4.

3. Attached is a Commentary which reproduces the text of, and discusses in order, the several proposals contained in the Annex.

4. It would appear desirable, at any rate on the basis of the attached Commentary, to provide the Secretary of State for Commonwealth Relations with an interim reply indicating that:

(a) The proposals in the form in which they appear in the minutes of the meeting of October 21, other than Proposals 2 and 6, are acceptable in principle to the Government of Canada, although a further opportunity may be taken of making some observations;

(b) Proposals 2 and 6 are not acceptable to the Canadian Government in their present form and that a separate message in respect of these proposals will be sent shortly, setting out whatever modifications suggest themselves.

5. I have been given to understand that the meeting of October 21 was hurried by the imminent departure of Dr. Evatt and that, in fact, the revised text of the Annex to the minutes was not subsequently submitted to a meeting of the Prime Ministers. If this is correct, it might be possible to reserve the Canadian position on Proposals 2 and 6 in the manner suggested until the text can be further studied and the Cabinet has been provided with a later opportunity of considering the modifications which might usefully be suggested.

6. I enclose a draft interim telegram to Canada House for your consideration.† If this is approved, a further telegram will have to be sent forward shortly.

[BROOKE CLAXTON]

[PIÈCE JOINTE/ENCLOSURE]

*Commentaire**Commentary*

SECRET

[Ottawa, November 3, 1948]

PROPOSALS FOR COMMONWEALTH CONSULTATION

The present Commentary reproduces the text of, and discusses in order, each of the proposals for Commonwealth consultation contained in the Annex to the minutes of the meeting of Commonwealth Prime Ministers held at 10 Downing Street, S.W.1, on Thursday, October 21, 1948.

PROPOSAL 1

Text: "Meetings of Commonwealth Prime Ministers will be held as often as is practicable."

Comment: This proposal seems acceptable. Such meetings have in fact been held every two years since 1944, but it would no doubt be undesirable to formalize this practice.

PROPOSAL 2

Text: "In the intervals between those meetings Commonwealth meetings on foreign affairs will be held at the Ministerial level at least once a year and twice a year if possible. These meetings will normally be held in one or other of the Commonwealth countries. The first of these meetings will be held in Ceylon."

Comment: This proposal seems to require some modification. It is, of course, useful to have close contact among the Commonwealth Ministers concerned with external affairs. However, it is felt that it would be undesirable to enter into a definite agreement to participate in formal meetings held annually or twice a year in the Commonwealth countries in turn. There would be serious political difficulties in securing adequate attendance at such peripatetic gatherings. Such meetings, would, moreover, give the impression that the Commonwealth was speaking with one voice in external affairs.

It need not be added that the value of conferences of the kind proposed must be measured carefully in terms of the cost in time and money to the governments concerned, and of the likelihood or otherwise that practical results will be achieved which could not be achieved in other ways.

It is, however, common practice to hold informal discussions among the heads of Commonwealth delegations at international meetings, in particular during the regular annual sessions of the General Assembly of the United Nations. It is agreed that it would be undesirable to advertise this, since it would be construed as a "ganging-up". It might, nevertheless, be possible to arrange to hold formal meetings, annually, immediately following the regular session of the General Assembly. This would not suggest a "ganging-up" for Assembly purposes. Moreover, it would go some distance toward meeting the proposal arrived at in London. At any such meeting the necessity or desirability of holding a further meeting of Ministers,

whether formal or otherwise, during the year could be discussed. Certainly, while the desire implicit in the Ceylon proposal — to suit the convenience of the “new” members of the Commonwealth — is appreciated, there may well be practical difficulties in the way of the Secretary of State for External Affairs undertaking to attend a meeting in Ceylon during the next six months. Consideration might therefore be given to re-expressing Proposal 2 as follows:

“A meeting on foreign affairs will be held by the Heads of Commonwealth delegations to the General Assembly of the United Nations immediately following the conclusion of each regular annual session of the Assembly. At such meetings the necessity or desirability of further meetings on foreign affairs at the Ministerial level will be discussed.”

PROPOSAL 3

Text: “Greater use will be made of facilities in London for consultation and the exchange of information. In addition to their contacts with the Secretary of State for Commonwealth Relations and his staff:

(i) Commonwealth High Commissioners in London have direct access to the Foreign Secretary. Meetings between the Foreign Secretary and individual High Commissioners will be held more frequently. Meetings between the Foreign Secretary and two or more High Commissioners will also be arranged from time to time, as occasion requires, for the discussion of matters of common interest.

(ii) Political Secretaries (or comparable officials) attached to the staffs of Commonwealth High Commissioners in London also have direct access to the Foreign Office. Meetings between them and officials of the Foreign Office, either individually or in groups, will be arranged as required.

Other Commonwealth Governments will endeavour to make comparable arrangements in their capitals.”

Comment: These suggestions seem acceptable. The Canadian Government is already making the fullest use of the facilities in London for consultation and exchange of information. The Commonwealth Relations Office, the Foreign Office, Treasury and other Government Departments have been ready to discuss matters of common interest at any time with Canadian Ministers and officials. In Canada, the Secretary of State for External Affairs deals with Commonwealth relations as well as with foreign affairs. Accordingly, no additional arrangements seem to be required in Ottawa to ensure ready access by the High Commissioners of other Commonwealth countries, and the members of their staff, to the Minister and officials dealing with these subjects.

PROPOSAL 4

Text: “(a) Commonwealth meetings on economic and financial questions of common concern will be held at the Ministerial level when required and practicable. These meetings will normally be held in one or other of the Commonwealth countries, according to circumstances. Where a particular problem directly concerns only some of the Commonwealth countries, the meeting might be confined to representatives of those countries.

(b) For the discussion of matters affecting only two Commonwealth countries meetings of Ministers or officials will also be held as necessary; and, where appropriate, formal machinery could be established for this purpose on the lines of the recently constituted continuing Canada-United-Kingdom Economic Committee.

(c) The existing contacts between officials of Commonwealth Governments concerned with financial and economic matters will be maintained and extended, and in particular there will be more frequent interchange of visits."

Comment: Proposal 4 is generally acceptable. It describes the type of consultation which now takes place between Commonwealth countries on economic and financial questions.

PROPOSAL 5

Text: "(a) To meet present needs the existing Commonwealth Liaison Committee for the European Recovery Programme, which includes officials of all Commonwealth countries, will under the title "Commonwealth Economic Information Committee" serve in London as a clearing-house for economic information generally to provide the basis for informed consultation between Governments.

(b) Other Commonwealth Governments will endeavour to make comparable arrangements in their capitals."

Comment: There would be no objection from the Canadian standpoint to making use of the existing Commonwealth Liaison Committee for the European Recovery Programme under the new title of "Commonwealth Economic Information Committee" as a clearing house for economic information and to provide the basis for informed consultation between governments.

It would be hoped, of course, that the establishment of this Committee will not affect or duplicate any existing arrangement for consultation between pairs of Commonwealth countries, such as the continuing Joint United Kingdom-Canada Trade Committee.

PROPOSAL 6

Text: "In furtherance of the general aim of co-operation between all peace-loving nations to deter and to resist aggression there will be close consultation between Commonwealth Governments to arrange co-operative action in matters of defence, including those matters which arise from a common interest in the security of a particular region. The military advisers of those Governments will consult together to frame proposals and plans for submission to their respective Governments.

Meetings will be arranged on the Ministerial level, as the occasion demands to discuss defence problems, whether general or regional.

In the system of Commonwealth Service Liaison Officers there already exists machinery for the exchange of military information of general interest, and Commonwealth Governments will consider how that machinery can be improved to render it fully effective as a means of exchanging information about the progress of

the defence plans, whether general or regional, and securing the maximum appropriate degree of defence co-ordination."

Comment: This proposal should be read with the reservation circulated by Mr. St. Laurent following the Prime Ministers meetings; in this it was stated that "general or regional plans of defence" to be realistic would have to include other countries as well as the nations of the Commonwealth. This is particularly true of the United States.

There can be no objection to "close consultation between Commonwealth Governments to arrange co-operative action in matters of defence." Indeed the Canadian Government has always been ready and willing to have such consultations with other Governments. On the other hand the text of the proposal can be taken to mean that the "military advisors" of the Commonwealth nations will "frame proposals and plans" of a joint character for what is still known in some circles as "Commonwealth defence". This would be quite unrealistic. Further, it would cut across the consultation and planning which is taking place at present.

It is understood that the text of this recommendation was formulated in a hurry because Dr. Evatt had to leave immediately for Paris; in its revised form it was not submitted to a meeting of the Prime Ministers.

For these reasons it is suggested that a modification of the first paragraph of this recommendation be proposed by the Canadian Government. It would probably be best from the Canadian point of view if the last sentence of the first paragraph could be dropped altogether. This may not be regarded as feasible at this stage in which event a new form of words should be suggested in which reference is made to Mr. St. Laurent's reservation concerning participation by non-Commonwealth countries.

If this course is agreeable to the Cabinet, a draft provision along these lines could be submitted for consideration.

PROPOSAL 7

Text: "The arrangements summarized above will supplement but will not supersede the existing channels of communication between Commonwealth Governments. In London the Secretary of State for Commonwealth Relations will continue to be responsible for relations with other Commonwealth Governments."

Comment: No comment seems to be required other than that the proposal is acceptable.

857.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], November 4, 1948

COMMONWEALTH PRIME MINISTERS' MEETING; RECOMMENDATIONS ON CONSULTATION

6. *The Acting Prime Minister*, referring to discussion at the meeting of October 27th, submitted and read the text of the proposals on Commonwealth consultation resulting from the recent meeting of Prime Ministers in London.

(Annex to Minutes of meeting of Prime Ministers, Oct. 21, 1948, attached hereto).†

7. *Mr. St. Laurent* explained the circumstances in which these proposals had been formulated and gave some account of the discussions on certain of the recommendations submitted.

It had been made clear that the Canadian government were satisfied with existing arrangements for consultation; these were working well so far as Canada was concerned. We felt no need for these arrangements being formalized.

In particular, with respect to proposal 6 (defence co-operation), the Canadian position had been reserved. A minute had been circulated to the representatives of all Commonwealth governments with the minutes of the meeting to the effect that the Canadian government regarded as unrealistic joint defence planning exclusively between Commonwealth nations.

The representative of South Africa had also demurred to certain of the proposals. On the understanding, however, that they were going forward merely for consideration by governments, Mr. Louw had agreed to the draft document.

8. *The Minister of National Defence and Acting Secretary of State for External Affairs* submitted a memorandum for the Acting Prime Minister and a draft commentary upon each of the proposals from the Prime Ministers' meeting. It was suggested that an interim message be sent to other Commonwealth governments to the effect that proposals 2 and 6 were not acceptable to the Canadian government in their present form; the other proposals did not appear to offer objection from the Canadian point of view since they merely described existing practice.

(Minister's memorandum for the Acting Prime Minister, Nov. 4, 1948, and attached draft telegram† and commentary on proposals for Commonwealth consultation).

9. *Mr. Claxton* drew particular attention to proposal 2 recommending meetings on foreign affairs at the Ministerial level at least once a year and twice a year if possible; also to proposal 6 respecting consultation and co-operative action in matters of defence.

The proposal for Ministerial meetings on foreign policy was open to objection on practical and political grounds. Suitable revision would avoid certain of these difficulties; alternatively the government might consider it preferable to refuse approval.

Proposal 6 on defence should be related to the reservation circulated by Mr. St. Laurent following the London meeting. General regional plans for defence to be realistic would have to include other countries as well as nations of the Commonwealth. While the Canadian government were ready and willing to consult with other Commonwealth governments, the text of the proposal could be taken to mean that "the military advisers" of Commonwealth nations would frame joint plans. This would be quite unrealistic and would cut across planning which was now taking place. Proposal 6 would have to be modified substantially or approval should not be given on behalf of Canada.

The other proposals were not intrinsically objectionable but, in the circumstances, it might be advisable for the government to state in general terms the Canadian viewpoint on consultative arrangements, rather than to deal with them textually in a message to other Commonwealth governments.

10. *Mr. St. Laurent* observed that it was probably inevitable that the proposals would be made public after they had been considered by the various Commonwealth governments.

11. *The Cabinet*, after considerable discussion, agreed that the Acting Secretary of State for External Affairs prepare for consideration at a meeting the following day a draft message to Commonwealth governments along the following lines:

(a) The Canadian government were fully satisfied with present arrangements for consultation between governments of the Commonwealth; these arrangements had proved in practice to be workable and effective as had been indicated by the Canadian representative at the Prime Ministers' meeting.

(b) The Canadian government did not favour any attempt to formalize these arrangements; such formalization was unlikely to strengthen or improve the present situation which facilitated the exchange of information and consultation on a continuing informal basis at Ministerial and official levels;

(c) In particular, the Canadian government were opposed to the formalization of arrangements for consultation and cooperative action in relation to defence; as had been clearly indicated by the Canadian representative at the Prime Ministers' meeting, it would be unreal for Canada to regard as effective either general or regional defence planning on an exclusively Commonwealth basis; for these reasons, the Canadian government could not approve of the proposal of the Prime Ministers' meeting on this subject.

(d) The Canadian government, as was well known, were opposed to the establishment of machinery which would create the impression that the Commonwealth nations were being organized in order that one of them might speak for others in external affairs; in the Canadian view, the solution of present difficulties lay in the first instance in realistic regional arrangements in which Commonwealth nations would play their part; this had been made clear by the Canadian representative at the Prime Ministers' meeting.

858.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], November 5, 1948

COMMONWEALTH PRIME MINISTERS' MEETING; RECOMMENDATIONS
ON CONSULTATION

1. *The Acting Prime Minister* submitted and read a draft circular telegram to Commonwealth governments prepared by the Acting Secretary of State for External Affairs following the discussion at the previous meeting.

(Text of proposed circular telegram, Nov. 5, 1948).

2. *The Cabinet*, after considerable discussion approved (with certain revisions), for immediate despatch, the draft circular message as submitted by the Acting Prime Minister, subject to final settlement of the terms of paragraph 7 by Mr. St. Laurent and Mr. Claxton.

...

859.

DEA/50024-40

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

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

TELEGRAM 1872

Ottawa, November 5, 1948

SECRET. IMPORTANT.

My immediately following telegram gives the text of a communication from the Canadian government to the United Kingdom government and other Commonwealth governments on the subject of the proposals on Commonwealth consultation recited in the Annex to the Minutes of the meeting of Prime Ministers held in London on October 21.

2. I should be grateful if you yourself would give this communication in writing to Mr. Attlee or Mr. Noel-Baker. We are giving similar instructions to our High Commissioners in Australia, New Zealand, South Africa and India and are sending the communication direct to the Prime Ministers of Pakistan and Ceylon.

3. In transmitting the communication please add orally that we understand that the "proposals on Commonwealth consultation" are not to be made public for the present at all events. Presumably they would be published only by common consent. If they are published, we would of course make public our own views as set out in our communication to other Commonwealth governments.

4. Naturally you will report to us any observations you may wish to make on the reception accorded the statement of our views.

5. I am repeating to Mr. Pearson in Paris this telegram and the immediately following one and am asking him in his discretion to give copies of the text of our communication to the heads of Commonwealth delegations in Paris. I am suggesting to him that before doing this he have a word with you in view of your having been present throughout the Commonwealth discussions. Ends.

860.

DEA/50024-40

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

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

TELEGRAM 1873

Ottawa, November 5, 1948

SECRET. IMPORTANT.

Following is the text of the message referred to in my immediately preceding telegram. Text begins:

The Cabinet has given consideration to the proposals on Commonwealth consultation recited in the Annex to the minutes of the meeting of Prime Ministers held in London on October 21.

2. For the most part, this document describes certain of the existing arrangements for consultation among the nations of the Commonwealth. As the document itself says, "the exchange of information is fuller at the present time than it has ever been" and in this observation the government of Canada fully concurs.

3. As was emphasized by Mr. St. Laurent at the recent meetings in London, the present arrangements for consultation have proved in practice to be workable, flexible and effective. Consultations are daily taking place in London and elsewhere at ministerial and official levels.

4. While it is true that, so far as Canada is concerned, most of the proposals restate existing practices in Commonwealth consultation, the fact of their being stated formally might create the impression in some quarters that they represent something new or different.

5. The proposal contained in paragraph 2 is to the effect that regular meetings of ministers to discuss foreign affairs should be held once or twice a year. No doubt occasions will arise, in the future as in the past, when it will be desirable for Ministers of Commonwealth governments concerned with external problems to meet together. We regard as impracticable, however, any attempt to fix definite timetables for regular meetings of ministers who have to carry heavy responsibilities at home, particularly if all Commonwealth countries are to be represented at every meeting. It is our view that such meetings should and will be held among ministers when it is desirable and practicable for them to take place. The value of all conferences must be measured carefully in terms of the likelihood or otherwise that practical results would be achieved which might not be achieved in other ways. Moreover, definite provision for regular meetings at fixed intervals might create the impression in certain quarters that the nations of the Commonwealth were being organized in order that some one of them might speak for the others. Such a situation would be as unacceptable as it would be unworkable.

6. The proposal contained in paragraph 6, which relates to matters of defence, must be considered in the light of the definition of Canada's attitude by Mr. St. Laurent which was circulated with the document under review:

"In view of the historic position of Canada, I wish to make it clear, so far as Canada is concerned, that in agreeing to recommend consultation between Commonwealth governments to arrange cooperative action in matters of defence, it would be unreal for us to regard as effective either general or regional plans of defence which would comprise Commonwealth countries exclusively, and which did not also include other peace-loving countries prepared to cooperate in resisting aggression."

7. Canada is ready at all times to exchange information and consult with the nations of the Commonwealth in order that each may be in a position to decide how its resources may be used most effectively in the defence of peace. However, as was clearly stated by Mr. St. Laurent at the meeting of Prime Ministers, it would be unreal for us to contemplate military planning on any basis that would not extend to other than Commonwealth nations. It is our understanding that the suggestion that the "military advisers" of the Commonwealth nations "will consult together to frame proposals and plans for submission to their respective governments," refers to the existing or similar arrangements for liaison and exchange of information and consultation. Any other interpretation of this proposal would, as Mr. St. Laurent indicated at the meeting, be completely unrealistic, especially in view of the consultation and planning which must be expected to take place in connection with the proposed North Atlantic Security Pact and possibly other similar regional arrangements capable of expansion to include all freedom-loving nations.

8. The other proposals, as we have said, generally describe existing machinery for consultation and cooperation. We see only danger ahead in any effort either to formalize or to change substantially procedures which are already working satisfactorily. This does not mean that such procedures must always remain the same. Arrangements are constantly developing to meet changing needs and circumstances and this has been the traditional pattern of development within the Commonwealth.

9. We believe that the system of responsible and representative government worked out over the years is the best system yet developed for the government of our people. Under that system, decisions on major questions of foreign policy and defence are not made by military officers or by individual ministers or by representatives in another country; they are made by the Cabinet which is responsible through Parliament to the people. We have always insisted on this principle.

10. The Canadian government cannot accept any proposal or any interpretation of these proposals which could be regarded as a departure from this principle. Ends.

861.

DEA/50024-40

*Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures
High Commissioner in United Kingdom
to Secretary of State for External Affairs*

TELEGRAM 1980

London, November 8, 1948

SECRET. IMMEDIATE.

Following for Reid from Robertson, Begins: Reference your telegrams Nos. 1872 and 1873 of November 5th.

I have today given Mr. Noel-Baker the text of the Canadian Government's comments on the Prime Ministers' Meeting's paper on Commonwealth Consultation. He confirmed my understanding that that paper is to remain confidential until November 30th in any event, and preferably until general agreement is reached on the desirability of it being made public. Noel-Baker understands that if the original paper is published, the Canadian Government would wish to publish its memorandum of comment and interpretation simultaneously.

2. No other comments on the Prime Ministers' paper have yet been received from any other Commonwealth Government. Pearson to whom I spoke this morning, was disinclined to circulate copies of our memorandum to the other Commonwealth delegations in Paris, but agreed that it might be advisable to let Evatt and Peter Fraser know the tenor of the Canadian comments. Ends.

862.

DEA/50024-40

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

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

SECRET

[Ottawa], December 8, 1948

COMMONWEALTH CONSULTATION: PROGRESS REPORT

As I informed you in earlier memoranda,† the Prime Ministers of both India and South Africa indicated that they were in general accord with Canada's views on the proposals on Commonwealth consultation drawn up at the meeting of Prime Ministers in London. The Prime Minister of Australia had said to our High Commissioner that he was in substantial agreement with our viewpoint and the Acting Prime Minister of New Zealand had said that Canada's position was fully understood by New Zealand and that there had been no expectation that it would be changed. Formal communications have now been received from the United Kingdom, India, New Zealand and Ceylon. As yet we have received nothing formally from Australia, South Africa or Pakistan.

2. In a circular telegram the United Kingdom Government stated that it had carefully considered the recommendations and approved them, and will be ready to give full effect to them. At a meeting of High Commissioners in London on December 3, Mr. Noel-Baker said to Mr. Hudd that the United Kingdom Cabinet had been considering the Canadian comments. He intimated that they were a little disappointed at "the rather negative reply". Noel-Baker said they fully appreciated the traditional Canadian viewpoint but now felt that Commonwealth consultation no longer remained in the realm of theory and that it had in fact progressively assumed practical shape in some form and was operating in certain directions and under certain conditions. The United Kingdom Cabinet view was, therefore, that to the extent that consultations had proved practicable, they could usefully be recorded to our mutual advantage.

3. Mr. Kearney informed us that when Mr. Nehru received the statement of Canada's views on the subject, he indicated his general accord and said that he was satisfied with present arrangements for consultation. We have now received a formal communication from the Indian High Commissioner here, which has already been referred to you, and which is remarkable for the fact that it not only agrees with our views but follows the Canadian statement very closely on a number of points.

4. The New Zealand Government has sent out a circular telegram to the countries concerned, stating that it has considered and approved the London recommendations on Commonwealth consultation in foreign affairs, economic affairs and defence.

5. The Government of Ceylon has also sent out a circular telegram indicating its general agreement with the London recommendations as a basis for consultation with a view to co-operation among Commonwealth countries.

E[SCOTT] R[EID]

863.

DEA/50024-40

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

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

TELEGRAM 2234

London, December 16, 1948

SECRET

Following from Pearson, Begins: Prime Minister of New Zealand, Dr. Evatt and I dined last night with Secretary of State for Commonwealth Relations, the Lord Chancellor and Sir Norman Brook. They wished, among other things, to discuss Commonwealth consultation in the light of the replies received to the recommendations made on this matter at the recent Prime Ministers' meetings. I found myself very much in a minority of one, Dr. Evatt and Mr. Fraser pressing me especially hard to do what I could to persuade the Canadian Government to adopt a more positive attitude than that contained in our reply. I pointed out that we thought the specific recommendations on this subject from London were unwise because they involved commitments which would not in fact be kept, and that it would be much better merely to state that meetings should be held whenever desirable or practicable. Both Fraser and Evatt objected to this point of view, and felt that it would be interpreted as meaning that there would be no more consultation in the future than there had been in the last ten years. It was clear from the way they spoke that they

were pre-occupied primarily with domestic aspects of this problem, on which they are apparently being continually criticized by their oppositions. They also felt, I think, that while we stressed the impracticability of meetings at stated times, we were really lukewarm to the whole idea of consultations through such meetings. I tried to dispel this feeling by emphasizing that we were always anxious to consult both within and without the Commonwealth on matters of common interest, but that we did not wish to undertake commitments to that end that we would not be able to keep. I added that we were no longer so worried, as we had with reason been worried in the past, about pressures toward institutionalizing such consultation and building up machinery for it. We felt that it was accepted on all sides now that this process was not possible or desirable. Our attitude was determined purely by practical considerations, and on the basis of such considerations I felt that our position was a reasonable one.

2. We afterwards adjourned to 10 Downing Street and joined Mr. Attlee and Sir Stafford Cripps in discussions about India, on which I am reporting separately. Ends.

864.

DEA/50024-40

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

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

SECRET

[Ottawa], December 18, 1948

COMMONWEALTH CONSULTATION PROPOSALS: ATTITUDE OF COMMONWEALTH
GOVERNMENTS

It may be convenient for you to have a brief summary of the position taken by the other Commonwealth governments on the proposals as to Commonwealth consultation which were made at the meeting of Commonwealth Prime Ministers.

2. The Governments of the United Kingdom, Australia, New Zealand, Pakistan, and Ceylon have approved the proposals.

3. The position of the Government of India is practically identical with that of the Canadian Government.

4. The Government of South Africa has not yet replied; but the Prime Minister of South Africa told the High Commissioner for Canada on November 11 that the views of the South African Government were in agreement with those of the Canadian Government.

5. As soon as the replies of all the Commonwealth countries concerned have been received, the United Kingdom Government will communicate with us again.

6. It may, I suppose, be assumed that Southern Rhodesia is not one of "the Commonwealth countries concerned." There seems to be some haziness in London as to the status of Southern Rhodesia, judging by the King's reference to "the nine members of the Commonwealth" in his Buckingham Palace speech of welcome.

7. The decision of Australia to support the proposals, without any reservations or comments, is surprising, in view of Mr. Chifley's statement to Mr. Greene on November 8 that he was substantially in agreement with the Canadian view. However, a close examination of his written reply to Mr. Greene, dated November 23, indicates that the apparent inconsistency may have been due to a certain vagueness in his complete statement, or else that he later decided to expand this oral statement in such a way as to imply that the Australian Government, while agreeing with the Canadian view that present methods of consultation are satisfactory, felt that the new proposals constituted no departure from present practice and should be accepted. The text of this letter follows:

"I acknowledge with thanks the receipt of your letter dated 8th November setting out the views of the Canadian Government regarding the proposals made at the London Conference concerning Commonwealth consultations.

"I am in general agreement with the views expressed and I believe the present methods of consultation are satisfactory. The suggestions put forward at the Conference constitute no real departure from existing practice, but rather an endeavour to ensure regular consultation at a ministerial level. The real question is whether the proposals will prove practicable, and experience alone will tell."

E[SCOTT] R[EID]

3^e PARTIE/PART 3

STATUT DE L'INDE DANS LE COMMONWEALTH
STATUS OF INDIA IN COMMONWEALTH

865.

DEA/50023-40

*Le haut-commissaire du Royaume-Uni
au premier ministre*

*High Commissioner for United Kingdom
to Prime Minister*

TOP SECRET

[Ottawa], August 2, 1948

My dear Prime Minister,

MEETING OF COMMONWEALTH PRIME MINISTERS

I have received a telegram from Mr. Attlee asking me to inform you that, subject to your convenience, he is proposing to arrange for Sir Norman Brook, Secretary to the Cabinet, who will be in charge of the secretarial arrangements for the meeting of Commonwealth Prime Ministers in October, to pay a flying visit to Ottawa in the near future, for the purpose of conveying to you a personal communication from himself.

He would propose that after delivering this communication to you Sir Norman should then fly on to Canberra and Wellington with a view to conveying a similar communication to Mr. Chifley and Mr. Fraser.

I understand, very confidentially, that the reason for Sir Norman's proposed visit is that Mr. Attlee thinks that it may be desirable on the occasion of the October meeting of Prime Ministers (though not in full conference) to discuss certain questions affecting the constitutional development of the Commonwealth, and he would like to consult you, and also Mr. Chifley and Mr. Fraser, on the point with a view to your turning these matters over in your mind before October. For reasons which you will appreciate, Mr. Attlee attaches extreme secrecy to the suggestion and is most anxious that there should be no outward indication that any such ideas are in mind.

Should it be possible for you to receive Sir Norman Brook in the near future Mr. Attlee would propose that he should visit Ottawa from the 13th - 17th August, proceeding thence to Wellington (24th - 27th August) and Canberra (31st August - 2nd September). Mr. Attlee is most anxious not to disturb you at a time when you will be wishing to take a rest after the strain of the Parliamentary Session and the Liberal Convention, but he would be most grateful if you would consent to receive Sir Norman as his emissary, and in that event perhaps you would be so kind as to say whether the dates proposed for his visit to Ottawa would be convenient to you.

It is hoped that Sir Norman's visit would not attract publicity, but if explanations have to be given it is proposed to say that he is visiting Canada and other Commonwealth countries in order to discuss procedure for the October meeting of Prime Ministers — since as Secretary of the United Kingdom Cabinet he will be in charge of the secretarial arrangements for the meeting.

Yours sincerely,

ALEC CLUTTERBUCK

866.

DEA/50023-40

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

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

TELEGRAM 1242

Ottawa, August 4, 1948

TOP SECRET AND PERSONAL. IMMEDIATE.

Following for Robertson from Pearson, Begins: In a top secret and personal letter, Mr. Attlee has asked Mr. King if he could receive Sir Norman Brook between 13th and 17th August to discuss certain questions affecting the constitutional development of the Commonwealth which will probably come up at the Prime Ministers' meeting in October. Brook would fly from Ottawa to New Zealand and Australia and discuss the same subjects with the Prime Ministers there. Mr. King has indicated that he will receive Sir Norman between the dates in question. They are extremely anxious in London to keep this visit secret.

2. We have no knowledge of what the constitutional questions are, but I suspect they may be pretty far-reaching in character, having to do with Commonwealth organization in the light of the possible admission of Asiatic Dominions. Defence questions may also be in Mr. Attlee's mind. You will, of course, realize Mr. King's difficulties and our own unless we can receive more definite knowledge of the questions which are to be discussed. I was wondering whether you could see Brook personally and confidentially and secure some information on this. I have not told Mr. King that I am asking you to do this and I hope that Brook will likewise not have to inform Mr. Attlee: but I think it would be most helpful if you could see Brook at once and cable whatever information you can get.

867.

DEA/50023-40

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

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

TELEGRAM 1291

London, August 5, 1948

TOP SECRET AND PERSONAL. IMMEDIATE.

Following for Pearson from Robertson, Begins: Reference your telegram No. 1242 of 4th August.

1. Machtig had spoken to me about the plans for Brook's visit but had asked me not to say anything about it until Clutterbuck had delivered Attlee's message to the Prime Minister. Brook is not to embark on any discussions but is merely to explain that certain issues may be raised by Mr. Attlee on the occasion of the Prime Ministers' meeting, but not in full conference, and to suggest that some consideration might be given to them beforehand.

2. Brook's visit is not connected with defence questions, but does reflect the United Kingdom Government's concern about problems of Commonwealth relationships arising out of the creation of the three new eastern Dominions. These problems, which Attlee wants to put privately to the Prime Ministers of Australia, Canada, and New Zealand before the Prime Minister's meetings in London in the autumn, are of two kinds. First there is the question of the form of association of the eastern Dominions with the Commonwealth. Pakistan and Ceylon would probably be prepared to accept the crown and the principle of common allegiance to it as sufficient basis for the continuing membership but India, though for reasons of a political and strategical nature anxious to maintain its association with the countries of the British Commonwealth of Nations, may not be prepared to accept the political symbols which the other countries of the Commonwealth use as the sign and instrument of their special relationship with each other.

3. When Nehru comes to London in October or November, he may ask the other Commonwealth countries whether they are prepared to try to devise some new formula for "external" association with the British Commonwealth of Nations which would meet Indian difficulties about the Crown and about a monarchical form

of Government, and at the same time would enable India and other countries which might share its political viewpoint to retain some, at any rate, of the advantages of membership in the Commonwealth. (There are some interesting analogies between these Indian aspirations and earlier Irish efforts to invent a plausible formula for external and intermittent association with the Commonwealth. In this connection you might find our despatch No. 406 of March 11th† worth looking at.)

4. I think the disposition here is to go some distance to meet Indian susceptibilities of this sort, cf, their prompt acceptance of Indian preference for the term "Commonwealth citizen" in the new Nationality Act. In doing so, however, they will wish to be careful:

(1) not to weaken or alter the present basis of association with other Commonwealth countries.

(2) not to create two "classes" of membership in the Commonwealth. Whether it is possible to find an answer conforming to these two conditions is, I suppose, the real problem which Mr. Attlee wishes to discuss with the other Commonwealth Prime Ministers.

5. Underlying these more or less superficial and legal problems of technical sovereignty and the forms of external association is a second set of problems which seem even more intractable. The difficulties of a formal constitutional order referred to in the preceding paragraphs are, I think, made fundamentally more formidable than those faced and overcome in 1926, because the group of countries which currently constitute the British Commonwealth of Nations are no longer a "community" in the historic and sociological sense in which the group of countries last defined their relations inter se in 1926 could for some purposes at least, be regarded as a community. In this respect the Commonwealth today suffers and shares the essential weakness and strain of the United Nations, in the sense that for the time being at least, political organization is tending to outrun the sense of community which it may help to create but upon which it must also rest.

6. This lack of a real sense of community within the Commonwealth is most serious as between the eastern Dominions and the rest, though there are inevitably differences in the quality and kind of relationships between any two pairs of Commonwealth countries. There is however, a major and disturbing difference between the kind of relationships based on the community of understanding, interest and tradition that exists between the United Kingdom and Canada and, in degree, between the United Kingdom and each of the other "old line" Dominions, including Ireland, and the relationship with the new Dominions created out of the Indian Empire. This difference is apparent in many ways and makes it increasingly difficult to preserve even the appearance of the pattern of exact equality and mutuality of treatment which was, I suppose, envisaged by the framers of the 1926 declaration. Under present security considerations, for example, set a limit on the exchange of confidential political and defence information between the Government of the United Kingdom and the Government of India. These considerations are unobtrusively present even at routine meetings of High Commissioners, and will certainly complicate the order of business at the next meeting of the Prime Ministers. They are also apparent in the limitations which have had to be adopted

in communicating secret information from the Government of the United Kingdom to the new Commonwealth Governments.

7. I think it is against this general background that Mr. Attlee has decided to send Brook out to Canada, Australia and New Zealand in advance of the Prime Ministers' meeting to talk privately and in a preliminary way about these questions which are bound to overhang the Prime Ministers' meeting, but which cannot without great danger be opened up within those meetings themselves. Ends.

868.

DEA/50023-40

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

TOP SECRET

[Ottawa], August 17, 1948

MEETING OF COMMONWEALTH PRIME MINISTERS IN LONDON

The Prime Minister, Mr. St. Laurent and Mr. Pearson met Sir Alexander Cluttbuck and Sir Norman Brook on 13th August. Sir Norman stated that he had been asked by Mr. Attlee to discuss with Mr. King in a preliminary and informal way some of the matters which might come up at the above meeting.

The first question, the importance of which would be appreciated, was the possibility that some serious reexamination of the whole nature of the Commonwealth would be required. The United Kingdom were certainly not anxious to put this matter on the agenda and would take no initiative in bringing it up, but circumstances might force their hands. This might result from an effort by Nehru to establish membership in the Commonwealth for India on a much looser basis than that which is presently required. In this connection, the Indian leaders have no doubt been carefully watching developments in Ireland where the government has stated that it is not a formal member of the Commonwealth, though it remains in association with the members of the Commonwealth.

If the question has to be discussed in London in October, the United Kingdom will be willing to consider the following criteria for establishing membership in the new Commonwealth (on the assumption, of course, that formal membership goes along with practical and friendly association):

(1) The maintenance of the present position by which membership is determined by the Statute of Westminster.

(2) If countries like India and Ireland and South Africa are unable to accept the above, then the United Kingdom will be willing to accept a form of association by which the separate members have complete control of their own domestic affairs, including the form of their government, but with someone at the head representing the King. In other words, they would accept something along the lines of the Irish External Relations Act, though amended to make it less offensive to the dignity and prestige of the Crown. Under this arrangement, it would be possible, for instance, for India to become a republic with the President of that republic acting also as the King's representative. The United Kingdom see no reason why the title Governor

General should be used by the representative in question. This is a matter for determination by the separate members who could call the representative of the King by any name they chose.

The United Kingdom think that the above form of association would be sufficient to maintain the position regarding preference, diplomatic protection, Commonwealth citizenship, etc. There would still be a bond of allegiance between all the King's subjects.

(3) The association with the King might be established by having the head of the member state in the Commonwealth made an Imperial Privy Councillor. This obviously clumsy solution, which seems to have been discussed between Sir Stafford Cripps and Krishna Menon, was not put forward very seriously by Sir Norman Brook and was dismissed by us as being unsatisfactory and unrealistic.

A fourth form of association was mentioned (though not by Sir Norman Brook) by which the nations would be associated, not necessarily through the Crown (though this would be desirable) but as members of a group bound together by common interests which might be expressed in some declaration of intention to work together and to give certain special privileges to the citizens of all members of the group. This would, in fact, be nothing more or less than an association based on an alliance or arrangement of some kind. It would mean, for instance, that three or four members of the group might maintain their allegiance to the Crown while other members of the group would not. All members, however, irrespective of the position of the Crown, would be bound together by common ties.

Sir Norman Brook did not think much of this idea as it would give no formal basis for association; make no concession to the special historical character of the Commonwealth states under the Crown and would, in fact, mean the end of the Commonwealth as we know it now.

On the other hand, it might be argued that to insist on the shadow of a formal link while rejecting the substance of friendly association would be unwise and quixotic.

There was some discussion of the possibility advanced in certain academic circles in the United Kingdom of drawing up a new written constitutional declaration, a new Balfour statement, which would explain the new British Commonwealth. Sir Norman said that the United Kingdom would discourage any such idea, and this met general approval.

Mr. King said that both the difficulties and the advantages of including Asiatic Dominions in the Commonwealth were appreciated in Canada, but that great care would have to be taken in dealing with this matter. He felt that it would be advisable to do away, if possible, with certain expressions which seem to imply a subordination which no longer exists: such words as "British subject", "our Dominions", "Dominion status", "my subjects", or "our subjects". He thought also that the title Governor General was not appropriate and that consideration should be given to changing it. It would be unwise even to discuss proposals for centralization of the Commonwealth, for any Commonwealth secretariat, or "imperial" defence mechanisms. Mr. King also hoped that the forthcoming discussions would be conducted in a very informal and confidential manner without publicity, that there would not

be too frequent meetings, and that Prime Ministers could be relieved of all outside public activities in London while they were participating in the discussions.

It was generally agreed that the inclusion of Asiatic Dominions did represent a far-reaching development in Commonwealth affairs, especially in present circumstances when two Dominions, India and Pakistan, have been on the verge of war and had taken their dispute to the United Nations. It was felt that possibly some consideration might be given to some form of Commonwealth tribunal to which Commonwealth disputes could be referred in the first instance. It was also realized that Asiatic Dominions would not have the same sentimental ties with the Commonwealth as certain other Dominions; might not have the same common interests or the same friendly relationships which would inspire confidential discussions.

Sir Norman Brook, while admitting all these difficulties, felt it would be a very great mistake not to take every possible step to keep India and Pakistan in the Commonwealth. The political situation in the future might improve, which would make their association with other members closer and more intimate than appeared to be the case at present.

He frankly admitted that in practice all Dominions could not at present be treated on the same basis in regard to consultation and cooperation. This caused a real difficulty which might, however, be minimized, though not completely removed, by doing away with the idea that *all* Dominions were on exactly the same basis in this regard; that all meetings had to include all Dominions and that all telegrams and despatches from London had to go to all Dominions. It would be much better frankly to admit that in some cases more limited meetings and more limited consultation was desirable and necessary. If this could become the practice, then the omission of certain Dominions from certain meetings would not be noticeable. There would, in fact, be established certain circles of consultation. But there could not, however, be different circles of membership in the Commonwealth. Status would have to be uniform even if function varied.

Sir Norman Brook also mentioned certain other matters to be discussed at the London meeting as follows:

- (1) The international position generally
- (2) The future of Germany
- (3) The future of Japan
- (4) A review of the strategic position (though this would not involve defence talks)
- (5) Economic questions arising out of the requirements of the United Kingdom long range planning required for E.C.A.

L.B. P[EARSON]

869.

W.L.M.K./J4/Vol. 237

*Note du secrétaire du Cabinet
pour le premier ministre*

*Memorandum from Secretary to Cabinet
to Prime Minister*

SECRET

Ottawa, August 30, 1948

COMMONWEALTH RELATIONSHIPS; ATTITUDE OF U.K. GOVERNMENT

Following the talk which you and Mr. St. Laurent had, on August 13th, with the Secretary of the U.K. Cabinet (Sir Norman Brook) and the U.K. High Commissioner, Pearson, a number of other officials and I had conversations with them on August 16th and 17th.

2. Probably the most significant single impression with which we were left concerning the U.K. government's attitude was their desire to avoid, if possible, any attempt at the forthcoming meetings to devise a new "constitution" for the Commonwealth.

While the main purpose of Brook's current tour is to seek informally the views of the Prime Ministers of the "older members" on possible redefinition of Commonwealth relationships, it is evident that U.K. authorities have come to the opinion that, in present circumstances, the prospects of satisfactory agreement are so remote that it would be better all round if formal discussion of the subject in London can be avoided. At the same time, it is recognized that the Indian situation (or possibly an initiative on the part of the Irish) may make it necessary for something to be done. In any event, the U.K. government propose that the subject be explored while you are in London, but informally and not at sessions of the Prime Ministers' meetings.

3. Having in mind the distinct possibility that the Indian situation or some move by the Irish (or both) may render it necessary to consider some changes of general application in Commonwealth relationships, U.K. Ministers have been examining in a preliminary way a number of proposals. In this connection, Brook gave us the opportunity of looking at two papers prepared in London by a committee of officials for consideration by Ministers. These had been discussed but not approved and Brook had not been authorized to give them to us. (For that reason, the fact that they have been shown to us should be kept particularly confidential).

These papers, while they contain nothing of importance that Brook did not mention, either in conversation with you and Mr. St. Laurent or with the officials whom he met here, confirm our principal impression indicated in paragraph 2 above, namely that the U.K. government are anxious, if at all possible, to avoid at this time any formal redefinition of the nature of the Commonwealth.

4. In the event that it does not prove possible to avoid a general discussion in London on the nature of the Commonwealth, the various suggestions which are being considered by U.K. authorities are of great interest. Some of these are the same or similar to proposals which have been discussed in Ottawa at various times;

most of them, I think, are in line with developments which Canadian government representatives have favoured in recent years.

5. Of the suggestions mentioned by Brook (and apparently considered but not decided upon by the U.K. Ministers), the following are among the more significant:

(a) The change, as a matter of practice, from the expression "*British Commonwealth of Nations*" to "*The Commonwealth of Nations*".

(b) Introduction of the term "*Commonwealth citizen*" as alternative to "*British subject*". (This has already been provided for by the new *British Nationality Act*.)

(c) Discontinuance of the expressions "*Dominion*", "*Dominion government*", etc., and substitution of such phrases as "*Commonwealth country*", "*Member of the Commonwealth*", etc. (Apparently no "legal" change is proposed here, but merely a change in practice.)

(d) Use of the term "*Commonwealth Prime Ministers*" to include the Prime Ministers of all Commonwealth countries, including the United Kingdom.

6. The U.K. government take the position that there is no need for relations between all members of the Commonwealth to be identical; there is scope for a wide variety.

7. As you know, the United Kingdom are even prepared to agree that a "republican" form of government for India is not inconsistent with membership in the Commonwealth, provided that the President is the representative of the King. In fact, the U.K. view is that the title of the King's representative in any member nation is a matter for that nation's own discretion. (This is directly relevant to the question which has been raised here from time to time of a change in the style of the Governor General.)

If it is necessary to consider any change in the King's title, the United Kingdom would probably suggest some such formula as follows:

"George VI King by the Grace of God, Head of all countries of the Commonwealth of Nations, and Defender of the Faith."

8. It became evident in our conversations with Brook that U.K. authorities are inclined to consider the present status of Ireland as the "irreducible minimum" beyond which it would be impossible for any member state to go without terminating completely the Commonwealth relationship. In this connection, the U.K. government are quite anxious to know the intentions of the present Irish government. They are also inclined to think that something should be done to "warn" the Irish that if they go farther they will have to take the consequences of complete separation at least in the eyes of other nations; for example, it would be difficult to continue extension of Imperial preference to Ireland.

9. After examining the possibility of having a "two-class" Commonwealth of British and "associated" nations, U.K. officials conclude that this would afford no satisfactory solution to present problems. It would on the other hand raise a good many new questions of great difficulty.

Another alternative is a "*Union of British Commonwealth and Other Nations*", a plan which would also involve two classes of members, of which the inner ring

would be "British" and the outer, for all practical purposes, "foreign" in rather shadowy alliance.

10. The United Kingdom recognize that the courses mentioned in the preceding paragraph are full of difficulty from the "constitutional" point of view. U.K. Ministers are also acutely conscious of the domestic controversy which would be raised by suggestions for "weakening" the Commonwealth connection. Nevertheless, if the issue is forced, the U.K. government would be willing to consider the proposals for changing the character of the Commonwealth along the lines indicated in the hope of finding a solution which would be generally acceptable. They hope that this will not prove necessary.

11. What the reactions of Australia and New Zealand may be can only be conjectured. Certainly they will find little comfort in the attitude of U.K. Ministers if Dr. Evatt or Mr. Fraser contemplate renewing any of their earlier suggestions such as those for a central secretariat or closer defence arrangements on a Commonwealth basis.

From the Canadian point of view, there are perhaps four principal conclusions to be drawn from Brook's mission:

(a) The United Kingdom will seek to avoid any *general* discussion of Commonwealth relationships at the London meetings and, so far as possible, will resist any attempt to produce any new "constitutional" declaration.

(b) The U.K. government have no intention of proposing any tightening of the "Imperial" connection, nor have they in mind suggesting any new "centralized" mechanisms such as a Commonwealth secretariat, joint staff, or the like. On the contrary, their present attitude in this respect is much closer to that of the Canadian government than it has ever been.

(c) If the issue is forced by the Indian situation (or by Ireland), the proposals which the United Kingdom would favour are not, in general, of a character which would afford particular difficulty from the Canadian point of view.

(d) The U.K. government will wish to have informal conversations on these questions in London with the representatives of Canada, Australia and New Zealand in anticipation of it proving necessary to have them dealt with at the Prime Ministers' meetings by all members of the Commonwealth.

12. External Affairs are preparing for you detailed memoranda on the various particular questions which may arise in London.

A.D.P. H[EENEY]

870.

DEA/50023-40

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

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

SECRET

[Ottawa], October 2, 1948

I have received a personal note from Norman Brook which reads as follows:

I promised to let you know how my conversations went in Australia and New Zealand on the constitutional question. There is, in fact, very little to tell. You presumably got a message through Ken Greene to the effect that nothing emerged in Canberra which added anything to the upshot of our conversations in Ottawa: and the same was true of my subsequent talks in Wellington. All seemed to be in full agreement with the provisional conclusions we had reached in Ottawa. The only "development" of any kind occurred — after my conversations were completed — in *your* country, when Mr. Costello chose to make his announcement about the repeal of the External Relations Act — contrary to the political predictions of all the Prime Ministers whom I had seen, all of whom thought it most unlikely that Eire would in fact take this step! We are now working on a statement of the practical consequences which will follow if Eire becomes a foreign country; and this, we hope, will be put before the meeting in October.

I have also prepared a short statement of the conclusions on the general constitutional issue which we reached in our conversations in August. I had hoped to be able to send that out to the three Governments in advance of the October meeting. But the other pre-occupations of the Ministers in London are such that it seems unlikely that we shall do better than get authority to hand it to you and others immediately upon your arrival in London.

[L.B. PEARSON]

871.

DEA/6133-40

*Note du chef de la Direction du Commonwealth
Memorandum by Head, Commonwealth Division*

SECRET

[Ottawa], October 6, 1948

CONSIDERATIONS ON THE NATURE OF THE COMMONWEALTH¹⁶

While it might be considered preferable to avoid any fundamental discussion on the nature of the Commonwealth during the forthcoming meeting of Common-

¹⁶ Pearson lut un extrait d'un projet antérieur de cette note (daté du 13 août) lorsqu'il rencontra Brook le 16 août.

Pearson read an extract from an earlier draft (dated August 13) of this memorandum when he met with Brook on August 16.

wealth Prime Ministers, it is possible that the question may be raised and that some discussion of it will be unavoidable.

2. The present structure of the Commonwealth is based on a tacit understanding reinforced by tradition and practice, rather than on constitutional documents. So far as it has a written basis, that basis is to be found in the declaration on inter-imperial relations made by the Imperial Conference of 1926, and in the Statute of Westminster, 1931, which was drafted as a result of discussions arising from that conference.

3. The formula agreed upon in 1926 was, it will be recalled, a compromise between the lingering conception of the Commonwealth as a close-knit group of countries under the leadership of the United Kingdom, and the more realistic view of it as a device by which several governments, independent but closely related in outlook, tradition, and interests, could discuss common problems. In defining the position and mutual relations of Commonwealth members, as existing at that time, the Imperial Conference declaration pointed out that they were "united by a common allegiance to the Crown." Further statements by the Conference assumed a high degree of common interests in external affairs, and in consequence close association through the provision of information and the practice of consultation and cooperation between Commonwealth governments in matters of high policy. Implicit in the formula reached was the assumption that the nations of the Commonwealth were united not only in a constitutional sense but by a common culture and common ideals, which provided an environmental basis for a common political morality among the member nations. It is perhaps not going too far to say that the Balfour formula, while paying lip service to the constitutional basis, recognized that the unity of Commonwealth nations now rested primarily on tradition, common interest, and a common political morality.

4. The international situation during the period undoubtedly influenced thinking on the Commonwealth. There was good reason to suppose that a new and peaceful order had come into being by the establishment of the League of Nations, the reconciliation with Germany which seemed to have been effected by the Locarno settlement, and the widespread disillusionment with war which had resulted from personal experience of its effects. No member state of the Commonwealth was menaced by the possibility of external aggression. Consequently it was not felt desirable or necessary to be explicit about problems which might arise in a more disturbed and chaotic era; e.g., the possibility of one member being neutral while others were at war, and the desirability of regional agreements in which particular members might cooperate, for purposes of security, as closely with foreign states as with other Commonwealth nations, or even more closely. Agreement on the 1926 formula was greatly facilitated by postponement of the consideration of such questions as these.

5. Profound changes have occurred since 1926 both within and without the Commonwealth. The Dominions then in existence have developed and strengthened their position as international units and have established a wide network of diplomatic relations with other states, as well as a quasi-diplomatic service *inter se*. Dissatisfaction with the settlement of 1921 has impelled Ireland to weaken greatly the

formal association with the Crown, which is now, so far as Ireland is concerned, merely an instrument for conducting external relations, and may soon cease to be even that. Three new member states, India, Pakistan, and Ceylon, which had acquired only a thin veneer of the Western democratic political experience common to the older members, have come into existence. The climate of world politics in 1948 is profoundly different from that of 1926; one consequence is that member states are impelled to think of security in terms of regional arrangements with foreign states, especially the United States. Both the United Kingdom and Canada are now thinking in these terms, as witness the development of Western Union and the North Atlantic defence treaty.

6. If the problem of the constitutional basis for the Commonwealth arises during the present meeting of Prime Ministers, it will probably be raised by some one of those member governments which desire a looser arrangement: and their proposals will encounter strong opposition from representatives of these governments which incline to think even the present arrangement too loose.

7. The question therefore arises whether we may not be obliged to recognize that, while it is desirable to keep the present marginal members of the Commonwealth associated with it in some way, it is undesirable to dilute the relationship between the non-marginal members to the same extent that is likely to be necessary for the marginal members. The conclusion to which we may be forced is that there can be no common pattern in the relationships between the members of the Commonwealth. This principle has, in fact, been tacitly accepted for some time: our relations with the United Kingdom are different from our relations with South Africa, and the United Kingdom's relations with Canada are different from their relations with South Africa, New Zealand, or India.

8. Keeping this probability in mind, we may briefly consider the questions of status, the formal constitutional connection, consultation and cooperation, and admission of new members.

A. Status

9. The term "Dominion status", which was useful in earlier stages of Commonwealth development and which even recently has been found convenient to define the position of India, Pakistan, and Ceylon upon the removal of United Kingdom control, is increasingly felt to be inapplicable and even objectionable. It is too frequently taken to imply a status somewhat less than independence, though it should be obvious that some formally independent states, e.g., Egypt, have in fact less independence than, say, Canada. Irish nationalism has found the term unacceptable, and it seems unlikely that Indian nationalism will continue to accept it indefinitely.

10. It may be, therefore, that the term "Dominion status" should be dropped and some new phrase, such as "independence within the Commonwealth" substituted. Such a phrase would be more in line with the facts, and might be more generally acceptable psychologically and politically.

B. Formal Constitutional Connection

11. As the Commonwealth has been a gradual historical development rather than a new contractual association of nations like the United Nations, it has been felt in

the past that some historic links must be maintained. Certainly the people of some of the older nations of the Commonwealth would not be prepared to forego these links entirely. The major surviving one is the Crown (or perhaps more precisely the monarchy), which is still an instrument of external association for all member states, even Ireland, and which is regulated as to succession and title by joint legislative procedure of the member states of the Commonwealth. It would not appear to be impossible to adjust the concept of the monarchy to permit of republican institutions for internal purposes. While this might not satisfy Ireland, it may be that India and Pakistan would be prepared to agree to such an arrangement. The link of a common monarchy has some practical importance, as it is difficult to see on what grounds the argument against foreign demands for the abolition of imperial preferences could be based if there is no formal constitutional link whatever between countries granting these preferences to each other.

12. A further link, embodied in United Kingdom law and apparently recognized by the laws of all other Commonwealth nations except Ireland, is that of common citizenship, so-called, though in a very qualified sense. The tendency appears to be for Commonwealth countries to accord to Commonwealth citizens, other than their own citizens, privileges which are not substantially greater than those conceded to aliens, or to certain groups of aliens. Each member nation will no doubt eventually have to decide how far, if at all, it will recognize the common "citizenship" for its own internal purposes, or in external relations.

C. Consultation and Cooperation

13. The declaration of 1926 on the subject of consultation and cooperation were designed to allay the misgivings of those who feared that if each Commonwealth member developed a foreign policy of its own, the result would be confusion. These declarations assumed that there would in future be a considerable measure of exchange of information on high policy and consultation on external policy among Commonwealth members. While it was of course realized that the amount of information to be imparted, or the degree of consultation to be undertaken, must be decided on the responsibility of the initiating government in the light of the general principles laid down at the Conference, and while there was no specific commitment not to discriminate between different governments in these respects, it was nevertheless the practice for some years to include all Commonwealth members when sending out information or requesting views. The 1926 formula also assumed a high degree of cooperation among member nations in matters of high policy. As time went on, however, and the international situation developed in a way to which different Commonwealth governments had different reactions, the policy of non-discrimination became less and less practicable. With the neutrality of Ireland during the Second World War, that policy was abandoned by tacit consent. Following the war there appeared to be some tendency to revive it. However, the deterioration of relations with the Soviet Union and the uncertain attitude of some of the new Commonwealth members, combined with their different cultural backgrounds and many different interests, have reversed this tendency.

14. A division of Commonwealth members into two or more categories, the higher to provide one another with more complete information on external policy,

to consult more closely among themselves, and to cooperate more consistently, than the group as a whole, might well be taken to reflect on the principle of equality of status. No doubt the question of status should be kept distinct from the practice of exchanging information, and the habits or methods of consultation and cooperation. Nevertheless, the establishment of different categories of members for these purposes alone would rightly be considered to imply different kinds of membership within the general group. To prevent such a development it will be essential to preserve the understanding that it is for the initiating government to decide to what other governments it will transmit any given piece of information, and which other governments it will consult about any given question, and that there is no obligation to include all Commonwealth members at all times, though this should continue to be regarded as the normal practice.

15. In deciding what governments to inform or consult, two factors will have to be considered: (1) the degree to which the other government has an interest in the matter, and (2) the degree of confidence which may reasonably be felt that the interests of the initiating government will not be endangered by disclosure of the matter to the other government. It is clear that, on some matters, certain members will have a wider common interest than others. For instance, members in the sterling bloc have a common financial interest which is not shared in the same degree by Canada. The interests of Australia and New Zealand in South Pacific security impels a much closer association between them on this matter than among the group as a whole. Similarly, there are the special interests of the United Kingdom and Canada in North Atlantic security arrangements.

16. The distribution of information among members, therefore, and the extent of consultation and cooperation among them, must be determined by members on an empirical, which will at times mean a bilateral, basis. General principles of right or obligation in this regard can scarcely be made to apply to the group as a whole.

17. The present pattern of world politics, and the changed position of the United Kingdom as a world power, clearly indicate that the Commonwealth association can no longer be regarded as the major instrument of its members for their security. Nor has the place of the Commonwealth in this connection yet been filled by the United Nations, however important this organization may become in the future. Under these circumstances, the Commonwealth association must not be permitted to stand in the way of the security of any particular member. In other words, each member state of the Commonwealth must be left free to make whatever security arrangements with foreign states it deems essential. One consequence of this may very well be that individual Commonwealth nations may develop much closer relations in matters of security with a foreign state or with foreign states than with other members of the Commonwealth. The United Kingdom already has closer relations on defence with France and Benelux than it has with any Commonwealth country. This is a further condition limiting the possibility of applying general principles to the exchange of information, and to the practice of consultation and cooperation among Commonwealth nations.

D. Admission of New Members

18. It may be that in the course of the next few years areas now colonial will desire a status of membership within the Commonwealth. Since such areas are now under the control of the United Kingdom Government, the decision whether to grant any particular colonial area the degree of self-government which would give it a claim to be "an independent nation within the Commonwealth" inevitably rests with the United Kingdom. It has never been the practice to have any admission ceremony, whereby member nations as a whole would take collective responsibility for the admission of a new member, as happens in the United Nations; and it seems unlikely that such a development would be favoured. It does, however, seem necessary for each member to decide, in so far as it is concerned, whether the new entity is entitled to membership and hence to the privileges incident thereto. That is, the admission of new members to the Commonwealth would in fact, though not in form, depend on recognition by other members just as does membership in the family of nations. Members might conceivably differ as to whether a new political unit was in fact a member of the Commonwealth, just as occasionally do members of the family of nations as to whether or not a new entity is a state. The difference of opinion would likely be merely a temporary condition, again as is normally the case in the family of nations. It is, however, obvious that it might lead, even so, to much embarrassment: suppose, for example, that a country had been invited to be represented at a meeting of Prime Ministers, on the assumption that it was now a member of the Commonwealth, and that when the meeting convened, only one-third of those present recognized it as a Commonwealth member. The only solution to such a situation would appear to be by a vote, which in Commonwealth meetings would be a revolutionary step.

19. The likelihood of such a situation arising is greatly lessened by the practice, initiated by the United Kingdom in the case of Ceylon, of letting the existing Commonwealth members know beforehand what is proposed, and thereby enabling them, if they so desire, to state any difficulty they might feel about recognizing the new member. Such a safeguard would work effectively only if negotiations between the United Kingdom and the dependency in question were not commenced until it had been made clear that none of the present Commonwealth members would find difficulty in accepting the self-government granted to that dependency as sufficient for the purpose of Commonwealth membership. In a time of international tension, such as existed when negotiations with Ceylon were undertaken, it may be hardly practicable to hold up action till all present Commonwealth members have had the opportunity to decide their attitude. But preliminary advice to present members seems to be the only means that can be suggested to avoid difficulties in recognition.

872.

W.L.M.K./J4/Vol. 237

Note du premier ministre
Memorandum by Prime Minister

PRIVATE AND PERSONAL

[London], October 10, 1948

RE PROBLEM OF CROWN AND COMMONWEALTH

In order to preserve the Crown as a symbol of all nations now or in the future belonging to the Commonwealth, it might be agreed that those countries which, in 1931 or since, have at one time or another recognized the Crown as their head under the Statute of Westminster or those that do so today, and those which may do so in the future, may all be regarded as members of the Community of Nations which constitute the Commonwealth of Free Nations.

Today they may, as independent countries, be considered members of the Community of Free Nations referred to in the Statute of Westminster, and free to determine their own form of government as, for example, whether it is to be republican or monarchical.

In settling the question of a substitution for "British Commonwealth of Nations", account must be taken first of the expression "United States"; next, "United Nations", and next, "British Commonwealth of Nations".

To keep free of the words "Empire" and "British" I would suggest "Commonwealth of Free Nations". "Commonwealth" preserves all that is essential to express unity and to distinguish from "United States" or "United Nations". It also contrasts with countries under Communistic influence. "Free" recognizes complete independence, whether republic or otherwise. "Commonwealth" preserves all that is essential in the British Commonwealth of Nations.

[W.L.M. KING]

873.

DEA/50023-40

Le haut-commissaire au Royaume-Uni
au chef de la Direction du Commonwealth

High Commissioner in United Kingdom
to Head, Commonwealth Division

TOP SECRET

London, November 9, 1948

Dear Mr. MacKay:

I have read with interest and the usual edification Miss [M.] McKenzie's memorandum on the official title of the Commonwealth.† Her note was admirable, though despite the statutes quoted, I doubt whether it is profitable to look too long for a "complete designation". I am writing, however, to add another bibliographical reference, which may not yet have reached you, but which you should be able to

get from Gordon Robertson,¹⁷ for the secret Departmental file. He should have a copy of the Top Secret United Kingdom print entitled "Commonwealth Relationship", with the sub-head "Statement of General Principles", dated London, October 1948.† Single copies of this paper, to which a very high degree of secrecy is attached, were given by Mr. Attlee to Mr. Peter Fraser, Dr. Evatt, and to me for Mr. Mackenzie King. I do not think it received any wider circulation during the Prime Ministers' Meetings, and was, of course, not referred to in them. This paper, which was I believe approved by the United Kingdom Cabinet, is a formulation of their approach to some of the major constitutional aspects of the Commonwealth relationship, and is the upshot and end product of the earlier papers† on this subject which you saw during Sir Norman Brook's visit to Ottawa in August.

Against the background of the thinking in this paper, the tacit and undiscussed decision to drop the word "British" from references to the Commonwealth in the final press statement issued by the Prime Ministers' Meeting is, I think, clear and quite reasonable. You will note that this paper suggests that the word "British" might be dropped, leaving the phrase "The Commonwealth of Nations". As sometimes happens in the better crosswords, beheading was followed by curtailment, and "of Nations" was dropped too. This I do not think was in any sense deliberate.

Changes in usage like this cannot be successfully decreed. They are bound to come gradually, with much overlapping. I see no harm myself in a deliberate looseness of language in official statements, just as in Ottawa we formerly used "Commonwealth" and "Empire" as more or less interchangeable terms, though never officially echoing [Winston] Churchill's attempt to couple them.

Here again there are some parallels with the status of the word "Dominion" in our own shifting idiom. I see by the press that Mr. St. Laurent has now said publicly that the name of our country is Canada, and not the Dominion of Canada. I don't imagine this statement will make much splash, but that is largely because during the last ten years the term "Dominion" has been gradually dropped, first in our departmental and subsequently in general official usage. If anybody had made a public issue of the matter a dozen years ago, when Loring Christie¹⁸ first drew my attention to the controlling wording of the British North America Act, we might have had a first-class controversy such as the flag question has been allowed to arouse.

Yours sincerely,
N.A. ROBERTSON

¹⁷ R.G. Robertson, secrétaire adjoint du Cabinet.

R.G. Robertson, Assistant Secretary to Cabinet.

¹⁸ L.C. Christie, ancien conseiller juridique et ancien ministre aux États-Unis.

L.C. Christie, former Legal Adviser and former Minister in United States.

874.

DEA/50017-40

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

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

TELEGRAM 287

New Delhi, November 10, 1948

SECRET

1. India and the Commonwealth.

2. A secret caucus of the Congress Party of the Constituent Assembly was held on November 7th, and as far as I can learn it was decided adoption of a Constitution, and India's future Commonwealth connection should be regarded as separate matter. On November 8th, in the course of a public address to the Constituent Assembly, Mr. Nehru said he favoured an easily amendable Constitution because of a feeling that the present Constituent Assembly is not sufficiently representative to frame a rigid Constitution and to afford a Legislature, elected on a basis of adult suffrage, every facility for amending the Constitution if it thought fit. There are now high hopes that the Constitution may be adopted within two or three months. Press comment has been less unfavourably inclined to continue Commonwealth connection than previously, though still divided. Kingship is unpopular with the press.

3: In an interview which I had today with Mr. Nehru, he told me that he expected that Constitution would be passed substantially as it is, clause by clause, and this without reference to India's future relationship with the Commonwealth. He hoped that, concurrently, a formula based on Commonwealth citizenship would be worked out in such a manner as to constitute an effective Commonwealth tie, and one which would enable India to remain a member of the Commonwealth. If the foregoing transpired, he thought that an appropriate section might be added to the existing Constitution dealing with citizenship or, alternatively, that a separate citizenship act to enable India to remain in the Commonwealth would be prepared and adopted simultaneously with the adoption of the Constitution. Nehru said that he had discussed with Mr. Attlee the substitution of Commonwealth citizenship for Kingship as it presently exists as a Commonwealth tie, and that since his return to New Delhi he had written Mr. Attlee on the same subject. He gave me to understand that a group of Commonwealth legal experts were at work on the matter and he seemed confident that a satisfactory formula would be arrived at. Despatch follows.†

875.

DEA/50017-40

*La délégation à l'Assemblée générale des Nations Unies à Paris
au secrétaire d'État aux Affaires extérieures*

*Delegation to United Nations General Assembly in Paris
to Secretary of State for External Affairs*

TELEGRAM 429

Paris, November 19, 1948

TOP SECRET

Reference India: The United Kingdom Ministers who have been in Paris this week for the discussion of the Irish position took advantage of their meetings with the other Commonwealth Ministers who were attending the United Nations Assembly to report on developments with regard to the relationship of India to the Commonwealth.

2. Pandit Nehru, before his departure for India, had worked out, with the assistance of Sir Stafford Cripps a "Ten Points" memorandum on which he thought it might be possible to base India's continuing membership in the Commonwealth. Nehru took the only copy of this paper with him to Paris on his way back to New Delhi and it was all of a week after his departure before a copy was available in London for study by the Law Officers.

3. Nehru's points included:

(1) Reciprocal arrangements under which Indian nationals would be considered Commonwealth citizens in Commonwealth countries and nationals of Commonwealth countries as Commonwealth citizens when they were in India;

(2) "The King, as the first citizen of the Commonwealth, would be the fountain of honour so far as the Commonwealth as a whole is concerned";

(3) In any new legislation or new treaties entered into with foreign countries other Commonwealth countries would not be treated as foreign states and their citizens would not be treated as foreigners;

(4) "For the purpose of fulfilling the obligations of the Crown towards Commonwealth citizens other than Indian nationals, the President of the Indian Republic may, at the request of the Crown, act on behalf of the King within the territories of India. A similar arrangement on a reciprocal basis would apply to Indian nationals in the rest of the Commonwealth."

4. The United Kingdom Cabinet concurred in the feeling of the Law Officers that these "points" provided a pretty frail and tenuous basis for Commonwealth membership. In particular they saw no merit, constitutional or otherwise, in the suggestion that the King and the President of the Indian Republic might exchange consular functions for the protection of various classes of Commonwealth nationals in Commonwealth countries, and were dubious of the political and constitutional value of the suggestion that the King as "first citizen" would continue to be the fountain of honour. They did, however, feel that the preservation of the concept of Commonwealth citizenship, coupled with a declaration of intention to remain

within the Commonwealth would go a considerable distance to support in international law the contention that India was still a member of the Commonwealth.

5. The gist of the foregoing views are being communicated orally to Pandit Nehru by Sir Archibald Nye, the new United Kingdom High Commissioner to India. They were also conveyed in a general way to Sir Girja Bajpai, the Indian Under-Secretary of State for External Affairs, at a meeting held in Dr. Evatt's office in the Palais de Chaillot, at which Robertson and I were present, together with Peter Fraser, Lord Jowett¹⁹ and Noel-Baker. Evatt and Fraser impressed on Bajpai the importance their countries attached to India continuing as a full member of the Commonwealth and indicated that they did not think the points made in the Nehru memorandum would be sufficient for this purpose. They hoped that the Indian Government might consider supporting the argument from Commonwealth citizenship, which they felt had substantive value, with some more definite link with the Crown as the symbol of Commonwealth association. They recognized that India was committed by the terms of last year's objectives resolution to the establishment of a sovereign democratic republic, but they wondered whether arrangements could not be worked out whereby the King, as the symbol of association of the members of the Commonwealth, could delegate, perhaps in perpetuity, to the President of the Indian Republic, his prerogative functions in respect of the designation and acceptance of Ambassadors, issue of full powers, etc. Such a step could be regarded as a not unnatural development of the delegation of similar powers to our Governor-General in the last revision of his Commission, and might, it was thought, constitute an important supplement to the Commonwealth connections created by the citizenship provision which Pandit Nehru already had in mind and by the declaration of intention to remain within the Commonwealth which he was prepared to make. Bajpai undertook to put this suggestion up to his Prime Minister for consideration.

6. I supported the views of the others as to the desirability of India remaining in the Commonwealth but emphasized to Bajpai that we recognized, of course, that this was entirely a matter for India to decide. I pointed out to him that our discussion with him arose out of the talks we had had with the Irish and which had brought some of us together to consider Commonwealth constitutional questions. I also underlined the fact that our suggestions to him were made on an informal and entirely non-committal basis, at least so far as Canada was concerned, and did not mean that any concerted policy or approach had been worked out by our Governments for presentation to the Government of India. Bajpai quite understood this and felt, I think, that our talk had been helpful. Among other things, it cleared up a confusion which seemed to exist in Evatt's and Fraser's mind that in a talk with them in London, Nehru had definitely come out in favour, of the retention of the monarchy in India for formal external purposes. Bajpai felt pretty certain that this was not in Nehru's mind.

7. Could you repeat this message to Kearney. It would be helpful to get his views on the suggestions made above.

¹⁹ Grand chancelier du Royaume-Uni./Lord Chancellor of United Kingdom.

876.

DEA/50017-40

*Le haut-commissaire du Royaume-Uni
au premier ministre*

*High Commissioner for United Kingdom
to Prime Minister*

TOP SECRET AND PERSONAL

Ottawa, November 23, 1948

INDIA

As I think you know, Pandit Nehru, when in London for the Prime Ministers' meeting, had some informal talks with United Kingdom Ministers about the future relationship of India with the Commonwealth. At the end of his stay, Pandit Nehru handed to Mr. Attlee certain very provisional proposals which might possibly form the basis for India's future relationship with the Commonwealth, if they were acceptable to the Government and Parliament of India and to other Commonwealth Governments. These proposals were known as the "ten points".

The United Kingdom Cabinet invited the Lord Chancellor, in consultation with the Law Officers, to consider whether these proposals would

(i) constitute an adequate legal basis for India's continued membership of the Commonwealth;

(ii) provide an adequate basis for resisting claims by foreign countries under the most-favoured-nation provisions of existing treaties.

The Lord Chancellor and his colleagues considered the matter and submitted an opinion on 3rd November to which were annexed four Appendices dealing with separate aspects of the matter.

With the authority of the United Kingdom Cabinet, the Lord Chancellor and Mr. Noel-Baker, as you will no doubt have heard from Mr. Pearson, discussed these matters with Mr. Pearson, Dr. Evatt and Mr. Fraser in Paris on 17th November and handed them copies of the documents. The representatives of Canada, Australia and New Zealand then expressed the provisional view that Pandit Nehru's "ten points" were not likely to afford a satisfactory basis for India's continued membership of the Commonwealth; and it was agreed that a meeting should be held in Paris at which representatives of the four Governments could express their views to Sir Girja Bajpai for transmission to Pandit Nehru.

The United Kingdom Cabinet desire that, as Prime Minister of Canada, you should have the text of Pandit Nehru's "ten points" and the text of the opinion of the Lord Chancellor and the Law Officers upon them. I have accordingly been asked to give you the enclosed print of these documents for your top secret and personal information. At the same time, I have been asked to emphasise that the opinion of the Lord Chancellor and the Law Officers related solely to the legal issues involved.

Yours sincerely,

ALEC CLUTTERBUCK

877.

DEA/50017-40

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

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

TELEGRAM 290

New Delhi, November 25, 1948

TOP SECRET

Repeat to London as No. 10.

Your telegram No. 241 of November 22nd.²⁰ Part 2 received yesterday.

2. Though individually the elements are weak, I think the idea of combining a declaration of intention to remain in the Commonwealth, Commonwealth citizenship and an arrangement whereby The King, although empowered to designate and appoint Ambassadors, etc., would delegate these prerogative functions to the President of the Indian Republic, is as strong a link as can be hoped for under the circumstances.

3. In my conversation with Mr. Nehru on November 10th, I casually suggested to him that if it were found that Commonwealth citizenship was not a sufficiently satisfactory link, he might bear in mind idea of The King delegating to the President of India the prerogative functions above mentioned.

4. I do not know latest developments from Irish point of view, nor whether situation in regard thereto is beyond recall. However, should India accept proposed new links, might it be worth while formally putting up the same suggestion to Ireland, and in such a way as almost of necessity to bring a debate in the *Dail*.

5. I have just seen Sir Archibald Nye, United Kingdom High Commissioner, and he tells me that, as mentioned in paragraph 5 of your telegram under reference, he has communicated verbally to Mr. Nehru the view as outlined in your telegram. I understand from him that Sir Girja Bajpai and Krishna Menon²¹ are being consulted by Mr. Nehru and Sir Archibald does not expect a reply from Mr. Nehru before a week. Mr. Nehru did not say anything which would lead Sir Archibald to believe that Mr. Nehru was opposed to additional suggestions, and he anticipates that Mr. Nehru's answer, when it is given, will be favourable. I am inclined to share Sir Archibald's optimism, but anticipate that Mr. Nehru may encounter some difficulty in convincing the Congress Party caucus which he must consult.

6. In my despatch No. 446 of November 18th,† I expressed a fear that Indians might regard Commonwealth citizenship as something which would entitle them to additional immigration privileges. In saying so I was speaking more truly than I knew, because I have just been interviewed by a representative of the *Indian News Chronicle* who is writing up, by turn, Heads of foreign Missions and publishing his interview with each. One of the questions he asked me was: "Would conception of

²⁰ Voir le document 875./See Document 875.

²¹ V.K. Krishna Menon, haut-commissaire de l'Inde au Royaume-Uni.

V.K. Krishna Menon, High Commissioner for India in United Kingdom.

dual nationality as is now mooted as a link to bind Commonwealth affect immigration policies towards Indians?" I am sending you and London by air mail a copy of what I expect my interview will look like when it appears in the November 28th edition of *Indian News Chronicle* and I will forward clipping as soon as it is published.

7. Sir Archibald and myself are keeping in close touch with each other. Supplementary despatch with copy for London follows.†

878.

DEA/50017-40

*Le secrétaire d'État des Relations du Commonwealth du Royaume-Uni
au secrétaire d'État aux Affaires extérieures*

*Secretary of State for Commonwealth Relations of United Kingdom
to Secretary of State for External Affairs*

TOP SECRET AND PERSONAL

London, November 26, 1948

My dear Mike [Pearson],

I think that you will wish to know the progress that has been made in discussions with the Government of India about India's future relation to the Commonwealth since our talk with Sir G.S. Bajpai in Paris on the 17th November.

2. The Prime Minister has authorised communication of the gist of the Law Officers' Opinion to Pandit Nehru. (It was thought better not to communicate the Opinion as it stood, lest the Indians might lose sight of the fact that it was a purely legal document and regard it as unsympathetically worded). But the digest of it that has been communicated to Pandit Nehru appears to have been accepted by him as setting out the position adequately.

3. The Prime Minister has also telegraphed separately to Pandit Nehru, telling him that he knows that he will agree that, from both our points of view, it is necessary to find some solid ground²² on which to base our arrangement with one another, and which will stand any challenge in international law, asking him to consider the situation disclosed by the Law Officers' Opinion and to say if any further factor or factors can be added so as to strengthen our legal position. Mr. Attlee emphasised that our objective remains exactly as it was — that we want India to remain in the Commonwealth and believe in the light of the talks that there have been that India herself shares that view, provided an acceptable basis can be found.

4. In addition to the tentative suggestion made in Paris as to a particular way in which the link might be found (on the principle of which Mr. Attlee has asked

²² Sur une copie de cette lettre, Reid a écrit dans la marge à côté de cette phrase :

On a copy of this letter, Reid minuted in the margin opposite this phrase that

"It is now unrealistic to expect that India will maintain any closer connection with the Commonwealth than Ireland."

(Voir DEA/50017-40 — Reid, note marginale, le 8 décembre).

(See DEA/50017-40 — Reid, marginal note, December 8).

Pandit Nehru to let him have his view as early as possible) he has also asked him to consider the two following suggestions as likely to be both helpful and very material from both our points of view:

(a) declarations to be made by all the particular States of the Commonwealth (including India) that they wish to be and regard themselves as still bound in a special form of association within the Commonwealth;

(b) the Commonwealth citizenship; that the existence of this would be strengthened as an argument if, on the assumption that India legislates to adopt the provisions of the British Nationality Act, 1948, there could be included in the constitution or in such legislation a provision that such legislation would remain in force "for such time as India remains a member of the Commonwealth."

5. Mr. Attlee expressed the view further that if, together with the link, whatever its nature, which would have real substance in it between India and the Commonwealth by way of The King, we could get something on the lines referred to in the preceding paragraph, it would enable us:

(a) to put up a strong case for the general acceptance by all civilised nations of the existence of the Commonwealth as a unit composed of nations bound together by a factual association of long standing and still continuing;

(b) to put forward a case strong enough to have a good chance of success if challenged in an international court over most favoured nation treatment, whether in respect of nationality or of trade.

6. Mr. Attlee added that we should of course welcome any proposals that Pandit Nehru might himself put forward as practical and likely to help, and that they can be sure of the most speedy and sympathetic consideration, and he has suggested that it would be well if Pandit Nehru agrees that our difficulties should be kept completely secret at this stage.

7. The High Commissioner reports that at first glance Pandit Nehru did not seem to think that difficulty would be presented by the proposals in paragraph 5 above. As regards the link with The King, he said that this would take him some little time to consider, and that he readily agreed to examine it and to let us know his views on the principle involved.

8. We have suggested to Pandit Nehru that it is of the very greatest importance to keep entirely secret both the line which discussions have taken and the existence of any difficulties, since otherwise serious embarrassment may be caused to him as well as to all of us. We understand that he fully appreciates this, and I know you also will agree as to its importance. We are not, in these circumstances, making any communication to Commonwealth Governments at present. I am sending similar letters to Evatt and Fraser.

Yours ever,

PHILIP NOEL-BAKER

879.

DEA/50017-40

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

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

TOP SECRET

[Ottawa], November 29, 1948

INDIA

Pandit Nehru, before leaving London after the meeting of Prime Ministers, left with Mr. Attlee a "ten points" memorandum setting forth proposals which might form the basis of India's future relationship with the Commonwealth. This document was examined by the Lord Chancellor and the Law Officers and discussed at a meeting in Paris on November 17 attended by Mr. Pearson, Dr. Evatt, Mr. Fraser, the Lord Chancellor, and Mr. Noel-Baker. A further meeting was held by this group with the Indian representative, Sir Girja Bajpai.

2. The "ten points" and the Opinion of the Lord Chancellor have been sent to the Prime Minister by Sir Alexander Clutterbuck.

3. The Nehru proposals contain the following main points:

(1) The declaration of the status of India as "a sovereign, democratic republic" will be left as at present in the draft constitution, and the *Indian people* and their representatives (such as the President of the Republic) will exercise all the functions of sovereignty.

(2) Either in the new constitution or in a separate statute passed at the same time, it will be arranged that Indian nationals will be Commonwealth citizens and the nationals of any Commonwealth country Commonwealth citizens when they are in India, on a reciprocal basis.

(3) In any new legislation or treaties Commonwealth countries will not be treated as Foreign States, in particular for the purposes of the "most-favoured-nation" clause, and their citizens will not be treated as foreigners.

(4) Two novel and obscure references to the Crown:

(a) "The King as the first Citizen of the Commonwealth will be the fountain of honour as far as the Commonwealth as a whole is concerned."

(b) "For the purpose of fulfilling the obligations of the Crown towards Commonwealth citizens other than nationals the President of the Indian Republic may at the request of the Crown act on behalf of the King within the territories of India. A similar arrangement on a reciprocal basis will apply to Indian nationals in the rest of the Commonwealth."

4. The memorandum concludes: "These proposals represent a sincere desire to continue the Commonwealth association and what is practicable and adequate at present."

5. *The Opinion* states that the legal effect of the adoption of the draft constitution will be to extinguish the King's sovereignty in India, which will no longer be part

of His Majesty's dominions under either Indian law or United Kingdom law. If the United Kingdom does not wish to admit that India is a foreign country, amending legislation will be necessary to give preferential treatment to India and Indians. The continued membership of India in the Commonwealth might be justified in international law if all members made declarations that they regarded themselves as "still bound in a special form of association", coupled with a *real* common citizenship, giving rise in practice over substantially the whole of the Commonwealth to a *special position* in regard to those who enjoyed it. *The Opinion* observed that while this was essentially the case in the United Kingdom, it was not so elsewhere in the Commonwealth where most Commonwealth citizens are treated only slightly differently from aliens. It pointed out that it was technically inappropriate to refer to The King as "the first citizen", and saw no merit in the suggested scheme for the exchange of consular functions for the protection of Commonwealth citizens in Commonwealth countries.

6. Mr. Pearson reports that the United Kingdom Cabinet concurred in the feeling of the Law Officers that the Nehru "points" provided a frail and tenuous basis for Commonwealth membership. Evatt and Fraser did not think they would be sufficient for India to continue as a full member of the Commonwealth. They hoped the Indian Government might consider supporting the argument from Commonwealth citizenship, which they felt had substantive value, with some more definite link with the Crown, such as an arrangement whereby the King could delegate, perhaps in perpetuity to the President of the Republic, his prerogative functions in respect of the designation of ambassadors, et cetera.

7. Mr. Pearson supported the views of the others as to the desirability of India remaining in the Commonwealth, but emphasized to Bajpai that we recognized this was entirely a matter for India to decide.

8. Mr. Kearney observes that, though individually the elements are weak, he thinks that the idea of combining a declaration of intention to remain in the Commonwealth, Commonwealth citizenship and an arrangement whereby the King would delegate his prerogative functions of appointing ambassadors to the President, is as strong a link as can be hoped for.

9. The term "Commonwealth citizen" no doubt refers to a general principle or concept with no defined content, but at the same time it implies that Commonwealth citizens will be in a special position in some way different from that of aliens. It must be borne in mind that at present Indians, though British subjects in our law, are excluded as immigrants to Canada in exactly the same way as other persons of Asiatic race, such as the Chinese, while United States citizens and French citizens are placed in a preferred category with white British subjects (and Irish nationals). Rights and privileges are thus accorded to some aliens which are denied to some Commonwealth citizens.

10. The Legal Adviser of the Department has expressed the tentative view that, in the absence of some less tenuous relationship with the Crown than is contemplated in the Nehru "points", it would be difficult to maintain that India, under the new constitution, will remain in the Commonwealth. He is inclined to agree with Messrs. Evatt and Fraser that if His Majesty were to delegate to the President of the

Republic all his prerogative powers (as was done in the new Letters Patent relating to the office of the Governor General of Canada), India would remain in the Commonwealth. Failing this, or a reasonable facsimile thereof, it seems to him that India will be in a position comparable to that of Ireland (that is, *not* a member of the Commonwealth but in a special relation with the Commonwealth) and that we would have to examine carefully our existing legislation in order to determine what the Parliament of Canada (a) could do, and (b) would wish to do to promote this special relationship.

E[SCOTT] R[EID]

880.

DEA/50017-40

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

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

TOP SECRET AND PERSONAL

Paris, November 30, 1948

Dear Mr. Reid,

I am enclosing for your information the copy of a top secret and personal letter which I have received from Mr. Philip Noel-Baker concerning the relations of India with the Commonwealth.

You will notice that this letter contains a somewhat optimistic account of the possibility that the Indian Government may be prepared to retain some connection with the Commonwealth through the Crown. I have, however, recently had conversation with Sir Girja Bajpai on this subject. Bajpai told me confidentially that Nehru, on his return to India, had found that the retention of a connection with the Commonwealth through the Crown, however tenuous, would be unacceptable to certain elements in the Government. It is probable, therefore, that the Indian Government will not be able to give favourable consideration to plans of this kind, and it will be more likely to fall back on the kind of relationship which is being worked out with Ireland.

Sir Girja said that he was giving us this information privately, and that it was not yet being given to the Australian or New Zealand Governments.

I am sending copies of this letter to the High Commissioner for Canada in London, and to the Canadian High Commissioner in New Delhi.

Yours sincerely,

L.B. PEARSON

881.

DEA/50017-40

*Le premier ministre du Royaume-Uni
au secrétaire d'État aux Affaires extérieures*

*Prime Minister of United Kingdom
to Secretary of State for External Affairs*

TOP SECRET

London, December 12, 1948

Dear Mr. Pearson,

My colleagues and I look forward to an opportunity of further discussions on Wednesday, 15th December with Fraser, Evatt and yourself about the future relation of India to the Commonwealth. Meanwhile, you may like to have an opportunity of studying the enclosed copies of an Aide-Mémoire and a revised version of Pandit Nehru's Ten Points which I have received from the High Commissioner for India. I am also sending copies to Fraser and Evatt.

Yours sincerely,

C.R. ATTLEE

[PIÈCE JOINTE 1/ENCLOSURE 1]

*Le premier ministre de l'Inde
au premier ministre du Royaume-Uni*

*Prime Minister of India
to Prime Minister of United Kingdom*

London, December 11, 1948

My ten-point memorandum dated twenty eight October, 1948 should be revised, being reduced to 8 points as follows:

(1) The declaration as to the status of India will be left as at present in the draft constitution.

(2) In a Nationality Act, to be passed by the Indian Legislature, contemporaneously with the coming into effect of the new constitution, there will be incorporated the substance of the relevant provisions of the British Nationality Act, 1948, which will have the effect of making Indian nationals Commonwealth citizens and the nationals of any Commonwealth country Commonwealth citizens when they are in India. This arrangement will be on a reciprocal basis. 'Commonwealth' in this connection does not mean a super-State but stands for an association of free and independent States which accept this concept of Commonwealth citizenship.

3. As soon as the constitutional changes are settled, or at such other time as may be agreed upon, the Prime Minister of India and the Prime Minister of the United Kingdom will make declarations announcing the changes and their nature and results.

4. In any new legislation, or new treaties entered into with other countries, the Commonwealth countries will not be treated as foreign States and their citizens will not be treated as foreigners.

In particular, in any new commercial treaties it will be made clear that for the purpose of the 'most favoured nation' clause the Commonwealth countries are in a special position and are not regarded as foreign States.

5. In foreign States where the Indian Government has no representation, it will be at liberty to make use of any other Commonwealth country's ambassador or minister; and the Indian Government will be willing to provide reciprocal facilities for any Commonwealth Government that so desires.

6. For the purposes of fulfilling the obligations of the Crown towards Commonwealth citizens other than Indian nationals, the President of the Indian republic may at the request of the Crown act on behalf of the King within the territories of India. A similar arrangement on a reciprocal basis will apply to Indian nationals in the rest of the Commonwealth.

7. So far as the United Kingdom is concerned, the position is that generally speaking the King waived all functions of sovereignty in relation to India in favour of the people of India in pursuance of the Act of 1947. Under that Act there would be no further legislation on India by the Parliament of the United Kingdom, and after India's new Constitution comes into force there can be no such legislation. The Indian people and their representatives, including the President of the Republic, will thus exercise all functions of sovereignty.

8. These proposals represent a sincere desire to continue the commonwealth association and what is practical and adequate at present. No doubt as the relationship is not a static arrangement, further development by way of association may take place.

[PIÈCE JOINTE 2/ENCLOSURE 2]

Aide mémoire

London, December 11, 1948

I send you herewith a revised version of the ten point memorandum on our future relations with the Commonwealth which Pandit Nehru asked to be given to you. I have already discussed this with you.

2. This memorandum and my talk with you is by way of my Prime Minister's reply to your communication accompanying your lawyers memorandum on this subject.

3. Panditji has also asked me to continue such informal talks with you or other ministers as you may consider necessary or desirable. I shall be glad to do this as hitherto.

4. I am to say in reply to your communication of views of lawyers, while he is grateful to be put in possession of this expression of opinion neither he nor his colleagues consider that the problem is one of legal formalities and arguments. It is

essentially a political problem and is based upon our mutual desires and interests. On our side therefore we do not think it necessary or appropriate to pursue the legal arguments or find answers to them. If legal difficulties arise they would have to be met in such ways as may be open to either or both of us. I am asked to make clear to you our approach in this matter and to proceed on that basis.

5. As I have already mentioned to you, the basic features of our future relationship are:

(a) Commonwealth Citizenship

(b) Our express assertion that we are a Commonwealth country.

(c) Our genuine desires as set out in the last paragraph of my Prime Minister's note.

6. The nationality provisions will be enacted by a separate statute, while the reciprocal arrangements envisaged in paragraph 6 will not require legislation.

7. We do not envisage the Commonwealth as a Super-state, but the voluntary association of free and equal nations which it has always maintained itself to be. For this and for other reasons, we are abandoning the conception of the King as "first citizen" to which we have been informed the Commonwealth countries have also objections. We have no desire to interfere with the relationship of the Crown with other Commonwealth States and therefore no question of repudiation or any express statement about the King arises. Panditji accepts both your proposals (a) and (b) of paragraph 4 of your telegram 3109 of the 20th November, communicated through your High Commissioner in India. He does, however, see the necessity of the latter part of (b).

8. If paragraph 8 in the original ten point memorandum (which is paragraph 6 in the new draft of eight points) is not acceptable to you or is considered as not requiring to be expressly stated, it can be omitted.

9. As I mentioned to you we would be willing to make any minor alterations to suit you. I shall be glad to be available for any clarification or discussion.

V.K. KRISHNA MENON

882.

DEA/50017-40

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

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

TELEGRAM 2238

London, December 16, 1948

TOP SECRET

Following from Pearson, Begins: India.

Mr. Fraser, Dr. Evatt and I discussed the recent Indian proposals for association with other Commonwealth countries, at a meeting last night at 10 Downing Street attended by Mr. Attlee, the Lord Chancellor, Sir Stafford Cripps and the Secretary

of State for Commonwealth Relations. It was understood that Mr. Fraser, Dr. Evatt and I were acting in our personal capacities as we had had no opportunity to discuss this matter with our Governments. We all agreed that though the Indian proposals were not satisfactory as a basis for full membership in the Commonwealth, nevertheless nothing should be done to discourage the Indian desire to work out some form of association with Commonwealth States. Dr. Evatt and Mr. Fraser were particularly emphatic in this regard because of the importance they attach to India's position as a stabilizing force in the east. It was recognized however that some new form of association short of full membership, would introduce a new principle into Commonwealth relations and would in fact mean the acceptance of two categories of association among the States concerned; one, *de jure* membership under the Crown, and the other, *de facto* association without any allegiance to the Crown but with the important features of common citizenship and a declaration of desire to maintain close and friendly association. Those present last night were willing to accept this form of association, but reluctantly, as the best that could be arranged in the circumstances. It was realized that it might mean that other countries now in the Commonwealth might prefer a newer and looser association. It was also realized that if Pakistan retained membership while India adopted a looser association, some embarrassment might develop. However, all these difficulties were considered to be less important than the paramount necessity of doing nothing at this time to discourage what is obviously a desire on the part of the Indian leaders, to maintain some form of Commonwealth association. After much discussion and a great deal of drafting it was decided that the telegram in my immediately succeeding message would be suitable for the purpose desired. Ends.

883.

DEA/50017-40

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

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

TELEGRAM 2239

London, December 16, 1948

TOP SECRET

Following from Pearson, Begins: Reference my telegram No. 2238, India, the following is the message addressed last night from the Prime Minister to Pandit Nehru, Begins:

I have had an opportunity tonight to discuss with Mr. Fraser, Dr. Evatt and Mr. Pearson your message of December 11th.

Your proposals in their present form do not seem to us to be satisfactory as a basis for continuing the full degree of association within the Commonwealth through the nexus of the Crown. We hope that you may be able to give this matter further consideration. If, however, you are unable after much reconsideration to alter your position in this matter, we nevertheless earnestly trust that a close Commonwealth association can still be maintained, and we welcome and share the view

which you express in this regard in paragraph 8 of your message. We must, however, have time in which to work out some of the main implications of this form of Commonwealth association.

Commonwealth citizenship must, in any event, be a main feature of any such association, and we hope that you will proceed with the action contemplated in your paragraph 2.

This message represents the views of Mr. Fraser, Dr. Evatt and Mr. Pearson, as well as my own. You will realize, of course, that my Commonwealth colleagues have not had an opportunity of consulting their Governments. Ends.

884.

DEA/50017-40

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

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

TOP SECRET

[Ottawa], December 17, 1948

INDIA

A draft telegram²³ was prepared in reply to your most immediate telegrams Nos. 2206† and 2207† of December 13, concerning the future relationship of India with the Commonwealth, which was submitted to the Acting Secretary of State for External Affairs late on Tuesday, December 14. As it was not possible for him to give the matter careful consideration immediately, the telegram was not approved in time to be of any use to you at your meeting with Messrs. Attlee, Fraser and Evatt in London on the evening of Wednesday, December 15. The draft reply contained observations along the following lines.

2. Your attention was drawn to a Departmental memorandum of November 29 on this subject,²⁴ which was sent to you in Paris with a letter of December 3.† This had also been sent to Mr. Robertson in London. A copy of the memorandum is attached. You will note from it that we have some misgiving about having the Commonwealth link with India based on the common status of Commonwealth citizenship on a reciprocal basis, in view of our immigration policy. You will also note the tentative view of the Legal Adviser that, in the absence of some less tenuous relationship with the Crown than was contemplated in the Nehru "Ten Points", it would be difficult to maintain that India, under the new constitution, would remain in the Commonwealth.²⁵

3. Mr. Nehru's revised "Eight Points" proposal is substantially the same as his earlier scheme, and goes no further in providing a more definite link with the Crown. He apparently is not prepared to accept the suggestion made to him that the

²³ Ce télégramme ne fut pas envoyé./Not sent.

²⁴ Voir le document 879./See Document 879.

²⁵ Note marginale :/Marginal note:

I agree [L.B. Pearson]

prerogative functions of His Majesty might be delegated to the president of the republic. It, therefore, appears that there may well be an inadequate legal basis for India's continued membership in the Commonwealth, and it may be doubted whether there will be a satisfactory political basis.

4. The opinion of the Legal Adviser is that as the revised Nehru scheme goes no further than that envisaged in the "Ten Points", it would be difficult to maintain successfully in any International forum that India was not essentially a foreign country vis-à-vis Canada or other members of the Commonwealth.

5. It seems to us that the new position of India will not be very dissimilar to the position of Ireland under the Republic of Ireland Act.²⁶ India will be a full republic with sovereignty residing in the Indian people, and India expects to be recognized as a republic by other members of the Commonwealth.

6. The two differences between the position of Ireland and India are:

(1) While Irish citizens will technically in most Commonwealth countries be in an intermediary position between British subjects and aliens, and will enjoy on a factual basis the privileges of British subjects, Indian citizens will be declared to be Commonwealth citizens (this term of course being equivalent now to British subject). It is doubtful whether this distinction will in fact mean very much, if anything.

(2) While Ireland has declared that it is no longer a member of the Commonwealth, India will make an express declaration that it will remain a member of the Commonwealth. India will look upon the Commonwealth as a free and voluntary association of independent states, in which the basic link will be Commonwealth citizenship and in which the Crown will not be considered to play an essential role.

7. It is open to question, I think, whether these two distinctions will make the position of India very different from that of Ireland. It was suggested that in discussing the subject of India's future relationship with the Commonwealth with Messrs. Attlee, Fraser and Evatt, you might bear in mind the public statement on Ireland issued by the Prime Minister on November 25 and our difficulties both in regard to citizenship and trade relations, in meeting the wishes of the Irish Government, as set out in a telegram of December 1 sent to you in Paris,²⁷ which was repeated to Canada House.

8. It was added that, if you were speaking to the Indians, you would no doubt wish to assure them that, in the same manner as we had assured the Irish, it was the desire of the Canadian Government that close and friendly relations between Canada and India should be maintained and strengthened.

E[SCOTT] R[EID]

²⁶ Note marginale :/Marginal note:

Except that they may declare that they are associated with the Commonwealth. [L.B. Pearson]

²⁷ Voir le document 904./See Document 904.

4^e PARTIE/PART 4L'IRLANDE ET LE COMMONWEALTH
IRELAND AND THE COMMONWEALTH

885.

DEA/50023-40

*Le haut-commissaire au Royaume-Uni
au secrétaire d'État aux Affaires extérieures**High Commissioner in United Kingdom
to Secretary of State for External Affairs*

TELEGRAM 1831

London, October 21, 1948

SECRET

On Sunday last, October 17th an informal meeting was held at Chequers at which the Ministers of External Affairs and Finance of Ireland were present. In addition to Mr. Attlee the Lord Chancellor and the Secretary of State for Commonwealth Relations for the United Kingdom attended. Also present in addition to Mr. St. Laurent were Dr. Evatt and Mr. Peter Fraser.

2. The Irish Ministers made it perfectly clear at the outset of the discussion that there could be no question of reconsidering the decision to repeal the External Relations Act and that it was the firm view of the Government of Ireland that the establishment of genuinely friendly relations with the United Kingdom depended upon the removal of every vestige and every appearance of the former state of dependency. At the same time the Irish Government desired to maintain a special relationship or association with the Commonwealth.

3. Mr. Peter Fraser took exception to any course which might cast any reflection on the present Royal Family.

4. The United Kingdom Ministers in turn pointed out that the repeal of the External Relations Act, without any new link replacing it, would automatically make Ireland a foreign country, and would appear to make it difficult not to regard Irishmen in England as aliens. The United Kingdom Ministers, however, recognized that there were important reasons on both sides for seeking to preserve the special relationship.

5. Mr. St. Laurent suggested that the initiative in seeking a special form of association would presumably have to be taken by the Irish Government, that a special relationship might, in the first instance, be established with the United Kingdom, and that it might prove to be a pattern for special relations with other Commonwealth countries. Mr. St. Laurent also pointed out that a special relationship based upon reciprocal citizenship, while it might meet the Irish situation, might also cause embarrassment with the "newer Dominions". The United Kingdom Ministers indicated that they felt the newer Dominions would prove ready to retain the Crown as the instrument for the conduct of their external relations and that in so doing they might be considered to be preserving an adequate link which would constitute membership in the Commonwealth. The Lord Chancellor expressed the view that it

would be preferable if the new link with Ireland could be constitutional rather than contractual. The United Kingdom Ministers hoped that the retention of the Crown for external purposes by India, Pakistan and Ceylon would be considered an adequate link, Mr. St. Laurent pointed out that he felt Canada would be prepared to accept "any kind of internal arrangement which suited the newer Dominions," and that we would almost certainly take the view that we had no more right to interfere in their domestic relations than we would be willing to give them to interfere in ours. He felt that an arrangement by which the Crown was regarded as the Head of State for external purposes would be considered adequate. Dr. Evatt concurred in this view and the impression was left that Mr. Fraser reluctantly did so too.

6. The Irish Ministers said that they would discuss with other members of the Government what kind of initiative might be taken to find a satisfactory principle of association with other nations of the Commonwealth. It was, however, apparent that little careful consideration had yet been given to the development of a constructive policy.

886.

DEA/50021-40

*Le haut-commissaire de l'Irlande au Royaume-Uni
au premier ministre par intérim*

*High Commissioner for Ireland in United Kingdom
to Acting Prime Minister*

London, October 20, 1948

Sir,

I have the honour to hand to you the accompanying Aide Mémoire from my Government on the subject of its intention to repeal the External Relations Act.

I am, etc.

JOHN W. DULANTY

[PIÈCE JOINTE/ENCLOSURE]

Aide mémoire

London, [October 20, 1948]

The Irish Government has had under consideration the report from Mr. MacBride and Mr. McGilligan of the informal discussions which took place on Sunday, 17th October, at Chequers, between them and representatives of Britain, Canada, Australia and New Zealand. The Irish Government welcomes the frank and friendly nature of the discussions.

The Irish Government notes with deep appreciation the desire of the Commonwealth representatives who participated in the discussions to maintain the close relations of friendship with Ireland and to continue the exchange of citizenship and

trade preference rights that have hitherto existed between Ireland and the Nations of the British Commonwealth. As already indicated, it is the earnest desire of the Irish Government to continue this relationship.

The position of the Irish Government is that, while Ireland is not a member of the British Commonwealth of Nations, it recognises and confirms the existence of a specially close relationship arising, not only from ties of blood and kinship, but from traditional and long established economic, social and trade arrangements based on common interest between Ireland and the Nations that form the British Commonwealth.

The Irish Government takes the view that this relationship can and should be maintained on the basis that the rights and privileges involved, in so far as they are not covered by international agreements, are dependent upon long established custom and tradition and do not, therefore, involve the creation of new rights and privileges entitling other nations to raise objections under "most-favoured-nation" clauses in any existing international agreement.

It is the view of the Irish Government that a relationship with the countries of the Commonwealth firmly based on these factors of tradition, custom and common interest, rather than on forms implying dependence or limitation of sovereignty, offers the best assurance of those relations of mutual understanding and fruitful collaboration which the Irish Government, for its part, is anxious to bring about.

While this Note is addressed primarily to the British, Canadian, Australian and New Zealand Governments by reason of the special interest these Governments have displayed in relation to the intention of the Irish Government to repeal the External Relations Act, it is, of course, the desire of the Irish Government to maintain a like relationship with the other members of the British Commonwealth of Nations.

887.

DEA/50021-40

*La délégation à l'Assemblée générale des Nations Unies à Paris
au secrétaire d'État aux Affaires extérieures*

*Delegation to United Nations General Assembly in Paris
to Secretary of State for External Affairs*

TELEGRAM 381

Paris, November 12, 1948

TOP SECRET. MOST IMMEDIATE.

Repeated to London as No. 105.

Relations of Ireland with the Commonwealth:

Shawcross of United Kingdom delegation saw Evatt and myself late this afternoon and handed us a copy of a note which United Kingdom Government proposes to give to the Government of Ireland tonight. Text of this note is given in my immediately following telegram:

2. As you will see, note has the effect of drawing to the attention of the Irish Government legal consequences which will result from the repeal of the External

Relations Act, 1936, by the Irish Parliament. Irish Government has decided to introduce Bill to this effect on Wednesday next, and Shawcross said that United Kingdom Government was determined that full legal consequences should be made known both to the Irish Government and to the Irish people before action was taken in the Irish Parliament.

3. After hasty reading of document, Evatt and I were both asked for our views by Shawcross. Evatt took strenuous exception to reference in first paragraph to Chiquers Conference of October 17th stating that position had been misrepresented. He said that he had expected action to be taken to preserve Irish link with the Commonwealth and that this had been the conclusion of the discussions. He said, in any case, that he did not wish reference made to Australia in the first paragraph or to Commonwealth countries in the second paragraph. He went on to question, with occasional acrimonious references to attitude of the Commonwealth Relations Office, the decision which United Kingdom Government had taken to force the Irish out of the Commonwealth before the possibility of keeping them in had been fully explored.

4. I told Shawcross that I understood it to be Mr. St. Laurent's attitude that the United Kingdom Government would have to work out its own relations with Ireland. I said that we also would wish to consider our position in relation to Ireland and that it was not certain that we would come to the same conclusion as the United Kingdom have. We would therefore not wish to be associated in a statement which seemed to define the relations of Ireland with the Commonwealth, and I asked that the reference to Canada in the first paragraph and to other countries of the Commonwealth in the second paragraph should be omitted. As far as the general question was concerned, without attempting to give Shawcross advice in the same vigorous and unequivocal terms as Evatt was using, I let him know that I had some doubt as to the wisdom or necessity of taking precipitate action in defining the relations of Ireland with the Commonwealth as a result of the repeal of the External Relations Act.

5. Since the United Kingdom Government intends to dispatch this note immediately to the Irish Government, there was little that I could do except to request that the references to Canada and the Commonwealth in the first two paragraphs be removed.

6. I have informed Robertson by telephone of my interview with Shawcross. Robertson had heard nothing of proposed note to Irish Government and was most perturbed to learn of its contents generally and of specific reference to Canada. He said that he would get in touch with Noel-Baker at once. I am repeating this and subsequent telegram to London.

888.

DEA/50021-40

*La délégation à l'Assemblée générale des Nations Unies à Paris
au secrétaire d'État aux Affaires extérieures*

*Delegation to United Nations General Assembly in Paris
to Secretary of State for External Affairs*

TELEGRAM 382

Paris, November 12, 1948

TOP SECRET. MOST IMMEDIATE.

Repeated to London as No. 106.

Reference my immediately preceding telegram relations of Ireland with the Commonwealth, following is text of memorandum which was handed to me by Shawcross this afternoon. This memorandum was accompanied by a more extensive statement of the legal position, copy of which we will forward by bag.† Text begins:

When Mr. Costello announced in Canada that it was the intention of the Eire Government to procure the repeal of the Eire Executive Authority (External Relations) Act, 1936, it seemed to the United Kingdom Government that it would be useful if a frank discussion could take place as to the possible implications of such a repeal. Subsequently, at the invitation of the United Kingdom Government, Mr. McBride and Mr. McGilligan met at Chequers on October 17th with representatives of the United Kingdom, Canada, Australia and New Zealand and a preliminary and informal discussion took place as to the possible implications of the repeal of that Act. Since that date your aide mémoire of the 20th October has been received and considered by the United Kingdom Government.

2. The United Kingdom Government has been glad to learn that the Eire Government welcomed the frank and friendly nature of these discussions, and desires to continue close relationship between Eire and the countries of the Commonwealth. For their part, the United Kingdom Government would also greatly welcome the continuance of such relationship.

3. At the meeting at Chequers, it was stated on behalf of the United Kingdom Government that preliminary consideration had been given to the legal implications of the repeal. Since this meeting the United Kingdom Government have obtained formal advice from the Lord Chancellor and the law officers as to the consequences which would ensue in law if Eire repealed the External Relations Act. The effect of the advice which has been received may be summarily stated as follows:

4. The repeal by the Eire Government of the Eire Executive Authority (External Relations) Act, 1936, would have the result that Eire would become, for the purpose of "most-favoured-nations" treaties, a foreign country.

5. The most important of the practical consequences which follow is that other foreign countries, whose commercial treaties with the United Kingdom include a "most-favoured-nation" clause, would be able to claim and to make good their claim before the International Court of Justice, that the United Kingdom should extend to them and their nationals any special invitations or privileges which the

United Kingdom accorded to Eire or her citizens. This claim would be made in respect of trade relations and treatment of nationals.

6. As regards trade relations, the United Kingdom has treaties with a large number of other foreign countries in which it has undertaken to accord to those countries treatment not less favourable than that accorded to any other foreign country. If Eire became a foreign state, such countries could claim that they should be treated not less favourably than Eire. The United Kingdom would therefore either have to withdraw trade preference which she now accords to Eire; or, if she made no change in her treatment of Eire, the consequence would be that, except for a few protective and revenue duties, the United Kingdom Government could have virtually no tariff, because every important country would have to be granted the almost universal free entry now enjoyed by Eire. For these reasons it would be difficult to avoid the consequence that the United Kingdom Government would be compelled to take action to terminate its commitments to accord preferential treatment in customs matters to Eire goods.

7. As regards the treatment of nationals, if Eire became a foreign state, any attempt to continue to treat Eire citizens in the United Kingdom otherwise than as aliens might provoke demands from numerous foreign countries under their treaties with the United Kingdom that their nationals should enjoy similar privileges in the United Kingdom. If such demands were conceded, it would be impossible to operate in anything like its present form the whole of the United Kingdom system of aliens control. The United Kingdom Government would therefore have no alternative but to bring Eire citizens under the ordinary aliens control applicable to foreign nationals.

8. There are other respects as well in which the special relations between the two countries might have to be adjusted to take account of the changed status in terms of international law.

9. The United Kingdom Government think it right to inform the Eire Government at once of the advice which they have received as to the legal position and of the difficulties which are likely to flow from the repeal of the External Relations Act. If the Eire Government take a different view of the legal implications of the step which they propose to take, they might think it useful if discussions were arranged between the United Kingdom Government's legal advisers and any legal advisers whom the Eire Government might desire to appoint for this purpose. The Lord Chancellor and the law officers would willingly take part in any such discussion. Text ends.

889.

DEA/50021-40

*La délégation à l'Assemblée générale des Nations Unies à Paris
au secrétaire d'État aux Affaires extérieures*

*Delegation to United Nations General Assembly in Paris
to Secretary of State for External Affairs*

TELEGRAM 389

Paris, November 14, 1948

TOP SECRET. MOST IMMEDIATE.

My telegram No. 382, Ireland.

On Saturday, November 13th, I learned from United Kingdom authorities that their plans had been changed in regard to memorandum, text of which was sent with my telegram under reference. As result of report by Shawcross on his conversation with Evatt and myself, and particularly because of view expressed strongly by Evatt that undertaking made at Chequers had not been fulfilled, United Kingdom Government had decided not to send memorandum under reference. Instead, they had sent interim reply to communication from Government of Ireland, stating that legal position was under consideration and that they hoped Irish Government would not issue Orders in Council putting proposed Act into effect before opportunity had been given for further discussion.

2. The United Kingdom authorities asked whether meeting with Evatt, Fraser and myself could be arranged to take place in Paris today (Sunday). I agreed to this meeting and asked Robertson to attend. United Kingdom delegation which arrived this morning consisted of Noel-Baker, Jowett, Brook (Cabinet Office), Machtig and Laithwaite of Commonwealth Relations Office, Brass and Newsam of Home Office, Rowlatt and Holmes of Treasury and Board of Trade. Meeting was held in British Embassy at 11:00 a.m. I was accompanied by Robertson and Riddell. Evatt and Beasley represented Australia and Fraser was accompanied by Mackintosh.

3. In the course of a long discussion, Jowett and other United Kingdom Ministers and officials stated problems which would arise for United Kingdom when Irish Parliament repealed the External Relations Act. For the most part, questions raised were of a technical and legal character with which we were already familiar. Jowett seemed genuinely concerned lest United Kingdom would be found in default, in any action which might be initiated in International Court of Justice, in regard to its treaty obligations if it did not henceforth regard Ireland strictly as a foreign Power. He quoted from United Kingdom commercial agreement with Denmark which provides a special position for countries of the Commonwealth, and said there could be no shadow of doubt that, since Ireland had declared itself no longer a member of the Commonwealth, continuation of preferences for Ireland would constitute a breach of this treaty.

4. Jowett appealed at frequent intervals to United Kingdom officials present, who gave accounts of practical difficulties which would arise, particularly in regard to foreign trade and nationality, as a result of proposed Irish legislation. From what was said, it seems clear that United Kingdom desire to clarify the legal position

arises in large measure as a result of administrative problems which are being put forward by various branches of the Civil Service. Jowett also indicated that clarification of the position would be demanded in the House, and he did not think it possible to satisfy the opposition for long with temporizing answers.

5. Evatt, Fraser and myself all questioned the necessity or expediency of taking immediate action to define the new legal relationships between the United Kingdom and Ireland. Evatt referred to desire which Irish representatives had shown at Chequers to find some new form of association and questioned whether continuation of present trade and nationality arrangements for Ireland would, in fact, be challenged in international law. He pointed out that United Kingdom legislation now stated that Irish, though not British citizens, were, nevertheless, not aliens. If Irish would pass similar legislation, this in itself would constitute differentiation which might be used to justify special position for Ireland as distinct from other foreign countries. In any case, this possibility should be explored. Fraser, with unusual cogency, urged United Kingdom Government to avoid action which might greatly weaken the Commonwealth. If Ireland were read out of the partnership, it might soon be necessary to follow a similar course with India and South Africa. Little would then be left of the Commonwealth, and public opinion in New Zealand would certainly view proposed action in regard to Ireland as a first step in this direction.

6. While I did not make as strong a case against proposed United Kingdom action as Evatt and Fraser, I suggested that position might not be as urgent and critical as Jowett suggested. Position of Ireland in the Commonwealth had been equivocal for over a decade. In spite of External Relations Act, which could be interpreted primarily as a measure to reduce association with the Commonwealth, and in spite also of neutrality during the war, relationship of Ireland with Commonwealth had never been challenged. It might not now be challenged immediately, and there might be time to work out some new formula. Robertson added that, with special reference to trade agreements, Irish themselves would have to provide some answer to problem which was being created for them as for United Kingdom. In regard to Geneva and Havana Agreements, a number of signatories would have to face up to special difficulties arising from particular trade arrangements, and legal consequences of proposed Irish legislation might not be as precise as United Kingdom authorities were suggesting.

7. It was finally agreed that, in reply to an aide mémoire which had been given by Irish Government to Commonwealth representatives who attended meeting at Chequers, Irish should be asked if they would take part in further consultations with Evatt, Fraser, Jowett and myself, preferably before Wednesday. They were also to be offered choice of Dublin, London or Paris for this meeting. Object of this consultation is not to persuade Irish from repealing External Relations Act, but to see if they will not take some complementary action which will make it possible to distinguish them from other foreign States.

8. My immediately following teletype contains text of message which was sent by Mr. Noel-Baker to United Kingdom representative in Dublin today.

9. I have informed Mr. Turgeon by telephone of substance of this message and I am sending him a copy of the telegram by air bag. I have also given a copy of the telegram to Mr. Robertson.

890.

DEA/50021-40

*La délégation à l'Assemblée générale des Nations Unies à Paris
au secrétaire d'État aux Affaires extérieures*

*Delegation to United Nations General Assembly in Paris
to Secretary of State for External Affairs*

TELEGRAM 390

Paris, November 14, 1948

TOP SECRET. IMMEDIATE.

My immediately preceding teletype. Following is text of message from Mr. Noel-Baker to the United Kingdom representative in Dublin referred to in my immediately preceding teletype, Begins: Please deliver the following message immediately to Mr. Costello or Mr. McBride in continuation of our aide mémoire of yesterday.

The Lord Chancellor and the Secretary of State for Commonwealth Relations have today discussed the position further with the Prime Minister of New Zealand, Deputy Prime Minister of Australia and Canadian Secretary of State for External Affairs. It was the unanimous view of all those present that it would be most desirable if, in continuation of the talks at Chequers on 17th October, further discussion could be held with Eire Ministers at the earliest possible date and if possible before the introduction of the Bill for the repeal of the External Relations Act. They earnestly hope that the Eire Government will be willing to join in such discussions with representatives of the Governments of Canada, Australia, New Zealand and the United Kingdom either in Paris, London or Dublin. Ends.

891.

DEA/50021-40

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

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

SECRET

[Ottawa], November 16, 1948

RELATIONS OF IRELAND WITH THE COMMONWEALTH

You are aware that the Irish Government has declared its intention of repealing the External Relations Act, which provides the last remaining constitutional link between Ireland and the Crown. The Irish Government proposes to give notice of the necessary legislation in the Irish Parliament tomorrow but the text of the bill will not be published for a few days.

2. The United Kingdom Government informed us last week that they intended to send a note to the Irish Government to warn it of the full legal consequences which would follow from the repeal of the Act, particularly in regard to the preferential tariff treatment of Irish goods and the privileged status of Irish nationals. This was to have been in reply to the Irish note of October 20, which was also handed to Mr. St. Laurent in London. Mr. Pearson and Dr. Evatt were shown the draft United Kingdom note in Paris on November 12 and both objected to the references in it to Canada and Australia, as well as to Commonwealth countries generally. They also made certain other observations on it. As a consequence the United Kingdom note was not delivered and instead an interim reply was sent to the Irish Government stating that the legal position was under consideration, and that it was hoped Orders-in-Council putting the repeal into effect would not be issued before opportunity had been given for further discussion.

3. On Sunday, November 14, a further meeting was held in Paris with representatives of the United Kingdom, Canada, Australia and New Zealand. Mr. Robertson went to Paris to be with Mr. Pearson for this meeting. The United Kingdom representatives gave a full account of the practical and legal difficulties which would arise, particularly in regard to foreign trade and nationality, as the result of the proposed Irish legislation. These would arise primarily out of the "most-favoured-nation" clauses in a number of commercial agreements. Dr. Evatt, Mr. Fraser and Mr. Pearson all questioned the necessity or expediency of taking immediate action to define the new legal relationships between the United Kingdom and Ireland. Dr. Evatt recalled that at the meeting at Chequers on October 17 it was hoped that the Irish would propose some new form of association. Mr. Pearson observed that the new relationship of Ireland with the Commonwealth might not be challenged immediately by foreign governments and that there might be time to work out some new formula.

4. The meeting agreed that the Irish Government should be asked if it would take part in consultations further to the meeting at Chequers, either in Dublin, London or Paris, and preferably before today. The object of this consultation would not be to persuade the Irish Government from repealing the External Relations Act but to see if they would not take some complementary action which would make it possible to distinguish Ireland from other foreign states.

5. The Irish High Commissioner has handed to us today a copy of the proposed bill. Apart from repealing the External Relations Act, it declares that the description of the State shall be "the Republic of Ireland". This will also be the name of the Act which will come into operation at a date to be fixed by order.

6. It will be recalled that at the meeting at Chequers Mr. St. Laurent suggested that the initiative in seeking a special form of association would probably have to be taken by the Irish Government, and that a special relationship might, in the first instance, be established with the United Kingdom. This might prove to be a pattern for special relations with other Commonwealth countries.

7. A special Inter-Departmental Committee has been examining the question of continuing to exchange trade preferences with Ireland after the repeal of the External Relations Act. It has reached the conclusion that the existing preferences could

be legally retained under the relevant provisions of the Geneva Agreement on Tariffs and Trade, as against the Contracting Parties, though this could perhaps be attacked on the grounds of the intent of the relevant provisions of G.A.T.T. There would be legal difficulties with non-contracting countries which have most-favoured-nation clauses in trade agreements with Canada.

8. It is thought that our customs tariff would have to be amended in view of the fact that at present British preferential treatment can be extended to "British countries only". Although no definition is given of a "British country", allegiance to the King is an implied condition. Thus, irrespective of the provisions of G.A.T.T., it appears that we could not continue to grant British preferential tariff treatment to Ireland without amending legislation.

9. The report of this Committee is now being studied by the External Trade Policy Committee and will go forward to the Cabinet Committee in due course. An initial examination of trade statistics indicates that the preferences received from and granted to Ireland are relatively unimportant to both countries. The report to the Cabinet Committee on External Trade Policy will develop this point in greater detail.

10. The question of the treatment of Irish nationals as British subjects, after the repeal of the Act, is under examination. Under our present law Irish citizens are British subjects and Ireland is listed in the First Schedule of the Citizenship Act as a "country of the British Commonwealth".

E[SCOTT] R[EID]

892.

DEA/50021-40

*Le secrétaire d'État aux Affaires extérieures
à la délégation à l'Assemblée générale des Nations Unies à Paris*
*Secretary of State for External Affairs
to Delegation to United Nations General Assembly in Paris*

TELEGRAM 261

Ottawa, November 17, 1948

SECRET

Repeat to Dublin No. 58; London No. 1944.

Following for Pearson. Your telegram No. 389 November 14. Relations of Ireland with the Commonwealth.

An interdepartmental sub-committee has been examining the effect on our trade and tariff relations with Ireland of the repeal of the External Relations Act, and has expressed the following tentative views and conclusions:

(a) The existing preferences could legally be retained under the Geneva Agreement on Tariffs and Trade as against the Contracting Parties of G.A.T.T., not members of the Commonwealth, though they might be attacked on the ground that the intent was to permit preferences between territories which are members of the Commonwealth. We feel we could meet such an attack.

(b) Some modifications would have to be made in our trade agreements with countries which are not parties to G.A.T.T. insofar as these agreements provide preference exception to the most-favoured-nation clause in respect of "countries under the sovereignty of the King . . ."

(c) The customs tariff would have to be amended by Act of Parliament in order to continue to grant preferences to a country which is not a "British country".

(d) The preferences received and granted by Canada are relatively unimportant and the trade in these items is small. There is, however, some value in their retention, particularly for bargaining purposes, if Canada is called upon in the future to negotiate such preferences under G.A.T.T.

2. The question of the treatment of Irish nationals after the repeal of the Act is under examination. As you know, under our present law, Irish citizens are British subjects and Ireland is listed in the First Schedule of the Citizenship Act as a "country of the British Commonwealth."

3. Mr. Hearne handed us today a copy of the bill which will be introduced in the *Dail* tomorrow, but may not be published before November 24. Apart from repealing the External Relations Act, it declares that the description of the State shall be "the republic of Ireland". The President on the advice of the Government will exercise executive functions in connection with external relations. The Act will come into operation on a date to be fixed by Order. It is to be called the "Republic of Ireland Act." This telegram is being repeated to Mr. Turgeon and Canada House.

893.

DEA/50021-40

*La délégation à l'Assemblée générale des Nations Unies à Paris
au secrétaire d'État aux Affaires extérieures*

*Delegation to United Nations General Assembly in Paris
to Secretary of State for External Affairs*

TELEGRAM 420

Paris, November 19, 1948

SECRET. IMMEDIATE.

Reference my telegrams No. 389 and No. 390, November 15th. Ireland.

Discussions with Irish Ministers, who were accompanied by Boland, Under-Secretary of State for External Affairs, began on November 16th and were concluded in the afternoon of November 17th, with agreement on the terms of the press statement transmitted to you as our telegram No. 405, November 16th.

2. McBride argued that Ireland had in fact and in law been out of the Commonwealth since 1937 and contended very plausibly that impending repeal of their External Relations Act should not, and need not, alter the *de facto* position under which Irish nationals are not treated as aliens nor Irish goods as foreign goods in the countries of the Commonwealth. If the Commonwealth countries found this thesis too much for them to accept and should feel compelled to treat Irish goods as foreign goods and Irishmen as aliens, the Irish Government would regretfully accept these consequences of the repeal of the External Relations Act but they

would not be deterred from their decision to proceed with repeal nor could they regard their country as a member of the Commonwealth. At the same time, he insisted very earnestly that his Government and people felt themselves in a very special relationship to the countries of the Commonwealth, and that if this relationship is external, but very friendly, association could be recognized and accepted by the members of the Commonwealth there could be foundation laid for closer and friendlier co-operation than had ever existed before.

3. So far as the maintenance of trade preferences was concerned, the Irish Government was confident that it could continue to accord them to Commonwealth countries. A standard clause in all their commercial treaties reserved the position of preferences extended to countries of the British Commonwealth. Their position had been fully protected by the language of the Preferences Section of the General Agreement on Tariffs and Trade, and was further fortified by the opinion which the United States Department of State appears to have recently expressed to the effect that the repeal of the External Relations Act would not of itself permit the United States to share in preferences exchanged between Ireland and the countries of the Commonwealth.

4. With respect to treatment of nationals, the Irish argued, less convincingly, that they were not in fact treating British subjects as foreigners since exceptional orders made under the authority of their Aliens Act freed British subjects from most of the substantial disabilities to which aliens in Ireland were ordinarily subject. The general sense of the discussions from which the Irish Ministers did not dissent was that the existing legal status in Ireland of nationals of Commonwealth countries was not in fact consistent with the Irish statement that they did not, and did not wish to, regard nationals of Commonwealth countries as foreigners. It was however agreed that if Ireland undertook to accord to nationals of Commonwealth countries in Ireland a legal status similar to that given to Eire nationals in the United Kingdom under the new United Kingdom Nationality Act, where they are expressly declared not to be aliens although not Commonwealth citizens or British subjects, then there would be reasonable legal ground for arguing that although Ireland was out of the Commonwealth it had not become a foreign country. At this point the Irish Ministers indicated that it had been their intention to take steps to place the legal status of British subjects in Ireland on a more satisfactory footing. They had power to do so by Order-in-Council under their Citizenship Act and would take interim action under this authority pending the statutory amendment of their Citizenship Act which they hoped to bring in quite shortly.

5. The upshot of the argument, which was protracted but friendly, was that the representatives taking part in the discussions should recommend to their respective Governments that they recognize that, while Ireland was no longer a member of the Commonwealth, neither was it a foreign country, and that on these assumptions all the Commonwealth countries should try to protect and preserve the special relationships in respect of trade and the treatment of nationals that at present exist as between Ireland and the countries of the Commonwealth.

894.

DEA/50021-40

*La délégation à l'Assemblée générale des Nations Unies à Paris
au secrétaire d'État aux Affaires extérieures*

*Delegation to United Nations General Assembly in Paris
to Secretary of State for External Affairs*

TELEGRAM 421

Paris, November 19, 1948

SECRET. IMMEDIATE.

Reference my immediately preceding telegram No. 420, November 19th, and your No. 261, November 16th, which was received after our talks with the Irish Ministers had ended.

2. I fully share your view under point one of paragraph 1 (a) that we should have no real difficulty in maintaining the preferences we presently give Ireland as against other signatories under the General Agreement on Tariffs and Trade, and am hopeful we could defend them against claims from countries with most-favoured-nation rights which are not signatories to the Geneva Agreement. Since we are likely to have to negotiate new commercial arrangements with countries which do not accede to the Geneva Agreement, it should not be too difficult to secure agreement on a revised form of preferential exception clause which would protect our exchange of preferences with Ireland.

3. To do our part in completing the system of exchange of citizenship rights which is required to support the thesis that Ireland though out of the Commonwealth, is not a foreign country, I think we should consent to consider amending our Citizenship Act so as to schedule Irish nationals in a separate category — not British subjects and yet expressly not aliens. In other words, we should have to bring our Act in this respect into substantial conformity with the relevant provisions of the new United Kingdom Nationality Act.

895.

DEA/50021-40

*Le haut-commissaire du Royaume-Uni
au premier ministre*

*High Commissioner for United Kingdom
to Prime Minister*

SECRET

Ottawa, November 22, 1948

My dear Prime Minister,

EIRE

You will no doubt have received from Mr. Pearson an account of the discussions in Paris with Eire Ministers on 16th November, in continuation of the discussions at Chequers on 17th October, in which you yourself took part. I enclose a note on

the situation as it was left, according to the understanding of the United Kingdom Government, at the close of the Paris discussions.

Since then, the Eire Government have informed the United Kingdom Government that they are prepared to go forward on the basis outlined in paragraph 3 of the enclosed note. The United Kingdom Government are replying that they will be prepared to do the same on the assumption that the other Commonwealth Governments, with whom the United Kingdom Government are in urgent communication, are for their part agreeable.

I have accordingly been asked, in communicating the enclosures to you, to enquire urgently whether the Canadian Government would agree for their part to go forward on the basis described in paragraph 3 of the enclosed note, and, if so, whether they, like the United Kingdom Government, would be prepared to make a public statement corresponding to the United Kingdom statement. The draft United Kingdom statement, which is enclosed, is being considered by Ministers in London today, and it is intended that the final text should be agreed with the Eire Government. I will inform you of any amendments.

Since the United Kingdom Government feel it necessary to state their position on 25th November, that is, the day after the debate in Dublin, they would greatly appreciate it if they could be informed of the Canadian Government's views before 24th November. If the Canadian Government decide to make a corresponding statement, they will no doubt similarly wish to do so after, rather than before, the Dublin debate.

Yours sincerely,
ALEC CLUTTERBUCK

[PIÈCE JOINTE 1/ENCLOSURE 1]

Note du haut-commissariat du Royaume-Uni
Memorandum by High Commission for United Kingdom

SECRET

Ottawa, November 22, 1948

EIRE: POSITION RESULTING FROM PARIS DISCUSSIONS
ON 16TH NOVEMBER, 1948

Discussions took place in Paris on 16th November between Eire Ministers and Mr. Fraser, Mr. Pearson, Dr. Evatt, Lord Jowitt and Mr. Noel-Baker to consider the position which would result from the coming into force of the Act to repeal the Eire External Relations Act. These were in continuation of the similar discussions at Chequers on 17th October. The Eire Act, entitled the Republic of Ireland Act, was given a first reading in the Dail on 17th November, and the second reading is to be taken on Wednesday, 24th November.

2. The discussions at Paris were broadly on the question whether it would be possible for Eire and the Commonwealth countries to continue to grant privileged treatment *inter se* in respect of trade and nationality, having regard to the terms of the most-favoured-nation clauses of commercial treaties between the various Com-

monwealth countries and foreign countries. All those present at the meeting appreciated the international difficulties which might result from the removal of Eire's link with the Crown. The Canadian, Australian, New Zealand and Eire representatives were, however, confident as to the possibilities, under international law and practice, of continuing the *status quo* as regards the exchange of privileges after the coming into force of the Republic of Ireland Act. The United Kingdom representatives were particularly concerned in relation to the large amount of United Kingdom export trade to foreign countries which might be affected.

3. The following is a summary of the position as it was left at the conclusion of the Paris discussions on 16th November. These proposals were *ad referendum* to the Governments.

(i) In speeches in the Dail on the Republic of Ireland Bill, the spokesman of the Eire Government will be careful to avoid saying anything which would increase the legal and political difficulties which Commonwealth Governments will have in explaining the position which will result from this legislation.

(ii) For their part Commonwealth Governments will refrain from public statements which will make it more difficult for them to maintain that, despite the repeal of the External Relations Act, Eire is not a foreign country.

(iii) When the British Nationality Act, 1948, comes into operation on 1st January, 1949, the Eire Government will make an order under Section 23(2) of their Citizenship Act providing that, in view of Section 3 of the United Kingdom Act, citizens of the United Kingdom and Colonies shall enjoy comparable rights and privileges in Eire. As and when other Commonwealth countries bring into effect legislation corresponding to Section 3 of the British Nationality Act, 1948, the Eire Government will extend to them, by orders made under Section 23(2) of their Citizenship Act, corresponding rights of citizenship.

(iv) At a later stage, and possibly within the next six months or so, the Eire Government will undertake a comprehensive revision of their citizenship laws; and they will then take the opportunity of making a direct statutory provision conferring citizenship rights comparable with those conferred by Section 3 of the British Nationality Act, 1948, on the citizens of all such Commonwealth countries as have enacted legislation corresponding to that Section.

(v) The intention to take the action summarised in sub-paragraphs (iii) and (iv) above will be announced in the course of the debates on the bill for the repeal of the External Relations Act.

(vi) The Eire Government will collaborate with the United Kingdom Government, and any other interested Commonwealth Governments, in resisting any claims which may be made by foreign countries, on most-favoured-nation grounds, to share the special privileges which Eire and those countries will continue to accord to one another and to one another's citizens, whether in matters of trade or in the treatment of nationals.

4. The Eire Government have informed the United Kingdom Government that they are prepared to go forward on this basis. The United Kingdom Government will be prepared to do so, provided that the other Commonwealth Governments are in agreement.

5. The matter is very urgent as the Eire Government must state their position when the second reading of their bill is taken in the Dail on 24th November. Moreover, the United Kingdom Government regard it as essential to make a corresponding statement in Parliament as to their attitude on Thursday, 25th November, i.e. the day following the Dail second reading debate.

6. As regards the statement to be made by the Eire Government in the Dail on 24th November, it was suggested to Mr. McBride at Paris that this might be in the sense of the text attached. The Eire Government are now considering this text (which, it has been pointed out, would in any case need amendment to cover all the countries of the Commonwealth).

7. As regards the statement to be made by the United Kingdom Government in Parliament on 25th November, a first draft has been prepared on the official level, the text of which is also attached.

[PIÈCE JOINTE 2/ENCLOSURE 2]

*Projet d'une déclaration du gouvernement du Royaume-Uni
Draft Statement by Government of United Kingdom*

SECRET

[London, November 22, 1948]

TEXT OF STATEMENT TO BE MADE BY EIRE GOVERNMENT IN THE DAIL,
24TH NOVEMBER, 1948

From the point of view of Ireland the factual relationship between it and the United Kingdom, Canada, Australia and New Zealand is clear. Ireland does not and, when the External Relations Act, 1936, is repealed, will not regard the United Kingdom, Canada, Australia or New Zealand as "foreign" countries or treat their peoples as "foreigners". On the contrary the fact is that the citizens of Ireland while resident in the United Kingdom, Canada, Australia or New Zealand are treated by law or practice not as "foreigners" or aliens but as entitled to the rights and privileges of nationals or citizens of those nations. Similarly, while in Ireland, the nationals or citizens of the United Kingdom, Canada, Australia or New Zealand are treated not as foreigners or aliens but as entitled to the rights and privileges of citizens of Ireland. These facts not only negative the view that Ireland and the United Kingdom, Canada, Australia and New Zealand are to be regarded as "foreign" countries, but they also evidence the fact of a special association which it is the firm desire and intention of Ireland to maintain and strengthen.

896.

DEA/50021-40

*La délégation à l'Assemblée générale des Nations Unies à Paris
au secrétaire d'État aux Affaires extérieures*

*Delegation to United Nations General Assembly in Paris
to Secretary of State for External Affairs*

TELEGRAM 455

Paris, November 22, 1948

SECRET

Repeated to London as No. 119.

The United Kingdom delegation in Paris has told us that they have informed you concerning the approach which the United Kingdom High Commissioner in Ottawa has been instructed to make to you in connection with the repeal of the Irish External Relations Act. I understand that United Kingdom Government are prepared to go forward on the basis which has been agreed with the Government of Ireland, provided that other Governments of the Commonwealth are for their part agreeable.

2. As you will have gathered from my previous communications, our conversations here with members of the Irish Government were friendly and helpful, and there was general agreement that we should make some effort to meet the situation created by the repeal of the Irish External Relations Act in some way which would not fix upon the Irish the designation of foreigners. I hope, therefore, that it will be possible for the Canadian Government to issue some statement along the general lines of that contained in the text of the proposed statement by the United Kingdom Government without, of course, going into the same detail. I should hope also that some examination could then be made of our own legislation in order to determine whether the status of the Irish in Canada will in fact be altered by the repeal of the External Relations Act, and that consideration will be given to suitable amendments in this legislation if that should be necessary to prevent the Irish in Canada from being regarded as "Foreigners" or to prevent Ireland from becoming a "Foreign" country.

897.

DEA/50021-40

Le premier ministre au haut-commissaire du Royaume-Uni

Prime Minister to High Commissioner for United Kingdom

SECRET

Ottawa, November 24, 1948

Dear Sir Alexander [Clutterbuck],

I have discussed with my colleagues the questions raised in your letter of November 22, 1948, concerning the repeal by the Government of Ireland of its External Relations Act.

The proposals contained in paragraph 3 of the note dated November 22, which was enclosed with your letter, appear to be generally acceptable although the ques-

tion of bringing into effect in Canada legislation corresponding to Section 3 of the British Nationality Act 1948 will have to receive further consideration.

The Canadian Government intends to make, on November 25, a public statement along the lines of the draft which I am enclosing with this letter.†

With regard to the proposed United Kingdom Government statement, I would like to suggest a few modifications which I think would make it more generally acceptable:

(a) In the second paragraph it would appear desirable to delete from the first sentence the words "during a visit to Canada." This would also necessitate deletion of the words "on his return to Eire" in the second sentence of the same paragraph.

(b) In the third paragraph presumably the word "and" should be inserted between the words "Australia" and "New Zealand" and the expression "and other Commonwealth countries" should be deleted.

(c) The last sentence of paragraph 6 should be deleted. The views of the Canadian Government are being made known in the enclosed draft statement.

(d) In the final paragraph the expression "and legislation on similar lines has been passed or is in contemplation in other Commonwealth countries" should be deleted. An indication that measures are under study by the Canadian Government is given in the enclosed draft statement.

Yours sincerely,

L.S. ST. LAURENT

898.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], November 24, 1948

...

COMMONWEALTH RELATIONS; POSITION OF IRELAND

3. *The Prime Minister* reported that, following discussions at Chequers during the meeting of Prime Ministers, members of the Irish government had met in Paris with Ministers of the United Kingdom, Australia, New Zealand and Canada (Mr. Pearson) to consider the position which would result from the repeal of the Irish External Relations Act.

It was recognized that upon the enactment of this bill (the Republic of Ireland Act), Ireland would no longer be one of the nations of the Commonwealth. At the same time the government of Ireland wished to recognize the existence of a specially close relationship with the Commonwealth countries and desired that this relationship be maintained. Representatives of the United Kingdom, Australia, New Zealand and Canada also wished to continue to have close and friendly relations with Ireland.

4. *Mr. St. Laurent* read a communication from the U.K. High Commissioner setting out the U.K. government's understanding of the situation at the close of the Paris discussions:

Both the Irish and Commonwealth governments would refrain from statements which would increase legal and political difficulties pending repeal of the External Relations Act. Upon passing of the Act, the Irish government would take the necessary steps to continue for citizens of Commonwealth countries the special position they now enjoyed. The Irish and Commonwealth governments would resist claims by foreign countries on most-favoured-nation grounds to share the special privileges which Ireland and those countries would continue to accord one another in respect of trade.

It now appeared that the Irish legislation was to be enacted forthwith and the U.K. government proposed to have a statement made in the House of Commons the following day describing the situation which would follow. The effect of this would be that Ireland would cease to be a nation of the Commonwealth, but would continue in a special relationship with the Commonwealth nations.

(Letter, U.K. High Commissioner to the Prime Minister and attached note and draft statements, Nov. 22, 1948).

5. *Mr. St. Laurent* then submitted and read a draft reply to Sir Alexander Cluttbuck's communication with which was enclosed a draft public statement concerning Canada's relationship with Ireland in the new situation.

The letter proposed certain modifications in the U.K. government's draft statement on the subject.

(Letter, Prime Minister to U.K. High Commissioner and draft statement enclosed, Nov. 24, 1948).

6. *Mr. St. Laurent* read the draft statement referred to in the preceding paragraph:

After referring to the meetings which had taken place in Paris with representatives of the United Kingdom, Australian and New Zealand governments, the statement went on to say that the government had been giving consideration to the position which would result when the Republic of Ireland Act came into force.

The Prime Minister of Ireland had now stated that Ireland recognized and confirmed the existence of a specially close relationship with the countries of the Commonwealth; this relationship should be maintained and strengthened.

The Canadian government also desired that close and friendly relations between Canada and Ireland be maintained and strengthened. They were studying the measures which might be necessary and possible to give effect to that desire.

7. *The Minister of National Defence, as Acting Secretary of State for External Affairs*, drew attention to the legal difficulties involved in having Ireland accorded the same position as she enjoyed prior to enactment of the pending Irish legislation.

Nevertheless for political reasons the governments of the Commonwealth countries were all satisfied that, while Ireland would no longer be a nation of the Commonwealth, she would not be treated as a foreign country.

8. *Mr. St. Laurent* added that it had not been thought that the government should give any commitment regarding any amendment to the Citizenship Act. That was a matter which would have to be considered later on.

9. *The Cabinet*, after further discussion, approved the draft communication to the U.K. government on the subject of relations with Ireland and, with certain amendments, the draft statement submitted by the Prime Minister; the statement to be made public by *Mr. St. Laurent* on November 25th.

...

899.

DEA/50021-40

*Le haut-commissaire suppléant du Royaume-Uni
au premier ministre*

*Deputy High Commissioner for United Kingdom
to Prime Minister*

TOP SECRET

Ottawa, November 25, 1948

Dear Prime Minister,

EIRE

In the High Commissioner's absence from Ottawa, I am writing, on instructions from the Secretary of State, to explain that the United Kingdom Government's view of their declaration today about Eire is that the United Kingdom Government will do their utmost to maintain the *status quo* of trade and citizenship privileges, but that, if, despite their efforts, a foreign country successfully challenges the grant of these privileges in whole or in part, there will be no alternative to their amendment or discontinuance.

Yours sincerely,

G.B. SHANNON

900.

DEA/50021-40

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

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

TELEGRAM 1998

Ottawa, November 26, 1948

PERSONAL AND CONFIDENTIAL. IMMEDIATE.

Following for Robertson from Heeney, Begins: From what I could make out in our telephone conversation yesterday I gather that U.K. authorities feel that in dealing with the new Irish situation we have given undue emphasis to the difficulties involved and that they have the impression that we are not disposed to do what we can to provide for the special relationship with Commonwealth countries which the Irish desire and the U.K. government are prepared to facilitate.

2. This impression may have arisen from reports of Clutterbuck's conversations here in which, quite naturally, we have tried to make clear the differences between our legal situation and that of the United Kingdom, particularly with respect to the position of Irish citizens.

3. The legal position here is really very complicated. It was for this reason that our Ministers did not feel that they could include in our press release a reference similar to that in Mr. Attlee's statement to the effect that it would not, repeat not, follow from the new Irish legislation that Ireland would have to be treated as a foreign country and Irish citizens as foreigners. This omission did not arise from any lack of desire on our part to meet the wishes of the Irish government as best we could.

4. I expect to be able to send you a second telegram shortly stating the essentials of the legal situation as we understand it both with respect to citizenship and trade arrangements. Reference is being made to Justice for clarification of the more obscure questions.

5. Meantime, however, there is no reason why you should not assure U.K. authorities that the Canadian government have no, repeat no, desire to treat Ireland as a foreign country or to treat Irish citizens as foreigners. The government cannot say now precisely what steps they will take to meet the situation. Further the government may not be able to introduce legislation at the coming Session. Nevertheless my own view is that we will be able somehow to achieve an arrangement similar to that which has been accepted by the U.K. government.

6. This is a personal telegram to you. I have, however, read it to Mr. Claxton and he agrees that it should go forward and that, in your own judgment you may use what it contains for any oral explanations you may think it wise to make to authorities in the United Kingdom. Ends.

901.

DEA/50021-40

*Le secrétaire d'État aux Affaires extérieures
au haut-commissaire au Royaume-Uni
Secretary of State for External Affairs
to High Commissioner in United Kingdom*

TELEGRAM 2000

Ottawa, November 26, 1948

PERSONAL AND CONFIDENTIAL. IMMEDIATE.

Following for Robertson from Heeney, Begins: Reference my telegram 1998 of today on Ireland.

2. The following seems to Gordon [R.G.] Robertson and myself to be the legal position with regard to nationality.

3. The Canadian Citizenship Act gives Irish citizens no special status as such, but those who had the status of British subject under the Naturalization Act in effect in Canada up to January 1st, 1947, retain that status. Specifically, the effect of our legislation has been interpreted in practice to be that Irish citizens who became

such under Irish law before 1935 were British subjects and have retained that status under Canadian law. Irish citizens who became such after the Irish Citizenship Act of 1935 and who were in Canada before January 1st, 1947, had the status of British subject under our Naturalization Act and this status they retain under the Citizenship Act. With regard to Irish citizens who acquired that status on or after January 1st, 1947, the position also seems to be clear (disregarding cases of dual nationality). Such persons do not, repeat not, have the status of British subject under our law, nor is there any special status for them as Irish citizens. The doubtful group are those persons who became Irish citizens after the Irish Citizenship Act of 1935 and who were not, repeat not, in Canada before January 1st, 1947. It is not clear whether such persons would, on coming to Canada, be deemed to have the status of British subject under our law.

4. It is this complicated and doubtful legal position which led the government to feel that they could not say categorically that Irish citizens as such are not "foreigners" under Canadian law. A reference is being made to the Department of Justice for a ruling to clarify the entire position.

5. Our Act contains no provision similar to Section 3 of the United Kingdom Act. To give Irish citizens, as such, a special position would require amendment to the Citizenship Act.

6. Any federal legislation for the purpose of according to Irish citizens, as such, the same rights in Canada as British subjects would be limited to rights under Federal law. Federal legislation could not of course guarantee that Irish citizens as such would for Provincial purposes be treated by the laws of the Provinces in the same way as British subjects.

7. As indicated in our release yesterday, the government intend to study the measures which may be necessary and possible to meet the new situation. It is, however, very doubtful if any amendment to the Citizenship Act will be feasible at the forthcoming session.

8. The practical situation for Irish persons in Canada at present is that they will continue to be treated as British subjects because of the status they acquired as such before January 1st, 1947, when the Citizenship Act came into effect. This surely gives the Irish the substance of what they want (though not for the reasons they want it).

9. With regard to preferential trade treatment, a committee here has examined the legal and other aspects of the position. Doubtful points of law have been referred to the Department of Justice for opinion and are at present under consideration. The possibility of claim by a third country for most favoured nation treatment is recognized. The position is, however, being considered to determine what action may be necessary and desirable in an effort to meet the Irish position. Ends.

902.

DEA/50021-40

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

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

TELEGRAM 2009

Ottawa, November 27, 1948

SECRET. IMPORTANT.

Following for Robertson from Reid, Begins: Republic of Ireland Bill.

My conversation with Clutterbuck on Tuesday evening, November 23. This took place between 7:10 and 7:30 p.m. and Clutterbuck was leaving Ottawa that night, so that his report to London of the conversation may possibly have suffered from hasty drafting.

2. Moran, who took part in the interview, has prepared for me a memorandum which I summarize below.

3. On Tuesday, November 23, a meeting took place in the Prime Minister's office from 4 p.m. to 6:30 p.m. to discuss the text of a proposed statement by the Canadian Government on the Republic of Ireland Bill and the proposed United Kingdom statement on the same subject. The meeting was attended by Messrs. St. Laurent, Claxton and Gibson, Coleman,²⁸ Reid, Moran, Hopkins and R.G. Robertson. Mr. St. Laurent stated at the conclusion of the meeting that he would wish to consult his colleagues in Cabinet next day before authorizing a reply to Clutterbuck's letter to him but instructed me to communicate informally to Clutterbuck immediately a provisional statement of the Canadian views and to add that following the Cabinet meeting a formal reply would be sent to Clutterbuck.

4. I gave Clutterbuck the text of the provisional Canadian suggestions for modification of the proposed United Kingdom statement. I said that it was probable that the formal reply the next day would inform Clutterbuck that the proposals contained in paragraph 3 of the note enclosed with his letter to the Prime Minister of November 22 appeared to be generally acceptable although the question of bringing into effect in Canada legislation corresponding to Section 3 of the British Nationality Act 1948 would have to receive further consideration. (I was speaking on the basis of a draft of our formal reply. The formal reply was identical with the draft except for drafting changes.)

5. I further said that the Prime Minister would be putting before Cabinet the next day a draft of a statement which he would issue on November 25. The essential part of the present draft of the statement was that the Canadian Government "fully associates itself with the desire expressed by the Government of Ireland that a special association between our two countries be recognized and that close and friendly relations should continue and be strengthened" and that "the Canadian Government is studying the measures which may be necessary to that end in the light of our

²⁸ E.H. Coleman, sous-secrétaire d'État./E.H. Coleman, Under-Secretary of State.

understanding that, following the coming into force of the proposed Irish legislation, Ireland will no longer be a member of the Commonwealth."

6. Clutterbuck said that the United Kingdom Government would be disappointed by our reply since it would not, repeat not, enable Attlee to say:

"Accordingly the United Kingdom Government will not regard the enactment of this legislation by Eire as requiring them to treat Eire as a foreign country or Eire citizens as foreigners. They have ascertained that the other members of the Commonwealth share this view and will follow the same policy." "So far as Eire citizens are concerned the position in the United Kingdom will be governed by the British Nationality Act, 1948, and "legislation on similar lines has been passed or is in contemplation in other Commonwealth countries." (We asked for the deletion of the second sentence and the second half of the third sentence and our draft statement did not, repeat not, go as far as Attlee's.)

7. I explained that one difficulty in drafting a Canadian statement was that we still did not know exactly what the Prime Minister of Ireland was going to say the next day about the relationship of Ireland to the nations of the Commonwealth. All we had was a draft statement submitted to the Irish Government by the United Kingdom Government and one difficulty with this statement was that the third and fourth sentences contained, at least so far as Canada was concerned, misstatements of fact.

8. A second difficulty was that the Canadian position in respect of citizenship rights and trade preferences, after the Republic of Ireland Bill had come into force, would not be clear until we had received a legal opinion from the Deputy Minister of Justice.

9. You will note that the Tuesday evening draft referred to in paragraph 5 above goes somewhat farther than the final text issued on November 25.

10. I am repeating this telegram to Mr. Pearson and Mr. Turgeon. Ends.

903.

PCO/I-11

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

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

TELEGRAM 2135

London, December 1, 1948

SECRET

Repeated to Paris as No. 204.

For Heeney from Wershof, Begins: Your telegrams No. 1998 and No. 2000 of November 27th addressed to N.A. Robertson were forwarded to him in Paris. On his instructions I called today on Norman Archer of the Commonwealth Relations Office and gave him orally the substance of your telegram No. 1998.

2. His personal understanding which cannot of course be taken as an official statement by the United Kingdom Government, is that the United Kingdom Gov-

ernment does not necessarily expect Canada to go as far as Section 3(2) of the British Nationality Act, i.e., to legislate to the effect that laws relating to British subjects shall continue to apply to citizens of Eire who are not British subjects. He thinks that the NUB of the understanding reached in Paris was that citizens of Eire are not to be aliens and he assumes that Canada will so legislate; in addition, it is desirable that each country of the Commonwealth should go as far as possible in the direction of assimilating the status of citizens of Eire to the status of British subjects, in order to strengthen the legal argument which may some day have to be made before an international court to prove that Ireland is not a foreign country.

3. Although Archer is not distressed by the failure of the Canadian Government, to date, to say that Canada will legislate along the lines of Section 3(2), he is surprised that the Canadian Government's published statement did not at least say flatly that Ireland will not be regarded as a foreign country and that legislation will be enacted to ensure that citizens of Ireland are not aliens. I was not able to enlighten him on this point because I do not myself understand why the Canadian statement did not go that far. When Mr. Robertson returns from Paris he may consider it desirable to have a further word with Archer on this point.

4. If you have not already seen it you may be interested in looking at my telegram No. 2120 of November 27th† addressed to the Legal Adviser in Ottawa, containing some draft amendments to the Canadian Citizenship Act. I prepared them at the request of the High Commissioner. Ends.

904.

PCO/I-11

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

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

TELEGRAM 64

Ottawa, December 1, 1948

SECRET

Repeated to London and to SSEA in Paris.

Republic of Ireland Bill. The following information about the Canadian Government's attitude on the problems arising out of the Republic of Ireland Bill may be useful to you if the Irish Government initiate discussions with you on this question. You should not (repeat not), however, initiate discussions yourself at this time and you should not (repeat not) communicate in writing to the Irish Government on this question.

2. The two main problems concern citizenship and trade relations:

3. So far as citizenship is concerned our situation here is more complicated than the situation in the United Kingdom. The Canadian Citizenship Act has been interpreted in practice to mean that persons who became Irish citizens on the date on which the Irish Nationality and Citizenship Act went into force in 1935 by reason of birth, naturalization etc. before that date, together with persons who became Irish

citizens after 1935 and were in Canada before January 1, 1947, have the status of British subjects under the Canadian Citizenship Act. Irish citizens who acquired that status on or after January 1, 1947 (disregarding cases of dual nationality) do not have the status of British subjects under Canadian law, nor is there any special status for them as Irish citizens. It is not clear whether those persons who became Irish citizens after the Irish Citizenship Act of 1935 and who were not in Canada before January 1, 1947, would on coming to Canada, be deemed to have the status of British subjects under Canadian law.

4. Because of this complicated legal position, the Canadian Government is unable to state categorically that Irish citizens as such are not now "foreigners" under Canadian law. A reference has been made to the Department of Justice for a ruling to clarify the entire position on citizenship.

5. The Prime Minister was therefore unable to include in his statement of November 25, a reference similar to that in Mr. Attlee's statement to the effect that it would not follow from the new Irish legislation that Ireland would have to be treated as a foreign country and Irish citizens as foreigners. This omission did not, however, arise from any lack of desire on the part of the Canadian Government to meet the wishes of the Irish Government as far as possible.

6. There are two aspects of this problem which increase our difficulties. The first is that the Canadian Citizenship Act contains no provision similar to Section 3 of the United Kingdom Act; the result is that Irish citizens, as such, could not be given a special position without an amendment to the Canadian Citizenship Act. The second is that any federal legislation for the purpose of according to Irish citizens, as such, the same rights in Canada as British subjects, would be limited to rights under federal law since federal legislation probably could not give Irish citizens a status in Canada that would ensure their being treated for provincial purposes in the same way as British subjects under the laws of the provinces.

7. As stated in the Prime Minister's statement of November 25, the Canadian Government intends to study the measures which may be necessary and possible to meet the new situation. It is, however, very doubtful whether any amendment of the Citizenship Act will be feasible at the forthcoming session of Parliament.

8. The trade problems, which arise out of the Irish desire that the nations of the Commonwealth continue to grant Ireland, on a reciprocal basis, preferential trade treatment, are perhaps even more difficult than the citizenship problem. An Interdepartmental Committee which examined the legal and other aspects of our trade and tariff relations with Ireland reached the following tentative conclusions:

(a) The Customs Tariff may conceivably have to be amended by Act of Parliament in order to continue to grant preferences to a country which is not a "British country", although the point is doubtful. It has been referred to the Department of Justice for an opinion and is at present under consideration by that Department.

(b) The existing preferences could legally be retained under the Geneva Agreement on Tariffs and Trade as against the contracting parties of G.A.T.T. (not being members of the Commonwealth). They might be attacked on the ground that the intent was to permit preferences between territories which are members of the Commonwealth, but the Committee thought that this attack could be met.

(c) Some modification would have to be made in our trade agreements with countries which are not parties to G.A.T.T. insofar as these agreements provide, as an exception to the most-favoured-nation clause, for preferences in respect of "Countries under the sovereignty of the King . . ."

9. Regarding point (c) above, the possibility of a claim by a foreign country for treatment not less favourable than that accorded by Canada to Ireland is recognized. This might, for example, be made by a Soviet satellite state, such as Poland, with which we have exchanged most-favoured-nation treatment under a convention of commerce of 1935, or Yugoslavia, since we adhered in 1928 to a clause in a United Kingdom convention providing for the exchange of most-favoured-nation treatment on a basis of reciprocity. Such action might of course be taken solely to embarrass the Canadian Government and in the hope of exposing Canada as a violator of international agreements.

10. Preferences received and granted by Canada are relatively unimportant, and the trade in items entitled to the preferential rates is small. Canada does not, for example, receive preferential tariff treatment on its main exports to Ireland, namely, wheat and flour. On the basis of 1947 figures which, as you know, were abnormally high, Canada enjoyed preferential treatment on six or seven Canadian export classifications in which the trade was over \$150,000.

11. The preferences would, however, have a certain "bargaining value" if we were called upon in the future to agree to their reduction or elimination. This situation might arise as a result of Ireland's participation in tariff negotiations with Contracting Parties to GATT with a view to its accession to that Agreement. In the event that a Contracting Party (e.g., U.S.A.) should request a reduction or elimination in the preferences (e.g., lumber preferences) which Canada enjoys in Ireland, Canada, as well as Ireland, could expect compensatory tariff concessions from the Contracting Party requesting the reduction or elimination of preferences.

12. In conclusion, the Canadian Government has no desire to treat Ireland as a foreign country or to treat Irish citizens as foreigners. The Government cannot, however, say now precisely what steps it will take to meet the situation which will be created by the coming into force of the Irish Bill. Further, the Government may not be able to introduce legislation in the coming session of Parliament. Our hope, however, is that we will be able in some way to achieve an arrangement which will be similar to, though not necessarily identical with, that which has been accepted by the United Kingdom Government.

905.

DEA/50021-40

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

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

SECRET

[Ottawa], December 14, 1948

STATUS OF IRISH CITIZENS IN CANADA

Following the consideration given by Cabinet to the position of Ireland after the enactment of the Republic of Ireland Bill, Dr. E.H. Coleman and officers of this

Department have been giving consideration to possible amendments to the Canadian Citizenship Act, in order to deal with the special status of Irish citizens. Dr. Coleman will be submitting this matter to the Secretary of State who will no doubt bring it before Cabinet at the appropriate time.

2. The proposed changes follow closely the new Nationality Acts of the United Kingdom, Australia and New Zealand, and will cover the following points:

(1) A definition of "alien" will be added. This term will mean a person who is not a Canadian citizen, a British subject or a citizen of Ireland.

(2) It will be declared that Canadian laws will continue to have effect in relation to Irish citizens in the same manner as they have effect in relation to British subjects.

(3) A new list of the countries of the British Commonwealth in the First Schedule will be drawn up. For the first time it would appear in alphabetical order rather than the historic order of precedence which is observed in the United Kingdom, Australia and New Zealand Acts. Southern Rhodesia will have to be included in this list, which is a list for citizenship purposes.

(4) It is not proposed to suggest any amendments which would call for dropping the word "British" in the expressions "British Commonwealth" or "British Commonwealth of Nations".

(5) The occasion is being taken to adopt the expression "Commonwealth citizen" as an equivalent or alternative to "British subject". This change follows closely the equivalent provision in the United Kingdom Act.

(6) The present submission will be primarily concerned with the position of Irish citizens and will not deal with any changes in the Citizenship Act which may be called for to cover the case of Newfoundland, or other minor amendments which, I believe, may be considered necessary to clarify some sections of the Act.

3. The discussions referred to above in this memorandum took place before you informed me that you hoped it would be possible to find a formula under which the desired objective could be secured without mentioning in the amendments Ireland or the Republic of Ireland by name. The Legal Adviser of the Department now has under consideration a formula which might accomplish this desired objective.

E[SCOTT] R[EID]

906.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], December 15, 1948

...

COMMONWEALTH RELATIONS; IRELAND; CITIZENSHIP;
TRADE PREFERENCES

28. *The Minister of National Defence as Acting Secretary of State for External Affairs*, referring to discussion at the meeting of November 24th, reported that offi-

cials of the departments directly concerned had been giving consideration to the two principal questions arising as a result of the enactment of the Republic of Ireland bill, viz. "citizenship" and trade.

With respect to citizenship, the departments of the Secretary of State and External Affairs had under examination possible amendments to the Canadian Citizenship Act to deal with the special status of Irish citizens. It was expected that proposals on this subject would be ready for Cabinet consideration before long.

(External Affairs memorandum to the Acting Minister, Dec. 14, 1948).

29. *Mr. Claxton* said that, in the matter of preferences, the Deputy Minister of Justice had now advised that there would be no alteration in the effect of Canadian law when the Republic of Ireland Act came into force in Ireland.

The international legal aspects of the situation were still under examination by External Affairs. A full report on the trade position would shortly be available to the Cabinet Committee on External Trade Policy. The latter would deal with the position under the Canada-Ireland Trade Agreement, the General Agreement on Tariffs and Trade and the Canada Customs Tariff Act.

(External Affairs memorandum to the Acting Minister, Dec. 14, 1948, and annexes thereto).†

30. *The Cabinet*, after discussion, noted the Minister's report.

907.

DEA/50021-40

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

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

SECRET

Ottawa, December 21, 1948

RELATIONS WITH IRELAND: PROGRESS REPORT

The Republic of Ireland Act has now been signed, but as you are aware will come into force on a date to be fixed by proclamation. The United Kingdom Government thinks that the Act may be proclaimed on January 21, 1949, but hopes that the Irish Government will not find it necessary to announce a date at present. You will, of course, have seen the statement issued by the Prime Minister on November 25 indicating our attitude on the proposed constitutional changes in Ireland, and the telegram of December 1 to our High Commissioner in Dublin, which was repeated to you in Paris. For your convenience a copy of each of these is attached.

2. You may wish to be brought up to date on developments here in connection with Ireland which have occurred since the beginning of December. There are two principal aspects in our future relations with Ireland, namely citizenship and trade.

Citizenship

3. Some consideration has been given to possible amendments to the Canadian Citizenship Act in order to provide a special status for Irish citizens following the bringing into force of the Republic of Ireland Act. It was thought that these changes might be made along the lines of the United Kingdom Nationality Act, 1948, which has served as a model for similar nationality legislation in Australia and New Zealand and under which Irish citizens are placed in a special category, are not included in the definition of alien and are declared to enjoy the rights and privileges of British subjects. However, Mr. Claxton expressed the view that it might be best to avoid amendments which would make specific reference to Ireland and Irish citizens, as this might provide the occasion for debate in the House of Commons, and he hoped it would be possible to find a formula for this purpose. The Legal Adviser of the Department in conjunction with the Department of the Secretary of State, is now considering a formula under which the benefits of British subjects would be conferred on citizens of all countries listed in the First Schedule of the Canadian Citizenship Act, which went into force on January 1, 1947. This would cover Ireland which appears in the original First Schedule. (As the position of India may not be very dissimilar to that of Ireland it may be desirable to have India covered in some similar fashion, although it does not appear in the list of the First Schedule.)

Trade Relations

4. The attached memorandum which is being examined by the Inter-departmental Committee on External Trade Policy tomorrow, and which, if approved by it, will be submitted to the Cabinet Committee on External Trade Policy, sets forth the present position regarding the continuation of the existing preferential tariff arrangements with Ireland.

5. Recently the United Kingdom High Commissioner here informed us that the United Kingdom Government had mentioned to the Irish Government the importance which it attached to avoiding, in accordance with the agreement reached in Paris, any action which might prejudice internationally the agreed policy. In particular they had in mind any proposals for changes to forms hitherto regarded as appropriate to foreign countries *inter se*. In the United Kingdom view such changes would be undesirable at the present time when the United Kingdom Government is cooperating to establish vis-à-vis foreign countries that Ireland is not "foreign" to the United Kingdom. The questions of forms refer to such matters as the designation of Irish representatives in Commonwealth countries and the question of letters of credence. In the opinion of the United Kingdom Government it is important that any changes which the Irish Government considers necessary should be made gradually over a period of years and not introduced at this stage when international opinion is likely to be closely studying the implications of the new arrangements.

6. Incidentally you may be interested in a remark made by the Lord Chancellor during the debate in the House of Lords on December 15 on the status of Ireland. He said, "If we had taken a different line from the one we decided to take, we

should have acted in the teeth of the advice of the representatives of Canada, Australia and New Zealand."

E[SCOTT] R[EID]

908.

PCO/Vol. 193

*Note du secrétaire du Cabinet
pour le Cabinet*

*Memorandum from Secretary to Cabinet
to Cabinet*

Ottawa, December 31, 1948

CANADA—IRELAND TRADE AND TARIFF RELATIONS

Under the provisions of the Republic of Ireland Act, which has been passed and is expected to come into effect early in 1949, Ireland is an independent republic outside the British Commonwealth. However, the Irish government has recognized the existence of a "specially close relationship", which it wishes to maintain. One of the most important aspects of this is the continuation of the special tariff relations with Commonwealth countries.

At present Canada's tariff relations with Ireland are governed by a Trade Agreement signed at Ottawa on August 20, 1932, and brought into force on January 2nd, 1933. The Agreement is a simple arrangement stipulating that Canadian products imported into Ireland shall not be subject to duties higher than those imposed on imports from *any other country* (including the United Kingdom). Irish products imported into Canada are guaranteed duties not higher than those paid on products of the United Kingdom. The agreement may be terminated by either party on six months' notice.

The Interdepartmental Committee on External Trade Policy, which examined the implications of the new Irish position, found as follows:

(1) On a legal interpretation of the relevant provisions of GATT Canada can continue to exchange existing preferential treatment with Ireland as against contracting parties to the General Agreement.

(2) According to the ruling of the Department of Justice there is nothing in the Customs Tariff to prevent the continuation of preferential treatment to Ireland.

(3) The preferences received and granted by Canada are relatively unimportant and the trade in these items is small. There is, however, some value in their retention. Part of that value lies in the "bargaining value" which such preferences might have if Canada were called upon in future to negotiate such preferences under GATT.

(4) In the event that Canada should decide to continue to extend preferential treatment to Ireland, some modifications may have to be made in Canada's agreements with non-Commonwealth countries that are not contracting parties to GATT, but with which Canada has Most Favoured Nation Trade agreements. Such coun-

tries might claim under the terms of its Most Favoured Nation agreement with Canada that they should receive the same treatment as Ireland since the preference exception contained in our agreements are in respect of countries "under the sovereignty of the King." A claim on this basis might be brought before the International Court of Justice and would probably be sustained.

(5) The continuation of preferences to Ireland might to some extent prejudice the argument that Commonwealth preferential trade arrangements are unique in character.

The Cabinet Committee on External Trade Policy considered the question on December 22. It was felt that there was no certainty that a case would be brought before the International Court and that, in any event, the present arrangements could at least be allowed to continue until a test case was brought and an adverse decision handed down. The Committee decided that it would not be advisable to alter the existing arrangements at present, and that the position could be reconsidered at a later date as circumstances might require.

A.D.P. HEENEY

5^e PARTIE/PART 5

STATUT ET DÉSIGNATION DES CHEFS DE POSTE DU
COMMONWEALTH
STATUS AND DESIGNATION OF COMMONWEALTH HEADS OF POST

909.

DEA/3011-A-40

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

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

SECRET

Ottawa, November 29, 1948

PRECEDENCE AND TITLES OF HIGH COMMISSIONERS

London Meeting Recommendations

The meeting of Prime Ministers in London in October made the following proposals:

(1) That High Commissioners should rank with Ambassadors (except with the Dean of the Diplomatic Corps); and that High Commissioners should rank amongst themselves according to the date of arrival and not, as heretofore, according to the seniority of Commonwealth countries.

(2) That each Commonwealth Government would decide whether to give the style Excellency to High Commissioners.

(3) That some form of credentials for High Commissioners be considered.

(4) That visiting Cabinet Ministers would not be mentioned in official Tables of Precedence but would continue to have courtesy precedence as distinguished visitors.

(5) That a proposal, favoured by Australia, South Africa, Pakistan and Ceylon but opposed by the United Kingdom and New Zealand, to change the designation High Commissioner to Ambassador should be postponed for discussion at a subsequent meeting.

Action by Other Governments

2. The King has approved a submission made by the United Kingdom Government putting into effect in the United Kingdom the new precedence of High Commissioners and granting the style Excellency to High Commissioners in London; a circular letter has been sent on November 24 by the United Kingdom Foreign Office to the heads of foreign missions in London, and the new precedence of High Commissioners will be gazetted.

Protests against the new precedence of High Commissioners have been made by the Diplomatic Corps in Wellington, New Zealand. If similar protests are made in London, the United Kingdom authorities propose to say that the recent decision has done nothing to disturb the order of relative precedence of ambassadors, ministers plenipotentiary and *chargés d'affaires* agreed upon at the Congress of Vienna of 1815, "but has simply given formal recognition to what has long been the rightful place of High Commissioners as representatives of ambassadorial status exchanged between the countries of the Commonwealth."

Action by the Canadian Government

Precedence

3. It is recommended that the Canadian Government should now put into effect in Canada a change in the precedence of High Commissioners whereby they will have the same courtesy precedence in Canada as Ambassadors; that is to say,

(a) Ambassadors and High Commissioners will rank with each other according to the date of the presentation of Letters of Credence of Ambassadors and the date of arrival in Ottawa of High Commissioners, except that the position of Dean of the Diplomatic Corps will continue to be held by the senior foreign Ambassador.

(b) Ministers Plenipotentiary and *Chargés d'Affaires ad interim*, who had courtesy precedence in Canada next below Ambassadors, will continue in that place and under the new arrangement will come below the new combined category of Ambassadors — High Commissioners.

(c) The relative rank of High Commissioners amongst themselves will in future be based on the date of their arrival in Ottawa and not, as heretofore, on the seniority of Commonwealth countries.

(d) The new precedence of High Commissioners will be retroactive; i.e., the High Commissioner for Ireland who came to Ottawa in 1939 will precede all ambassadors except the Dean of the Diplomatic Corps.

A newly appointed ambassador or High Commissioner will take his place at the end of the proposed Ambassador — High Commissioner category; thus, if the Irish

Government were to appoint a new High Commissioner or were to ask the Canadian Government to agree to the appointment at Ottawa of *an Ambassador*, such as appointee would take his place according to the date of presentation of his credentials, at the end of the list.

Style "Excellency"

(e) Canada was alone in giving, some years ago, the style Honourable to Commonwealth High Commissioners, and Canada has therefore been in the forefront in honouring High Commissioners. At the present time the style Excellency is reserved in Canada for the Governor General and his wife, foreign Ambassadors and Ministers Plenipotentiary, and the Apostolic Delegate. It is recommended that no action be taken to give the style Excellency to High Commissioners but that the Canadian Government should:

- (i) continue to give High Commissioners of other countries the title Honourable,
- (ii) inform the Commonwealth governments that Canada does not desire the style "Excellency" to be given to Canadian High Commissioners.

Credentials

(f) It is recommended that no action is necessary in Canada concerning the London recommendation that some form of credentials for High Commissioners should be considered, for the reason that for some years Canadian High Commissioners have been provided with suitable credentials.

Precedence of Visiting Cabinet Ministers

(g) As mentioned below under *Procedure*, no action is necessary here regarding the precedence of "visiting Cabinet Ministers" because they have never been included in the Canadian Table of Precedence. They will, of course, continue to be treated as distinguished visitors.

Procedure

(h) In the United Kingdom, a Submission to the King is necessary because High Commissioners and visiting Cabinet Ministers were included in the official United Kingdom Table of Precedence. In Canada, Ambassadors and High Commissioners, and other representatives from abroad, such as Ministers Plenipotentiary and Consuls General, have had a courtesy precedence and not a precedence by right of inclusion in the Canadian Table of Precedence.

It is therefore recommended that no formal Submission to the King is required for the proposed change of precedence of High Commissioners in Canada, and that the Secretary of State of Canada, who is responsible for questions of precedence, should be asked to take whatever action he considers appropriate to effectuate the above recommendations. The concurrence of the Governor General could be signified by His Excellency's approval of an Order-in-Council, if this procedure commends itself to the Secretary of State of Canada.²⁹

²⁹ Après discussion au Cabinet, il fut décidé de ne pas passer un décret. Au lieu de cela, le secrétaire d'État informa le secrétaire du gouverneur-général. DEA/3011-A-40 : Heeney à Gibson, le 3 décembre; Gibson à Letson, le 6 décembre.

After discussion in Cabinet, it was decided not to pass an Order-in-Council. Instead, the Secretary of State informed the Secretary to the Governor-General. DEA/3011-A-40: Heeney to Gibson, December 3; Gibson to Letson, December 6.

Publicity

(i) Announcements in London and in other Commonwealth capitals will probably be made. It is recommended that the Secretary of State for External Affairs should notify other Commonwealth Governments of Canadian action, before an announcement is made by the Secretary of State for External Affairs.

E. R[EID]

910.

DEA/3011-A-40

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

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

CONFIDENTIAL

[Ottawa], December 11, 1948

PRECEDENCE AND STYLE OF HIGH COMMISSIONERS

Since our circular telegrams, describing the Canadian position in this matter, were sent to other Commonwealth Governments last weekend, messages have arrived from all but Australia, Ceylon and Pakistan. I attach copies of these messages.† I also attach a statement tabulating the replies.†

2. All the governments which have replied have agreed to treat High Commissioners, for purposes of precedence, as if they were Ambassadors. The Secretary of State of Canada has notified Government House of the decision of the Cabinet in this matter. It seems evident that all Heads of Mission in Ottawa should be notified of this decision, and that an appropriate press release be issued,³⁰ without delay.

3. The Secretary to the Governor General and the Gentleman Usher of the Black Rod are preparing printed forms for use in connection with the Governor General's Levée on January 1 and the Opening of Parliament. The Chief of Protocol will marshal Heads of Mission and their staffs for the former occasion.

4. It is still not entirely clear whether other Commonwealth Governments intend to have the new order of precedence operate retroactively; that is, to accord precedence to High Commissioners as if they had been Ambassadors since the date of arrival at their posts. It is my understanding that the Government has decided that High Commissioners should, for purposes of precedence, rank as if they had been Ambassadors since their arrival in Ottawa.

5. As to the question of according the style "Excellency" it appears that discussions with other Commonwealth countries may have to continue. However, it might be helpful if the United Kingdom Government were to delay an announcement on its own policy with respect to this style until the discussions have been concluded.

6. In the light of the foregoing, I have attached for your consideration the following:

³⁰ Communiqué de presse du ministère des Affaires extérieures N° 94, le 20 décembre.
Department of External Affairs, Press Release, No. 94, December 20.

(a) A draft circular note to Heads of Mission in Ottawa informing them of the Government's decision;†

(b) A draft press release to be issued simultaneously with or shortly after the sending of the circular notes referred to in (a);†

(c) A draft telegram to Canada House asking the High Commissioner to endeavour to have the United Kingdom Government delay an announcement on the style "Excellency" until the present Commonwealth discussions have proceeded further;†

(d) A draft telegram to our High Commissioner in New Zealand instructing him to advise the New Zealand Government of the substance of (c) above. (See the summary in paragraph 1 above.†)

E[SCOTT] R[EID]

6° PARTIE/PART 6

DÉFENSE
DEFENCE

911.

DEA/50255-40

*Résumé du compte-rendu d'une réunion
du Comité de la défense du Cabinet*

*Summary of Minutes of Meeting
of Cabinet Defence Committee*

TOP SECRET

[Ottawa], March 3, 1948

COMMONWEALTH ADVISORY COMMITTEE ON DEFENCE SCIENCE;
REPORT OF 1947 MEETING

At a meeting of the Cabinet Defence Committee on March 3rd, the Chairman, Defence Research Board submitted the report of the 1947 meeting of the Commonwealth Advisory Committee on Defence Science.†

The report was concurred in by the Defence Research Board and the Chiefs of Staff. The main conclusions were that:

(a) steps designed to increase the flow of fully trained scientific graduates and to promote post-graduate training in research should be encouraged in an effort to overcome the serious shortage of scientific and technical manpower;

(b) applied research and development effort on guided weapons should eventually be concentrated mainly in Australia;

(c) importance was attached to extension of research relating to the comfort and efficiency of personnel, e.g. clothing and general stores;

(d) the governments of the Commonwealth be urged to resume research and investigation into the production of dry and compacted foods.

The governments were asked to endorse these conclusions and to note that the Advisory Committee proposed to hold their next meeting in Canada in February, 1949.

An explanatory memorandum had been circulated.

The Secretary of State for External Affairs indicated that there appeared to be no objection to the next meeting being held in Canada, and presumably a formal request would be received in due course.

To avoid undesirable publicity, it might be treated as an ordinary meeting of scientists and be held under the auspices of the National Research Council.

The Committee, after further discussion, approved, on behalf of the Canadian Government, the report of the 1947 meeting of the Commonwealth Advisory Committee on Defence Science and agreed that the governments of the other countries of the Commonwealth be so informed.

912.

DEA/220-A (S)

*Note du sous-secrétaire d'État par intérim aux Affaires extérieures
pour le haut-commissaire au Royaume-Uni*³¹

*Memorandum from Acting Under-Secretary of State for External Affairs
to High Commissioner in United Kingdom*³¹

TOP SECRET

[Ottawa], September 15, 1948

COMMONWEALTH ADVISORY COMMITTEE ON DEFENCE SCIENCE

The Cabinet Defence Committee, at its meeting on September 14, decided that you should be asked to take up very informally, on your return to London, with the Chairman of the Working Party of the Commonwealth Advisory Committee on Defence Science, the question of changing the name of the Committee. It is felt that since the present name was approved, in 1946, there have been changes in the composition originally proposed for the Committee which make it scarcely appropriate to include the word "Commonwealth" in its name. India, Pakistan, and Ceylon have not been invited to become members; and United States representatives normally attend the meetings on an informal basis. In view of these considerations, as well as of the anomalous situation at present existing as regards the basis of Commonwealth membership, and of the precarious position of international relations, the Canadian Government is inclined to think that it would be better if the forthcoming meeting were held informally and under some other name than that originally approved.

2. You might let the Chairman of the Working Party know that, while the Canadian Government will welcome having the 1949 meeting of the Committee in Canada and will meet the necessary expenses, it believes that it would be inexpedient to have the discussions described as a meeting of the Commonwealth Advisory Com-

³¹ N.A. Robertson était à Ottawa lorsqu'il reçut cette note.

N.A. Robertson was in Ottawa when he received this memorandum.

mittee on Defence Science, and suggests that during the discussions consideration should be given to permanently changing the name of the Committee to some description more suitable to the present set-up.

3. The present name of the Committee was accepted on the recommendation of the Informal Commonwealth Conference on Defence Science, held in June, 1946. This Conference also recommended that the member Governments of the Advisory Committee should be those represented at the Conference: the United Kingdom, Canada, Australia, New Zealand, South Africa, and India. These recommendations were approved by the Canadian Government (Note No. 82 of Oct. 12, 1946, to United Kingdom High Commissioner), and by the other Commonwealth Governments concerned. But by a letter of May 2, 1947, from the United Kingdom High Commissioner, the Canadian Government was informed that, in view of the uncertainty as to the relationship of India to the Commonwealth after June, 1948, it was not proposed to invite India to become a member of the Committee. Since that time India has been partitioned into India and Pakistan, and Ceylon has become a Dominion; but none of these Commonwealth members has been invited to take part in the proceedings of the Committee.

4. During the correspondence preliminary to the 1946 Conference, in a letter of March 16, 1946, to the United Kingdom High Commissioner, the Canadian Government stressed the desirability of avoiding phraseology which might 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," and expressed the view 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." It now appears that the Committee has been given a title too formal for the nature of its real work.

5. The previous meeting of the Committee was held in London in November, 1947.

E[SCOTT] R[EID]

913.

DEA/50255-40

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

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

TELEGRAM 1813

London, October 16, 1948

TOP SECRET

Reference your memorandum of September 15th regarding Commonwealth Advisory Committee on Defence Science:

I have discussed the matter with representatives of the Commonwealth Relations Office and the Chairman of the Working Party who agree that the Defence

Research meeting proposed to be held in Canada in 1949 should not be described as the Commonwealth Advisory Committee on Defence Science, and that consideration should be given to changing the title, form and constitution of that body when the representatives of the Commonwealth countries interested meet in Ottawa.

2. It is recommended, after consultation with the Commonwealth Relations Office and the Working Party that Canada should issue invitations to the United Kingdom, Australia, South Africa and New Zealand to send Defence Science representatives to meet in Ottawa on February 14th, 1949, to continue the work of the 1947 Conference including discussions on the future of that body. If the invitation is issued in this form there need be no use of the word "Commonwealth".

3. The reasons for changing the procedure will be explained by the Chairman of the Working Party to the Defence Science representatives in London of the countries who participated in the 1947 Conference, for transmission to their home authorities concerned.

4. The Working Party will place an item on the agenda for the 1949 Conference instituting a full discussion at that Conference of the future title, Constitution and Terms of Reference of the Committee and also of the Working Party.

5. Defence Science representatives here feel strongly that the Working Party should continue in one form or another and will place this on the agenda for discussion at the Ottawa meeting.

6. Defence Science representatives here suggest that decision as to United States participation in the Ottawa meeting should [be] left entirely to Canada.

914.

PCO/Vol. 244

*Extrait du procès-verbal de la réunion
du Comité de la défense du Cabinet*

*Extract from Minutes of Meeting
of Cabinet Defence Committee*

TOP SECRET

[Ottawa], December 21, 1948

VII. SECURITY ARRANGEMENTS WITH AUSTRALIA

19. *The Minister of National Defence* reported upon certain breaches of security which had occurred in Australia and which had prompted the U.S. and U.K. governments to withhold from them information of a classified nature.

In the light of this situation, and having regard to the importance of protecting information from U.S. and U.K. sources, it was desirable to consider whether the meeting of Commonwealth representatives on defence science should be held in Canada next February as planned and whether arrangements for the exchange of officers between Canada and Australia should be continued.

20. *The Chairman, Defence Research Board* reported that invitations had already been sent out to the United States and to Commonwealth countries to participate in the forthcoming meeting on defence science. The problem was to weigh the poten-

tial value of the conference against the risk of cutting of U.S. sources of information. On balance, it appeared that the risk was not worth taking. If the meeting were postponed the reasons would be obvious to all concerned. It might transpire that the United Kingdom would offer to hold it there.

21. *The Chief of the General Staff* indicated that steps had already been taken to ensure that the Australian officers attached to the Canadian Army for duty were allocated to directorates such as training where there would be no access to information of a secret nature. This arrangement seemed preferable to terminating the exchange.

22. *The Committee*, after further discussion:

(a) agreed that in the circumstances the forthcoming meeting on defence science be postponed, and that participating countries be so informed, it being understood that future arrangements would be a matter for consideration after informal consultation with U.K. authorities;

(b) noted with approval the arrangements outlined by the Chief of the General Staff for the employment of interchange officers from Australia.

...

7^e PARTIE/PART 7

TÉLÉCOMMUNICATIONS
TELECOMMUNICATIONS

915.

DEA/7767-40

Décret

Order in Council

P.C. 2103

Ottawa, May 11, 1948

The Committee of the Privy Council have had before them a report dated May 7th, 1948 from the Secretary of State for External Affairs, submitting:

(1) That the Cabinet at its meeting of January 19, 1948, approved the recommendations of the Interdepartmental Committee on Telecommunications to the effect that Canada should sign an over-all Commonwealth agreement for the nationalization of external telecommunications services provided that the protocol to the agreement indicate that this agreement does not commit governments to the financial arrangements described therein and that the said protocol clarify the clause relating to the procedure for acquisition of local companies;

(2) That the conditions stipulated by the Cabinet have been met;

(3) That the United Kingdom government has proposed that the partner governments formally authorize a representative in London to sign the Agreement and Protocol on May 11, 1948;

(4) That it is expedient that such a representative be appointed.

The Committee, therefore, on the recommendation of the Secretary of State for External Affairs, advise that Norman Robertson, Esq., the High Commissioner for Canada in the United Kingdom be authorized to sign an over-all Commonwealth Agreement for the nationalization of external telecommunications services together with a Protocol as aforesaid.

916.

DEA/6231-40

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

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

Ottawa, July 2, 1948

Attached, for your signature if you agree, are two Submissions to Council, proposing the appointment of Mr. J.H. Tudhope, formerly Operations Manager of Trans-Canada Airlines, as Canadian Member of the Commonwealth Telecommunications Board and as Civil Aviation Adviser to the High Commissioner for Canada in the United Kingdom. The Commonwealth Telecommunications Board will be established under the terms of a Commonwealth Telecommunications Agreement signed on May 11th, 1948, by Mr. Norman Robertson, on behalf of Canada, and by representatives of the other Commonwealth Governments.

In his capacity as Canadian Member of the Commonwealth Telecommunications Board, Mr. Tudhope will be paid by the Board, from funds obtained through the receipt by the Board of the net revenues of the National Bodies to be established under the Agreement, a salary of £1000 per annum and a subsistence allowance not exceeding £500 per annum.

Mr. Tudhope's duties, as Member of the Board, will not require his full time. It is, therefore, considered desirable that, in addition to his position on the Board, he should be made Civil Aviation Adviser to the High Commissioner in London. An increasing number of problems are arising in Canada House which could best be solved by a person acting in this capacity. It is recommended that Mr. Tudhope be paid an allowance by the Department of External Affairs of \$2500. per annum in his capacity as Civil Aviation Adviser.

The appointment of Mr. Tudhope was approved by Mr. Howe while he was the Minister responsible for air services and telecommunications, and I understand that Mr. Howe has cleared the appointment with Mr. Chevrier, who is now the interested Minister.³²

L.B. P[EARSON]

³² La nomination fut approuvée par le Cabinet le 13 juillet.
Cabinet approved the appointment on July 13.

8^e PARTIE/PART 8RELATIONS AVEC DES PAYS PARTICULIERS
RELATIONS WITH INDIVIDUAL COUNTRIES

SECTION A

AUSTRALIE

AUSTRALIA

917.

DEA/5475-DG-2-40

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

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

SECRET

Ottawa, December 27, 1948

Dear Mr. Greene:

I found your interesting letter of November 15th waiting for me here on my return from Paris. I am particularly grateful to have your comments on the observations which Burton has made concerning relations between our Delegation in Paris and the Australian Delegation.

2. It is quite true that these relations were not as amicable as they might have been, and we were often perplexed to know what we should do in order to put ourselves on a more friendly basis with our Australian colleagues. I do not recall, however, that we were subjected to any open criticism by the Australians to which we might object, except on one occasion when, in the discussions in the Political Committee on Palestine, the Australian representative said that we tended to follow uncritically the policies of the Great Powers. You have probably already seen in the Financial Post for December 18, a series of comments by representative Canadians on this allegation.

3. It is difficult to analyze adequately the reasons for our difficulties with the Australians, but I think probably their source may be found in the attitude of Dr. Evatt. He was anxious that he and his Delegation should play a leading role in the Assembly, and we often had the impression that in the interests of this ambition he was willing to follow an independent line for its own sake. Without reference to the consequences.

4. At a meeting of Commonwealth Delegations called by Mr. Bevin at the opening of the Assembly, Dr. Evatt complained about the fact that the United Kingdom often agreed on policy with the United States before it had consulted other members of the Commonwealth, and he suggested that a working group of Commonwealth countries should be set up at the Assembly to formulate Commonwealth policy. This meeting was attended by representatives of India, Pakistan and South Africa, and for this reason alone Dr. Evatt's suggestion was embarrassing to Mr.

Bevin. The suggestion was never taken up, but I think it very doubtful if it could have produced any satisfactory result, even if other members of the Commonwealth had not been unwilling to participate in any arrangement as formal as that suggested by Dr. Evatt.

5. On a number of questions which were discussed at the Assembly, the Canadian Delegation found itself much closer to the United States and the United Kingdom than did the Australians, not simply because we were following the dictates of these Great Powers, but because, on the merits of the case, we tended to come to the same conclusions as they did. In regard to atomic energy, for example, we were concerned that the Assembly should give approval of the Majority Reports of the Atomic Energy Commission in as clear-cut a manner as possible. The Australians, on the other hand, supported a movement amongst the smaller Powers to evade the issue in regard to atomic energy, and to direct the Atomic Energy Commission to continue its work by drafting a treaty, in spite of the evidence that this course of action would have been useless and even harmful. Since we took a very active part in the atomic energy discussions, this was one of the questions on which we found ourselves opposed by our Australian colleagues.

6. The debates on the Balkan question also brought out divergencies between the Australians and other members of the Commonwealth. The Australians were critical of the fact that the Balkan Commission had not exercised its function of mediation as fully as they thought possible, and statements by Australian representatives, both at the Assembly and on the Commission, were often quoted by Soviet representatives as evidence of the ineffectiveness of the Commission. On the main issues in regard to the situation in the Balkans, the Australian Delegation was in full accord with the attitude of both the United States and the United Kingdom. They were so anxious, however, to demonstrate their independence of judgment on the question, that they developed their criticisms in regard to the minor aspects of the operations of the Commission, to the point where they sometimes seemed to be at complete variance with their colleagues on the Commission.

7. Palestine was a further subject concerning which we differed from the Australians. The basic element in our policy in regard to Palestine has been to encourage the United Kingdom and the United States to agree. Our Delegations, both in New York and at Paris, have frequently made proposals for this purpose, and when they found that the United States and the United Kingdom had agreed on some aspect of the Palestine problem, we have generally been ready to support them. Conversely, we have been very cautious about any proposed course of action concerning which the United Kingdom and the United States seriously disagreed. The Australians, on the other hand, have taken a much more vigorous line in support of the November 29 resolution, and they have been much more openly critical of United Kingdom policy. At the General Assembly in Paris, the United States and the United Kingdom agreed to take, as a basis of their policy, the Bernadotte Report. As the Assembly progressed, it became clear that this position would have to be modified. It seemed to us, however, that no useful purpose would be served by openly challenging the United Kingdom and the United States policy, and that it would be preferable to do what we could to make certain that these two Delegations kept in step as policy developed. The Australians, on the other hand, from the

beginning, advocated policies very different from those upon which the United States and the United Kingdom had agreed, and introduced an alternative resolution which they supported with great determination. On a number of occasions during the debate, the United Kingdom representative was defending himself against Australian criticisms, and, as I have already indicated, these criticisms were made applicable to us also before the debate was over.

8. As far as Germany was concerned, there was no direct disagreement between ourselves and the Australians in regard to policy. Dr. Evatt, however, considered that the Berlin question should be taken up in the Assembly, and that the President of the Assembly should be given the opportunity to play some part in its solution. When the informal Committee of six members of the Security Council first met to consider the Berlin question, Dr. Evatt offered to join this group, but his suggestion was not taken up, and he was given no occasion to participate in the consideration which the Security Council was giving to the question. The announcement which he and the Secretary-General made, appealing to the four interested parties to use the machinery of the United Nations to settle the question, had little effect, for it was pointed out that the matter was already under consideration in the Security Council. Dr. Evatt may well have felt that he was being deliberately excluded from the Berlin discussions, and may also have attached some blame to us for this situation. The subject was not one, however, on which we had any direct communications with the Australian Delegation.

9. I understand also that Dr. Evatt considered in Paris that the United Kingdom Delegation showed greater confidence in the Canadian Delegation than it did in him and his colleagues. I do not think that he had any real reason for complaint in this regard, but I am told that he sometimes referred to what he called the "Most Favoured Nation Treatment" which the United Kingdom Delegation accorded to us. His personal relations with Mr. Hector McNeil were not good, and there were a number of occasions on which he was rude in public to Mr. McNeil. It was not surprising, therefore, that there was some restraint in the relations between the leaders of the two Delegations, but as far as I could see, the United Kingdom Delegation was scrupulously careful to make certain that ourselves, the Australians and the New Zealanders were treated on a basis of equality, and as far as circumstances permitted, this applied also to India, Pakistan and South Africa.

10. I have put down these impressions concerning our relations with the Australians at some length, in the hope that they will be helpful to you in your contacts in Australia. I do not think we should in any way make an issue of the differences which have arisen, and I hope that on future occasions we may get along much more happily with one another. Even during the Assembly in Paris, working arrangements on the official level were always very cordial, and on some questions such as Korea, we were able to work together in a very friendly and co-operative

manner. I feel sure that in better circumstances, we shall be able to overcome the kind of difficulty which we encountered in Paris.

Yours sincerely,

L.B. PEARSON

P.S. I am sending a copy of this letter to the Canadian Ambassador in Washington and Paris, and to the Canadian High Commissioner in London, Wellington and New Delhi.

SECTION B

IRLANDE ET LA VISITE DU PREMIER MINISTRE IRELAND AND VISIT OF PRIME MINISTER

918.

DEA/9908-T-1-40

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

Memorandum by Assistant Under-Secretary of State for External Affairs

CONFIDENTIAL

[Ottawa], June 8, 1948

VISIT TO CANADA OF THE PRIME MINISTER OF IRELAND

Mr. [John J.] Hearne, the Irish High Commissioner, mentioned to me today the forthcoming visit to Canada of the Prime Minister of Ireland, Mr. [John A.] Costello. He had previously discussed this with Mr. St. Laurent and with Mr. Pearson.

He tells me that the history of the invitation is as follows. When Mr. John Hackett was elected President of the Canadian Bar Association in June, 1947, Mr. Hearne suggested to him that the Canadian Bar Association might invite a distinguished Irish lawyer to their next annual meeting. He mentioned Mr. George Gavan Duffy, the Chief Justice of Ireland. Nothing was done about this letter at the time, but later, following the elections in Ireland, Mr. Hackett suggested to Mr. Hearne that perhaps the invitation might go to Mr. Costello.

Mr. Hearne sounded out Mr. Costello not really thinking that he would accept; but he replied saying that he would accept an invitation.

The acceptance by Mr. Costello of the Canadian Bar Association's invitation is now, I understand, public property. No reference, however, has yet been made by the Press to his visiting Ottawa as the guest of the Canadian Government.

It is probable that Mr. Costello will spend about two weeks in Canada, fairly well equally divided between Montreal, Ottawa, Quebec and Toronto. He will go to Montreal first, and will probably then stay with the Governor General either in Quebec or in Ottawa. The Prime Minister will no doubt give a dinner for him at the Country Club while he is in Ottawa, and when he goes to Toronto, he will, I assume, be staying with the Lieutenant Governor.

So far, no official invitation has been issued by the Canadian Government. Mr. Hearne will be seeing the Minister about this very soon and it may be that we should shortly regularize the invitation in the usual way.

Meanwhile, there is nothing to be said to the Press on the subject.

I understand that Mr. Costello will be spending the last week in August and the first in September in Canada.³³

ESCOTT REID

919.

W.L.M.K./J4/Vol. 283

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

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

SECRET

[Ottawa], September 2, 1948

It may be that Mr. Costello, on his visit to Ottawa, will bring up the question of the constitutional position of Ireland in the Commonwealth. In this connection, it would be interesting to find out from him whether he has any intention of attending the Prime Ministers' Commonwealth meeting in London. In London they do not anticipate that he will attend. I suspect that they are right.

In view of the visit, I thought you might be interested in a memorandum which I have had prepared on the status of Ireland, with particular reference to the External Relations Act. We also sent you, some time ago, a very interesting and comprehensive despatch from our High Commissioner in Dublin, Mr. Turgeon, on the political situation in Ireland. I am attaching another copy of that despatch,† and of the memorandum.

L.B. PEARSON

[PIÈCE JOINTE/ENCLOSURE]

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

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

SECRET

[Ottawa], September 1, 1948

THE STATUS OF IRELAND; THE EXTERNAL RELATIONS ACT

In December, 1936, at the time of the abdication of King Edward VIII, the Irish Parliament passed the Executive Authority (External Relations) Act under which the King was authorized to act on behalf of Ireland "for the purposes of the

³³ Selon une note de Reid pour Saint-Laurent, en date du 17 juin, qui se trouve dans le même dossier, le premier ministre fut mis au courant et la suggestion lui fut faite d'inviter Costello à rendre visite à Ottawa à titre d'invité du Gouvernement canadien.

According to a memorandum from Reid to St. Laurent (June 17) on the same file, the Prime Minister was advised and the suggestion was made that Costello be invited to visit Ottawa as the guest of the Canadian Government.

appointment of diplomatic and consular representatives and the conclusion of international agreements." Section 3(1) of the Act reads in full:

"It is hereby declared and enacted that, so long as Saorstát Eireann is associated with the following nations, that is to say, Australia, Canada, Great Britain, New Zealand, and South Africa, and so long as the king recognised by those nations as the symbol of their co-operation continues to act on behalf of each of those nations (on the advice of the several Governments thereof) for the purposes of the appointment of diplomatic and consular representatives and the conclusion of international agreements, the king so recognised may, and is hereby authorised to, act on behalf of Saorstát Eireann for the like purposes as and when advised by the Executive Council so to do."

2. The present constitution of Ireland was adopted in 1937. It declared Ireland to be "a sovereign, independent democratic state" (Article 5). No reference was made to Ireland being made a republic, but the constitution substituted an elected President in place of a Governor-General representing the King. The King's name did not appear in the Constitution; nor was any mention made of the British Commonwealth. While the President was not described as the head of the state, he was to "take precedence over all other persons in the State" (Article 12(1)).

3. It provided (Article 29(4)(1)) that "Executive power of the State in . . . its external relations, shall . . . be exercised by, or on, the authority of the *Government*." The following sub-section regularised and continued the position created by the External Relations Act. It reads as follows:

(Article 29(4)(2)) "For the purpose of the exercise of any executive function of the State in or in connection with its external relations, the Government may to such extent and subject to such conditions, if any, as may be determined by law, avail of or adopt any *organ, instrument, or method of procedure used or adopted* for the like purpose by the members of any group, or league of nations with which the State is or becomes *associated* for the purpose of international co-operation in matters of common concern."

4. This would seem to mean in effect that for external purposes at least, though not for internal affairs, the King must be regarded as the head of the Irish State, though this has been denied by Irish political leaders.

5. When the constitution came into force, the United Kingdom Government declared (December 30, 1937) they were prepared to treat it "as not affecting a fundamental alteration in the position of the Irish Free State, in future to be described under the new Constitution as "Eire" or "Ireland" as a member of the British Commonwealth of Nations," and added that they had ascertained that the Governments of the other member states were prepared to do likewise. This referred to Canada, Australia, New Zealand and South Africa.

6. *Mr. de Valera's Position*

In July 1945, the Prime Minister of Ireland, Mr. de Valera, used the word "republic" for the first time in describing the constitution. On one occasion he declared, "We are today an independent republic," and on another he said that Ireland is "a sovereign independent republic associated as a matter of external policy with the states of the British Commonwealth." He repeated this view a number of

times during the remainder of his tenure of office. He frequently used the term "external association" to describe the relationship with the Commonwealth. The United Kingdom authorities considered that his statements in 1945 did not mark or involve any change from the position formally accepted in 1937.

7. *Mr. Costello's Position*

Mr. Costello replaced Mr. de Valera as Prime Minister on February 18, 1948, following a general election, with a coalition government consisting of five political parties. On July 28, in answer to questions in the Dail he said: "The constitutional position is that Ireland is a sovereign, independent, democratic State associated with the members of the British Commonwealth. The process by which Ireland ceased formally to be a member of that Commonwealth has been one of gradual development." . . . "It has ceased to be formally a member, but is associated with the other members."

8. *Mr. MacBride's Position*

Mr. MacBride, the leader of the Clann na Poblachta Party, became Minister for External Affairs when Mr. Costello formed his cabinet. In the months preceding the general election, his Party stressed its determination "to break the last link with Britain," to repeal the External Relations Act and generally to take all measures necessary to set Ireland up as a free, sovereign state having no further connection inside or outside its borders with the head of any "foreign" country. After the defeat of the de Valera government, Mr. MacBride said he was prepared to place his Party's main objectives "in abeyance" for a time and to accept the portfolio of Minister of External Affairs, with the administration of the External Relations Act, in a coalition government led by Mr. Costello.

9. On July 21 in the Dail, Mr. MacBride in replying to a question said, "The answer is that we are certainly not a member of the British Commonwealth of Nations."

10. *Mr. Norton's Position*

Mr. Norton, the leader of the Labour Party, and Minister for Labour in the Costello Government, spoke against the External Relations Act in the Dail on August 6 and was supported by Mr. de Valera when he suggested it should be abolished. Mr. Norton said:

"They (the de Valera Government) had a President and a Minister for External Affairs, but these were by-passed, and they used the British King to accredit their representatives abroad.

"Does Mr. de Valera claim that this is a sovereign independent republic?"

"Mr. de Valera — I do.

"Mr. Norton — Does he know of any other country which uses a foreign monarch to accredit its representatives to other countries? Does any other republic deliberately pick out the king of another country to accredit its representatives? It does not. This is one of the unique constitutional somersaults of Deputy de Valera.

"I think it would do our national self-respect good, both at home and abroad, if we were to proceed without delay to abolish the External Relations Act.

"That was my view then, and it is my view today. Our national honour would be all the higher if it were to go."

11. Mr. de Valera replied as follows:

"You can appoint An Ceann Comhairle (Speaker of the Dail), the Chief Justice or the Minister for External Affairs. The Taoiseach could act in that particular way if other Governments are prepared to accept it.

"If the present administration wanted to bring in a Bill which would authorise the President to sign letters of credence, they would find no opposition.

"If a measure were brought into the House to clear up any doubts or difficulties that might exist, he felt that not a single member of his party would vote against it. If there was a doubt about their present position as a Republic, then he would say to those on the opposite benches — let us resolve that doubt."

12. *Mr. Turgeon's Conclusions*

Our High Commissioner in Dublin, who has written full, analytical despatches on the recent developments in Ireland, has formed the opinion that it was with reluctance that Mr. Costello declared Ireland to be out of the Commonwealth and that he dislikes being forced into the making of definite statements about Ireland's complete separation for all purposes from the United Kingdom. But Mr. Turgeon also thinks that, despite Mr. Costello's efforts to the contrary, the spirit of the legislature is more anti-British than previously and he has predicted that when the Dail meets again in November the External Relations Act will be repealed and thus will be severed the "last link between this country and the United Kingdom."

13. *United Kingdom View*

Sir Norman Brook, the Secretary of the United Kingdom Cabinet, when in Ottawa recently, indicated that the United Kingdom authorities were inclined to consider the present status of Ireland as the "irreducible minimum" beyond which it would be impossible for any member state to go without terminating completely the Commonwealth relationship. The United Kingdom Government was anxious to know the intentions of the present Irish Government.

920.

DEA/50021-40

Note

Memorandum

[Ottawa, n.d.]

NOTES OF CONVERSATION BETWEEN THE PRIME MINISTER OF CANADA AND
THE PRIME MINISTER OF IRELAND, AT KINGSMERE,
THURSDAY, SEPTEMBER 9TH, 1948

Also present were Mr. J.J. Hearne, the Irish High Commissioner; Mr. L.B. Pearson; Mr. N.A. Robertson.

In response to Mr. King's invitation to Mr. Costello to speak his full mind about the position of Ireland and its relationship to the other countries of the Common-

wealth, the Irish Prime Minister proceeded to explain why he and his colleagues had come to the conclusion that they must repeal the External Relations Act of 1936. To put this decision in its historical context, Mr. Costello reviewed events in Ireland since the coming into force of the Treaty of 1921. He himself had been a supporter of Arthur Griffith and Michael Collins in the negotiations for the Treaty, and of Kevin O'Higgins and of Cosgrave in their long effort to maintain it loyally despite the unrelenting opposition of the Sein Fein Party, headed then as now by Mr. de Valera. He felt that the Treaty had won the substance of freedom and independence for Ireland, but in important respects it had represented a difficult and distasteful compromise on a number of points to which Irishmen of all parties attached great importance. Cosgrave and his supporters had maintained an unequal struggle on two fronts for a dozen years, defending the Treaty settlement against its Irish critics, and striving to secure its modification by consent through negotiations with the United Kingdom Government. Those negotiations had not led to any significant recognition of the Irish point of view. His failure to secure agreed amendments to the Treaty regime resulted in Mr. Cosgrave's defeat in the General Election of 1931, and Mr. de Valera's accession to office.

Once in power de Valera proceeded to accomplish by independent action almost all the things which Cosgrave had tried to do by friendly negotiation. He abolished the Oath of Allegiance, which had been required by the Treaty; abolished the right of appeal from Irish courts to the Judicial Committee of the Privy Council; re-wrote the Constitution of Ireland in such a form as to exclude the Crown completely from its internal structure. All these radical changes in the relationship of Ireland to the United Kingdom and the rest of the Commonwealth had been accepted meekly by the United Kingdom and the Commonwealth. To cap the process, the United Kingdom had agreed to hand back to Mr. de Valera the control of the Irish ports which had been reserved by the United Kingdom for purposes of naval security under the Treaty of 1921. Having successfully repudiated almost all the obligations of the Irish Treaty which Cosgrave and the Fine Gael had felt bound in honour to defend as part of a substantially fair bargain, de Valera then put through the External Relations Act. It is perhaps worth quoting for reference at this point the following excerpt from the Act:

"It is hereby declared and enacted that, so long as Saorstát Eireann is associated with the following nations, that is to say, Australia, Canada, Great Britain, New Zealand and South Africa, and so long as the king recognised by those nations as the symbol of their cooperation continues to act on behalf of each of those nations (on the advice of the several Governments thereof) for the purposes of the appointment of diplomatic and consular representatives and the conclusion of international agreements, the king so recognised may, and is hereby authorised to, act on behalf of Saorstát Eireann for the like purposes as and when advised by the Executive Council so to do."

Costello and those of his Cabinet colleagues who had been members of the Opposition in the Dail at that time had voted against this measure, which they regarded as a rather shabby subterfuge by which de Valera had tried to combine complete independence with a nominal use of the Crown as an instrument or agent

for the conduct of the purely formal and diplomatic aspects of Irish external relations.

Now that Mr. de Valera had been defeated, and the coalition of all his opponents was in office — made up of Fine Gael (the Cosgrave party who had supported the Treaty); the Labour Party, which had generally taken a Republican line on constitutional questions; and [Clann] na Poblachta, which carried forward the completely uncompromising revolutionary Republican tradition of the IRA³⁴ — the one constitutional measure on which they were immediately agreed was that the External Relations Act had to go. For different reasons it was not only distasteful but completely unacceptable to all the elements which made up the Irish Government.

As Mr. Costello put it, "the Harp without the Crown" was a settled objective of Irish policy. He recognized that other parts of the Commonwealth with different histories might cherish quite different and friendly feelings towards the monarchy and the political symbolism of which it was part, but for Irishmen such an attitude was impossible. On this issue all parties were agreed. If it was not dealt with now and finally, there might well be a relapse into the habits of political violence from which Ireland had suffered so much and from which she was now happily free. Since Ireland was now already in fact outside the Commonwealth, the repealed External Relations Act would only formalize what for some time had been the de facto situation. This formal political separation, however, was not, he thought, incompatible with some special association with the countries of the Commonwealth, towards which the Irish Government and people would like to maintain especially close and friendly relations. It seemed to him that the real bases of Commonwealth association did not lie in formal political symbols, but in their sharing of a common way of life and loyalty to the ideals and values of Christian and Western civilization, and their attachment to democratic liberties and representative systems of government, etc. If their association could in fact be based on the recognition of these concepts, and if the question of Partition was satisfactorily settled, then there would be a firm base established for Ireland's continuing association with the other countries of the Commonwealth. This was of concern not only to intra-Commonwealth relations, but was important to the peace of the world, because once really friendly and confident relations were established between the United Kingdom and Ireland, then one would find that relations between the United Kingdom and the United States would become much easier and friendlier than they were now. It was true that hostile outside pressures, first from the Nazis, now from the Communists, were forcing the United Kingdom and the United States to work together in many political fields, but this cooperation was, he thought, seriously limited by the mistrust of England which so many Americans inherited from their Irish forebears. If Anglo-Irish relations were finally cleared up, Ireland could not only make her own contribution to a North Atlantic Defence Pact and Western Union through her resources, geographical position and population, but could make a much greater indirect through peoples of Irish extraction, who, as citizens of other countries all over the world, but of course principally the United States, would then feel free to put their hearts and minds into unreserved support of

³⁴ Irish Republican Army.

the closest military and political cooperation between the United States and the countries of the Commonwealth.

921.

DEA/50021-40

*La délégation à l'Assemblée générale des Nations Unies à Paris
au secrétaire d'État aux Affaires extérieures*

*Delegation to United Nations General Assembly in Paris
to Secretary of State for External Affairs*

TELEGRAM 8

Paris, September 20, 1948

TOP SECRET AND PERSONAL

Following for Pearson from N.A. Robertson, Begins: Reference: Ireland.

In accordance with your suggestion, Turgeon came to see me in London over the weekend. He will come to Paris to see the Prime Minister before his departure for Canada if the latter thinks it necessary. In the meantime he has given me the following appreciation of the Irish political situation for Mr. King's information:

Appreciation begins:

(1) Fear of war is becoming great; the desire to maintain neutrality is reaching dominant position.

(2) Costello's speech stating Eire would fight on Canada's side, and, by inference, on Britain's side, in a war against Communist Power had a very bad effect.

(3) Costello's denial of having made this statement is not accepted by the people.

(4) Costello's further declaration that Eire would join pact for western union and defence *if partition removed* is considered as a bargain he had no right to propose. Opposition says Ireland's right to territorial integrity is absolute and must be insisted upon without pledging country's future.

(5) Complete severance from Commonwealth and setting up of a Republic under leftist pressure is not looked upon with favour in upper Catholic circles, and the people in general are uneasy about it.

(6) A plebiscite to decide whether Eire to retain the King (External Relations Act) or to form a Republic would probably give a majority against the change in the 26 counties. It would certainly show a large majority in favour of the status quo if the whole 32 counties were consulted.

(7) Costello will probably find the political situation in a bad mess within his own Cabinet when he returns. Personally he cannot recede from the position he took in Canada, and his colleagues Norton and MacBride have been making even more advanced anti-King declarations during his absence.

(8) I should not be surprised to see Dillon resign. He is the only pro-British member of the Government and belongs to no party. His constituency, *Monaghan*, has a large Protestant, Loyalist, vote which has always supported him.

(9) All this is playing into De Valera's hands. His two strong cards will be: (i) He preserved Eire's neutrality during the last war, and (ii) The country's position in the next war must not be involved in a bargain about the removal of partition.

(10) The Government's normal majority is now only 3 in a legislature of 147 members.

(11) The use of the radio for anti-English broadcasting has assumed what I believe to be dangerous proportions. My British colleague is grieved and alarmed at it.

(12) Verbal exchanges regarding north and south between only semi-responsible parties are becoming more and more violent.

All considered, I would not advise an official visit to Eire at this time by an eminent Canadian statesman and leader. Such a visit would be deemed to have some political purpose, perhaps the approval of Eire's assertion of freedom from the King by repeal of the External Relations Act and its far-reaching consequences, perhaps an attempt to stem the movement.

One thing is certain: the External Relations Act will be repealed at the coming session, this autumn, of the Irish Parliament, and Eire's last link with the King will be broken.

I would fear the effect of all this among certain elements of Canada's population if the proposed visit were made now. Appreciation ends. Ends.

922.

DEA/50021-40

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

*Acting Under-Secretary of State for External Affairs
to High Commissioner in Ireland*

CONFIDENTIAL

Ottawa, October 14, 1948

Dear Mr. Turgeon:

It was thought that you might find useful a summary of Mr. Costello's public statements made during his visit to Canada. In a separate despatch an account has been given of the various functions that Mr. Costello attended and the visits that he made to various personages in Ottawa, Quebec and Toronto.

I assume that you have already read Mr. Costello's speech before the Canadian Bar Association in Montreal. A copy was received here with your despatch No. 139 of September 8th, 1948.† A reading of the speech has left with me three main ideas: first, that Mr. Costello in recounting the evolution of Ireland's status from the Treaty to the present day seems strongly to suggest that Ireland throughout has been in the vanguard of Commonwealth development; second, that Mr. Costello wishes to regard persons abroad of Irish origin as part of an empire, albeit a spiritual one, as constituting now a source of strength to the mother country and for the future the source of a much greater population; third, that the External Affairs Act, "full of infirmities and inaccuracies" could only be suitably dealt with by repeal. I

cannot, of course, give you any idea of the attitude of the press towards this and the later statements since the newspapers confined themselves during the visit to factual reporting; nor can it be said that either the general public or ourselves were startled in any measurable degree.

Looking at Mr. Costello's statements as a whole one can see three main subjects. These were (a) the External Affairs Act and "association"; (b) aid to Canada in an attack from communist quarters; and (c) partition.

Having prepared the ground at Montreal, Mr. Costello declared at a conference for the Press Gallery on September 7 that Ireland was in fact preparing to repeal the External Affairs Act. One can hardly say that this move was entirely unexpected, whatever its implications. The strongest and quickest reaction was the blast from Sir Basil Brooke³⁵ that you will have already noted: "Ulster has no use for a merely external association with the British Commonwealth of Nations . . . Mr. Costello has revealed more clearly than ever the yawning gulf that separates Ulster from Eire. He has underlined the permanence of what he calls 'partition' and has shown how impossible is the united Ireland of his dream." The announcement of Mr. Costello was no doubt the one important statement of policy made during his visit. He could hardly fail to make it out of the context of what the Irish are pleased to call "association". The first lines of this context had already been sketched in Montreal where Mr. Costello observed that "association" depended upon the "factual situation".

From these words one might infer that "association" would not be in any sense a constitutional relationship. This inference is the stronger by reason of the intention to repeal the External Affairs Act. On the day before the intention to repeal was announced Mr. Costello emphasized to press representatives that what counted was the practical association with the Commonwealth. "Whether Eire is a member of the Commonwealth is just a phrase." In the days that followed in Ottawa after the announcement, Mr. Costello developed the conception of a great new Ireland constructed with the aid of a Marshall Plan loan of \$85,000,000.00 and which, once united and independent of its Commonwealth ties, could repatriate its people from the United Kingdom, Canada and the United States and thus build up its depleted population. This new Ireland would be independent of the Crown yet "friendly and working in association with Commonwealth nations," and willing, despite its serious dollar shortage, to co-operate in the maintenance of the sterling area. Mr. Costello cited the four-year trade agreement with the United Kingdom as an indication of friendly "association" and he repeated Ireland's readiness to enter into a trade agreement with Canada. (A few days earlier he had expressed the hope that Ireland could negotiate a basic trade agreement with Canada. Ireland could export to Canada such items as tweeds, linens, blankets, rugs, luxury goods, whisky and stout, and take in exchange Canadian farm machinery, fertilizers, capital goods for industrial development, and corn for feeding hogs.)

In what appears to be yet a further attempt to dispel the vagueness that hangs about the word "association" Mr. Costello, in his last public address in Canada,

³⁵ Le premier ministre de l'Irlande du Nord./Prime Minister of Northern Ireland.

spoke of bonds of friendship between Canada and Ireland and of the way of life common to both countries. "In Ireland we claim in a particular way to understand Canada . . . It is evident that the bonds of friendship which united our two peoples in the past are not merely historical facts; they are the results of a firm and ever growing partnership in the uneasy, fretful world of the Twentieth Century. As we in Ireland survey the world and seek to find the nations with which we wish to be associated freely in our common endeavours, it is natural that we should turn to Canada . . . Let us broaden the basis of our association so that other nations may find it a model on which they, also, may base the method of their co-operation and the form of their relations with their neighbours and friends." The association should be a "special relationship based, not on constitutional forms, but on the more solid and lasting ground of the way of life for which we have been known."

We are led naturally to think of the "factual situation" as between Canada and the United States and there is at least one sign that press representatives had this in mind. At a press interview after his broadcast over the C.B.C. National Network on the evening of September 5, Mr. Costello announced Ireland's readiness to come to the aid of Canada if Canada were ever threatened by war from a Communist quarter. Some observers, contrasting the role of Canada with that of Ireland in the world wars, dubbed this assurance "rather weak". At the interview itself one reporter asked the rather pointed question whether Ireland was spending much money on defence. Mr. Costello replied that not much money was being spent since the government was trying to improve its system of social security. I have no doubt that the questioner was thinking largely of the arrangements for defence co-operation between Canada and the United States.

Mr. Costello appears undoubtedly to have come to Canada anxious to express the willingness of the Irish people to take a part in repelling the advance of materialist concepts of life, to help check "the ever-spreading virus of Communism." He referred again in this particular context to Ireland's spiritual empire throughout the world, which fortifies with its support the opposition of Ireland to the attempts to overthrow our common civilization. I must admit that I cannot altogether grasp the implications of this idea. It might on the one hand be a roundabout way of speaking to those in Canada and elsewhere who are of Irish descent. It might, on the other hand, appear to Mr. Costello to be an important element, even though intangible, in "association".

On the question of partition, Mr. Costello fired the first shot in the Transatlantic duel after the broadcast that I have just mentioned. He had been announced by the C.B.C. as Prime Minister of Ireland. He said that this designation was the proper one and that no matter what the six northern counties said, he was "to all intents and purposes" prime minister of the whole of Ireland. Continuing in the following days on this subject, he believed that there was a growing feeling among the northern Irish favourable to union. He repeated, the stipulation that before Ireland could join the defensive arrangements of Western Europe, partition would have to be brought to an end. By this time the Deputy Prime Minister of Northern Ireland had arrived in Canada and was telling the Royal Empire Society at Montreal that his country was "not for sale". He said that Ulster would have liked for some time past to help bring about a unity of Ireland. The attitude of the people in the south, he

declared, was making it impossible to do so. Simultaneously the Grand Orange Lodge of Northern Ireland was echoing Sir Basil Brooke's statement that Ulster had no use for a merely external association with the British Commonwealth of Nations, and was protesting against "the audacious and preposterous claim" of Mr. Costello that he had any control over the affairs of Northern Ireland.

As I think you know, Mr. Costello had a long private session with the Prime Minister. Mr. [N.A.] Robertson was present and has probably told you about it. We have no very full record on our file about this meeting but we may be able to give you some account of it later. On the whole Mr. Costello was very cordially received by the Canadian public and no doubt those who heard him and probably those who read accounts of his addresses acquired a more vivid impression of the Irish political situation. But I am not sure that people's minds were entirely free from scepticism about tangible results, however earnest the motives may have been, and this feeling cannot have been removed by the statements of Mr. Costello on his return to Dublin or by the suspicion that fresh ammunition has been supplied to Mr. De Valera to let fly at a coalition government in which Mr. Costello's voice does not go unquestioned.

Yours sincerely,
ESCOTT REID

SECTION C

NOUVELLE-ZÉLANDE : VISITE DU MINISTRE DES FINANCES
NEW ZEALAND: VISIT OF FINANCE MINISTER

923.

DEA/5909-40

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

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

[Ottawa], February 12, 1948

RE PROPOSED VISIT OF MR. WALTER NASH, NEW ZEALAND MINISTER
OF FINANCE, TO OTTAWA

In a telegram from our High Commissioner in New Zealand last November,† we were informed that Mr. Walter Nash, New Zealand Minister of Finance, was concerned about New Zealand's Canadian dollar position and that he would like to arrange to visit Ottawa to discuss trade relations between this country and New Zealand. In a reply† to our High Commissioner it was said that we would be pleased to have discussions with Mr. Nash in Ottawa on trade arrangements and other related matters if his schedule at Havana would enable him to proceed here. This information was transmitted to Mr. Nash in a letter dated November 17th from

our High Commissioner,† and in a reply of the same date Mr. Nash stated that, if time should be available, he would be anxious to make a short visit to Ottawa.†

In a telegram dated January 30th,† our High Commissioner in New Zealand informed us that when in Ottawa Mr. Nash would endeavour to arrange a short term credit for the purchase of certain commodities required by New Zealand and that he would also wish to discuss a proposed agreement between Canada and New Zealand for the avoidance of double taxation. The draft text of the proposed agreement prepared by the New Zealand authorities has been received here and is being considered by officials of the Department of Finance and the Department of National Revenue. We have also received a list of the commodities which New Zealand is interested in obtaining from Canada, and this information has been given to the Department of Trade and Commerce. Officials of these interested departments are preparing for discussions when Mr. Nash arrives in Ottawa.

The exact date when Mr. Nash will come to Canada is not yet known, but in a letter of February 5th to the Prime Minister† Mr. Nash stated that proceedings in Havana would probably be concluded between the 20th and the 29th of this month and that he then planned to spend not more than three days in Ottawa. Mr. Nash pointed out that he was booked to leave San Francisco by plane on March 5th. In a subsequent message,† we were informed that Mr. Arms, Land and Income Tax Officer, was leaving Auckland on Wednesday of this week and that after a short time in Washington he would proceed to Ottawa to assist in negotiations on the subject of double taxation.

The Prime Minister has sent a message to Mr. Nash† stating that he is looking forward to seeing him in Ottawa, and the Office of the New Zealand High Commissioner has been requested to let us know as soon as an exact travel schedule has been arranged.

The Departments of Finance, Trade and Commerce and National Revenue have been kept informed of developments and have no doubt advised their Ministers of this proposed visit.

[L.B. PEARSON]

924.

DEA/5909-40

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

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

[Ottawa], February 25, 1948

PROPOSED VISIT BY NEW ZEALAND MINISTER OF FINANCE

On Monday afternoon Mr. G.J. Schmitt, of the New Zealand Treasury, and Mr. J.A. Malcolm, New Zealand Trade Commissioner in Canada, called on Mr. Moran of the Economic Division. Mr. Schmitt came from Havana at the request of Mr.

Walter Nash, to hold preliminary official conversations preparatory to Mr. Nash's visit to Ottawa at the end of the Havana Conference. Representatives of the Departments of Finance and Trade and Commerce were present at the conversation.

2. Mr. Schmitt said that the United Kingdom Government had requested the Government of New Zealand to try to reduce its unfavourable trading balance to zero. This would mean an overall reduction in imports from about £140,000,000 N.Z. to £102,000,000. Within this overall picture they had also been requested to make a special effort to reduce their unfavourable dollar balance as far as possible.

3. They had, after careful and detailed study, reduced their proposed imports from Canada for the calendar year 1948, from £10½ million N.Z. to £7 million. Mr. Nash would be interested in discussing with the Canadian Government any suggestions which might be made on either side to minimize this proposed slash in imports. It was Schmitt's opinion that the Government of New Zealand would not ask for a direct loan. They would, however, wish to explore the possibility of arranging for the Government of Canada to hold inconvertible sterling against exports to New Zealand, for the calendar year 1948, to an amount representing the difference between imports of, say, £7 million (an irreducible minimum of essential imports) and, say, £10½ million.

4. We suggested to the New Zealanders that it would be useful for both sides to study the trade figures to discover what prospects there might be:

(a) to divert New Zealand exports, other than food, from the United Kingdom to Canada;

(b) to try to find in New Zealand sources of supply of commodities which Canada is presently buying from the United States or other dollar sources.

5. Mr. Schmitt and Mr. Malcolm are going to pursue these studies with representatives of the Department of Trade and Commerce, and I will report to you the results of this trade analysis.

6. With regard to the suggestion that Canada might hold inconvertible sterling, we explained that this was, of course, a matter of government policy. We were very pessimistic as to the possibilities of reaching such an arrangement. We emphasized our current credit difficulties, including our present problems with regard to the unused portion of the Canada-U.K. loan, and the fact that we had recently had to borrow from the Ex-Im. Bank. They wished to know whether there might be at least "a gleam of hope" which they could pass on to Mr. Nash before he left Havana. We said that we could hold out no hope, but would seek instructions from the Government as soon as possible. We got the impression that Mr. Nash's plans to visit Canada might be largely determined by whether or not the "gleam of hope" was visible to Mr. Schmitt in Ottawa.

7. When we, on our side, pressed them for details of their proposed cuts in imports from Canada, we could not get any exact information from them. They had in mind further reductions in imports of automobiles and parts, electrical machinery, newsprint, rubber-soled shoes, canned fish, aluminium sheets and other items. They pointed out that if there were, in this list, any items which Canada could not sell, and which they would like to have, it might be mutually advantageous for us to reach some agreement as to interim financing.

8. Dr. Clark has a copy of this memorandum and will discuss this matter with his Minister. You may wish to have a word with Mr. Abbott.

9. Schmitt is anxious to have some indication of Ministerial reaction to his suggestion. Perhaps you would indicate, please, whether you wish to have any message transmitted to Schmitt at Havana.³⁶

E[SCOTT] R[EID]

925.

DEA/5909-40

*Le secrétaire d'État aux Affaires extérieures
au haut-commissaire en Nouvelle-Zélande*

*Secretary of State for External Affairs
to High Commissioner in New Zealand*

DESPATCH 115

Ottawa, March 27, 1948

Sir,

With reference to previous correspondence concerning the proposed visit of Mr. Walter Nash, New Zealand Minister of Finance, to Ottawa, Mr. Nash arrived on Friday, March 12th and left again on Saturday, March 13th.

2. During the time Mr. Nash was in Ottawa, he had discussions with the Prime Minister and various Ministers on matters of mutual interest. I have asked the Departments concerned to be good enough to let me know whether any matters of interest were discussed by their Ministers, and I thought that you might care to have a summary of the replies received from the Department of Transport and from the Department of Finance.

3. Mr. Nash informed the Minister of Transport that New Zealand is anxious to transfer the registration of four Canadian Park vessels which are now operating under the Canadian flag. The Minister of Transport advised Mr. Nash that for the present at least it would not be possible to acquiesce in this request. It was indicated to Mr. Nash that, provided the undertaking were given that funds received from the sale of these vessels would be left in escrow in Canada for the construction of new vessels in Canadian yards, then the Government would be prepared to give further consideration to the New Zealand request.

4. Mr. Nash said that his country was also anxious to find out if Canada would give favourable consideration to the re-establishment of the Canadian-Australasian Line, provided the United Kingdom were interested in the re-establishment of such a service. The Minister of Transport advised Mr. Nash that Canada would give favourable consideration to such a proposal.

³⁶ Notes marginales :/Marginal notes:

Only indicated commodity we might be able to sell on blocked sterling or credit terms would seem to be certain quantity of canned fish. Otherwise cannot see any "gleam of hope".

St. L[aurant]

Decision of Mr. St. Laurent passed on verbally to Mr. Malcolm. 3 Mar 48. H.O. M[oran]

5. The Agreement for the Avoidance of Double Taxation was signed on March 12th by Mr. Nash on behalf of New Zealand and by the Minister of Finance for the Government of Canada. In a brief discussion with the Minister of Finance, Mr. Nash explored in very general terms the possibility of New Zealand buying certain Canadian products in excess of current purchases. The method of paying for these additional goods was the subject of some discussion, but no specific plan for payment was examined in detail. Mr. Nash insisted that it was not his idea that Canada should extend direct credits to New Zealand. Furthermore, he insisted that it would not be proper from the point of view of his Government to direct the current flow of New Zealand exports away from the United Kingdom to Canada. The Minister of Finance emphasized that there was practically full employment of manpower and resources in Canada at the present time and that it was difficult to see how additional exports could be made to New Zealand without causing a loss in Canada's dollar resources.

6. Mr. Nash concluded his discussion with the Minister of Finance by suggesting that the Canadian Government bear in mind the possibility of what he had suggested concerning further New Zealand purchases in this country. Mr. Nash said he would submit a list of items in respect of which New Zealand would like further supplies from Canada. The Minister of Finance assured Mr. Nash that our Government would consider this matter, but he did not express any hope that much could be done.

7. The Prime Minister and the Minister of Trade and Commerce have indicated that their talks with Mr. Nash were of a general nature and that nothing of importance was discussed.

8. A copy of the Double Taxation Agreement will be forwarded to your office when it has been received from the King's Printer.

I have, etc.

H.O. MORAN
for Secretary of State
for External Affairs

SECTION D

AFRIQUE DU SUD
SOUTH AFRICA

926.

DEA/1617-40

*Note du ministre de la Défense nationale
pour le secrétaire d'État aux Affaires extérieures
Memorandum from Minister of National Defence
to Secretary of State for External Affairs*

SECRET

Ottawa, December 15, 1948

Mr. Charles te Water, Ambassador-at-Large for South Africa, called with Dr. P.R. Viljoen, who represents South Africa in Ottawa, with, as he said, the object of paying his respects and explaining his Government's views on a number of questions which were of vital importance to South Africa.

2. As the talk developed, it became evident that his one purpose was to try to secure the support of Canada for South Africa's "white supremacy" policy.

3. He said that British and European interests had been liquidated in the Far East. The East had been returned to the East. The world struggle between Communism and other nations made Africa as a whole a place of the utmost strategic importance. White South Africans were among the most conservative peoples in the world, entirely opposed to Communism. Africa had a total population of 175,000,000, of whom about 5,000,000 were white and half of these were in South Africa. If we wanted Africa to remain a solid base for future operations, we must support the South African policy. If we had no interest in the survival of South African culture, then we should let them know and they would act accordingly.

4. He said that the Indians were endeavouring to make Africa Indian. They would not go home to India. To the contrary, they wanted to bring in more so as to swamp the white population.

5. Though he dealt mainly with the Indian problem, he also touched on the black situation.

6. On several occasions he said we in Canada did not understand the situation or else we would have a greater sympathy for his country's position. He referred to our participation in the "nefarious" South African war.

7. Asked whether his Government would respect the "entrenched clauses" by which certain rights are guaranteed to the native population under the constitution, he became at once evasive. I judged that they had no intention of respecting these rights.

8. Asked also what they intended to do about the constitutional position, he said that they would continue to be in the Commonwealth. Again he appeared to resent this question. He said that while his Party was a republican party, they would be a republic within the Commonwealth with the King as King of republican South Africa!

9. In trade South Africa was becoming more and more aligned with the United States.

10. South Africa is in an extremely difficult situation and we must be most careful to help in every way possible. But for me at least, Mr. te Water made the worst of the present government's bad case. If he talks to others as he did to me, I would think that South Africa would lose such little support as she has for her present policy.

B[ROOKE] C[LAXTON]

SECTION E
ROYAUME-UNI
UNITED KINGDOM

927.

DEA/277 (S)

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

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

DESPATCH 713

London, April 21, 1948

Sir,

I have the honour to report that the increasing continentalization of the United Kingdom's policy is causing concern in those parts of the Commonwealth which do not fit easily into a continental grouping, notably Australia and New Zealand.

2. It is perhaps unnecessary to point out that there are two separable causes of this new orientation of the United Kingdom's outlook. Towards the end of December of last year the Foreign Office presented to the Cabinet a long conspectus of Soviet policy throughout the world, in which Communist pressure at all of the critical points was analyzed and its danger estimated. This review led to the conclusion that, unless firm action were taken, the situation would deteriorate further and important positions would be lost one by one and almost by default. As a result of the submission of this paper, the Cabinet authorized Mr. Bevin to make his speech of the 22nd of January in the House of Commons in favour of Western Union. The bases of that speech were diplomatic and strategic rather than economic. But for many months previously the United Kingdom had been forced by economic necessity to move in the same direction; and indeed it may be doubted whether Mr. Bevin's initiative would have taken the form it did of calling initially for a closer association of the democratic states on the Atlantic seaboard of Europe if a continental pattern had not already been laid down by the European Recovery Programme.

3. Although the main lines of the United Kingdom's foreign policy have been dictated by the knowledge that the values of Western civilization are under grave attack, many of its features cannot be explained except by reference to the dollar problem. This continuing preoccupation has led to a more ready acceptance of the United States lead in most diplomatic spheres than would have been likely otherwise and to a progressively greater awareness that manpower must be drawn from the Services in order to increase production for export. There have been very few aspects of the United Kingdom foreign policy which have not been affected by one or other of these constant influences — the shortage of United States dollars, the necessity of working closely with the United States, and the need to economize in the use of manpower. The dollar problem has had its effect on great things and small. It led to the precipitate withdrawal from Greece and Turkey and so to the

formulation of the Truman Doctrine. It was responsible for the dusty answer which the Newfoundland Delegation received when they came to London last spring. It accounts for the increasingly marginal role which the United Kingdom is playing in the Japanese settlement. Without the sharp spur of the dollar drain, the United Kingdom would not have agreed to form the Bi-Zone in Germany and to give up sole control of the Ruhr, for which both Mr. Churchill and Mr. Bevin fought so stubbornly. All around the globe the United Kingdom's foreign policy has been influenced by the exigencies of the dollar problem.

4. Although these withdrawals altered substantially the comparative responsibility of the United Kingdom and the United States, for the most part they did not produce any marked or permanent changes in political geography. The United States moved in as the guarantor of many areas from which the United Kingdom had moved out; but the size and shape of the areas which could be considered in a more or less unitary way remained constant. With Mr. Marshall's offer of a European Recovery Programme, it was different. These developments seem likely to produce a lasting change in the world's political configuration. They have imposed a continental pattern and also show promise of giving back to Western Europe the inner cohesion it has lacked for so long.

5. The critical period in the development of this new pattern, to my mind, came in the four weeks between the speech by Mr. Dean Acheson³⁷ at Cleveland, Mississippi, on the 8th of May last year and Mr. Marshall's speech at Harvard on the 5th of June. In a masterly survey Mr. Acheson had explained to the American people the nature and causes of the world's economic difficulties. But he had not prescribed a specific remedy. Indeed, his diagnostic examination could have served as the basis for any one of a number of different remedies. For example, the world-wide shortage of United States dollars which Mr. Acheson discussed might conceivably have received some global treatment; and I have recently learned that in those critical few weeks the United Kingdom Treasury urged on the Administration in Washington an approach of that kind. But the die was cast differently, and when Mr. Marshall spoke at Harvard he suggested a continental solution which would concentrate first on the problems of Western Europe.

6. The reasons for that decision, I imagine, are to be found in Mr. Marshall's appreciation of the strategic situation and in Mr. Acheson's analysis of the domestic political scene in Washington. Only a few months before, Mr. Acheson had experienced the difficulty of selling to Congress the programme of aid to Greece and Turkey. He had discovered that it could be done only by giving the programme a strong anti-Soviet twist. A programme of aid to Western Europe would have the advantage that it could be commended to Congressmen, at least privately if not in public, as a promising counter-attack at a critical point on Soviet pressure and Communist infiltration. This argument could be re-inforced by strategic considerations. The United States had twice fought in order to deny the Western seaboard of Europe to an unfriendly power. But as a result of the Second World War the countries of Western Europe were left impotent and open to attack. The balance of

³⁷ Ancien sous-secrétaire d'État des États-Unis.
Former Under-Secretary of State of United States.

power had been destroyed, and between the Elbe and the Atlantic there was little more than a vacuum.

"Now Europe's balanced, neither side prevails
For nothing's left in either of the scales."

That couplet was much more applicable to Europe after the last war than when Pope wrote it. No doubt economic aid to Western Europe commended itself to Mr. Marshall as a way of pouring in cement to strengthen the chief overseas bastion of United States security.

7. Whatever the reasons for the decision, as soon as it had been taken it began to enforce a continental grouping. On the one side, the sixteen countries of Western Europe, united as prospective recipients of United States aid and pledged to economic cooperation among themselves. On the other side, the United States, as the chief fount of benefits, along with other American countries, in which it became increasingly clear that a considerable amount of the necessary purchasing would be done. Against that pattern the reasons for the anxiety of the antipodean Dominions become clear. The new grouping cuts across the old maritime organization of the Commonwealth and threatens to leave the already isolated members in the South Pacific entirely out in the cold.

8. Just as this new pattern has been evolved in the process of attempting to solve economic problems, so the difficulties it is creating for Australia and New Zealand are first showing themselves in economic forms. Two illustrations have recently come to our attention.

9. The first has arisen in the course of discussions concerning the project for a European Customs Union. It will be remembered that this was strongly advocated by Mr. Clayton last summer as an essential part of the economic cooperation enjoined on the sixteen Marshall countries by the terms of the offer of further United States assistance. At the meetings of the European Customs Union Study Group which Mr. [D.V.] LePan of this Office has attended the observers for Australia and New Zealand and in private conversation have both taken the line that, of course, the United Kingdom would not enter a European Customs Union. Extinction or even partial extinction of preferences which Australia and New Zealand enjoy in the United Kingdom market would lead automatically to retaliatory action; and no conceivable benefits which the United Kingdom might gain from participation in a European Customs Union could compensate it for the loss of its preferences in these two Commonwealth countries. This threatening and truculent attitude may not express the considered policy of the Australian and New Zealand Governments; but behind it lies the genuine fear that industries which have been developed in order to supply the United Kingdom market, such as the dairy industry in New Zealand, may suffer when all the implications of the United Kingdom's new continental orientation have been worked out. At a meeting of Commonwealth representatives at Havana on the 4th of February Mr. Walter Nash, the New Zealand Minister of Finance, put the same view more temperately but hardly less forcibly. He is reported in the minutes as having said:

"The erection of a customs union on the basis that substantial elimination of preferences would be required involved entry into the political arena. Without that

requirement it would still be difficult to create enthusiasm in New Zealand for the idea of Western European Customs Union; with it, it would be impossible to obtain cooperation. The idea of political union with Western Europe which had been put forward in the recent speech by the Foreign Secretary would be popular in New Zealand. But if there were any suggestion that such a political union was a first step towards a customs union, a necessary condition of which was the elimination of preferences, that popularity would immediately vanish."

10. My second illustration comes from the meetings of the Sterling Area Statistical Committee. At the meeting on the 11th March Mr. R.W.B. Clarke, of the Treasury, attended at the invitation of the Chairman in order to speak about the European Recovery Programme. In the course of his remarks, as you might expect, he took occasion to stress the two chief anxieties of the United Kingdom's financial policy now that ERP has become a reality:

(a) Even when ERP comes to an end the United Kingdom will not be able to finance its current programme of imports from the Western Hemisphere.

(b) Although the net deficit of the United Kingdom Colonies and Eire with the Western Hemisphere will be substantially covered by ERP financing, the net dollar deficit of the rest of the sterling area will still be a drain on the central reserves, so that over the period of ERP the reserves will continue to decline, since there will be no conceivable way in which they can be replenished.

Mr. Clarke ended by drawing the moral that the other countries in the sterling area, as well as the United Kingdom, must do everything they can in the way of dollar-earning and dollar-saving.

11. When he had finished, Mr. G.W. Clinkard, the Secretary of the New Zealand Department of Trade (in our terms Deputy Minister of Trade and Commerce) who has been here for some months as head of a New Zealand supply mission, asked a number of questions which tended to suggest that, if New Zealand were to divert some of its exports from the United Kingdom to dollar markets during the period of ERP, the drain on the central reserves could be checked without any harm being inflicted on the United Kingdom. New Zealand might sell butter in the United States, for example, while the United Kingdom would make up its supplies from the United States under ERP. Mr. Clarke quickly demolished this suggestion by pointing out that it rested on the assumption that the ERP Administrator would foot the United Kingdom's deficit with the Western Hemisphere whatever happened. This was, of course, not the case. ERP funds were limited, and the net result of such a diversion would almost certainly be a reduction in the United Kingdom's total supplies. It may be doubted, however, whether Mr. Clinkard's question was really so naive as it sounded. The inward purpose of it was, I think, to stress the way New Zealand and Australia were being squeezed by the form which ERP had taken and to serve notice on the Treasury here that if New Zealand were pressed too hard to restrict dollar imports, it might adopt an entirely new line and attempt to balance its dollar accounts by re-directing its exports. Essentially he was making a negotiating point. But the sense of grievance which Australia and New Zealand feel at being excluded from ERP breathed through everything he said. New Zealand would get no relief from ERP either directly or through off-shore purchases; and

throughout the duration of the Programme it would have to meet its dollar deficit from central reserves to which it had contributed in the past, which would be diminishing and which could not be allowed to drop below a minimum level. Under these circumstances New Zealand might have to reconsider its position radically.

12. During this discussion the Australian representative, Mr. J.F. Nimmo, of the Department of the Treasury in Canberra, who has come to London specially for the meetings of the Committee, said nothing. But the incident was not closed with the end of the meeting. In the course of his reply to Mr. Clinkard's questions, Mr. Clarke (who has the great merit of being frank) said that, although the suggestion which Mr. Clinkard had made could not be put into effect without injury to the United Kingdom, he personally would not rule out the possibility that other sterling area countries over the long run might have to redirect their exports. Although Mr. Nimmo made no comment at the time, he was alarmed by this remark, since he inferred that Mr. Clarke meant that the day might come when the United Kingdom would decide that it could no longer let other sterling area countries have any convertible sterling at all. If that happened, of course, they would be forced to balance their dollar accounts directly. After consulting with his Government by telegram, Mr. Nimmo on instructions saw Mr. A.T.K. Grant, who is the Chairman of the Sterling Area Statistical Committee, in order to place his fears squarely before the Treasury here.

13. Mr. Nimmo has told us that he was reasonably satisfied by what he learnt in his interview. Mr. Grant explained that, although there were individuals in the Treasury, including Mr. Clarke, who thought that in the long run at least it might be necessary to deny to the other sterling area countries any convertible sterling from their accumulated balances and so virtually break up the sterling area, this was by no means the ruling view. The Chancellor, Sir Edward Bridges³⁸ and Sir Wilfrid Eady, all believed that arguments both of equity and of expediency led to the conclusion that efforts should be made to keep the sterling area functioning, even if this involved continued, although it was to be hoped diminishing, drawings on their accumulated balances by other sterling area countries. I might add that this account of the difference of opinion in the Treasury about the use to be made of the sterling balances tallies with my own impression. Moreover, the division coincides, I think, with the split in the Treasury over the importance of restoring the international position of sterling. The majority who feel that at all costs the sterling area must be maintained also set a very high value on restoring sterling's position. The minority who believe that it would pay to be tougher with other sterling area countries are also not so convinced that the revival of sterling as an international medium of exchange is essential for this country's recovery.

14. Shortly before Easter the Australian High Commissioner here, Mr. Beasley, called on Sir Stafford Cripps and received from him assurances similar to those which Mr. Grant had given to Mr. Nimmo. Notwithstanding these assurances, however, the Australian authorities are still worried by the possibility that the United

³⁸ Sir Edward Bridges, secrétaire permanent, ministère des Finances du Royaume-Uni.
Sir Edward Bridges, Permanent Secretary, Treasury of United Kingdom.

Kingdom may cease to grant them any convertible sterling from their accumulated balances. They now know that at least one influential official in the Treasury believes that such a move may be on the cards. They also know that there is considerable pressure for it in Washington. You will be acquainted with the article by Mr. Michael Hoffman, which appeared in *The New York Times* for the 18th of March under a Paris dateline, in which it was reported that, "Britain may be forced by pressure from her Western European neighbours and the United States to abandon her efforts to maintain her position as banker for the British Commonwealth and other sterling area countries." The article went on to state that "American and Continental experts" had arrived at the conclusion that "There is a basic inconsistency between Britain's participation in ERP and Britain's position as banker for the sterling area," and that, "Among steps the British may be asked, urged and eventually forced to take are definitive blocking of existing sterling balances to reduce the ability of India, Egypt and other non-European countries to buy British goods that might otherwise go to Europe; cessation of conversion of sterling into dollars for sterling area countries; and extension of sterling loans to France and other Continental countries." This article, which elucidates many of the issues very clearly, (I have attached a copy for convenience of reference)† is no doubt too categorical to be taken as an expression of the prevailing view in Washington. In particular, it leaves out of account a conviction which I gather is almost as strong in many circles in Washington as it is here that destruction of the United Kingdom's long-established commercial and financial relationships throughout the world would be calamitous for everybody. But Mr. Hoffman, who served in the United States Treasury during the war, still enjoys exceptional access to many important officials in the United States Government service; and I have no doubt that this article represents the view of at least a considerable body of opinion in Washington.

15. Since the Australians are apprehensive that they may have to face a situation in which they will no longer be able to convert into dollars any of their sterling balances in London (which constitutes the most important part of their reserves), they are guarding closely the few other reserves over which they have independent control and which would provide their last line of defence in such an event. The reserves which the Australians can dispose independently are of two kinds — their quota in the International Monetary Fund and their gold reserve in Australia. The exact amount of the second item is kept secret; but Mr. Nimmo has told us that it is "a little over £20 million." Both of these reserves have recently been under pressure from London. When Sir Stafford Cripps saw Mr. Beasley before Easter he urged that over the next four years Australia should draw its full quota from the IMF in order to diminish the drain on the central reserves of the sterling area. A few days previously Mr. Grant had suggested to Mr. Nimmo that the gold reserve in Australia should be transferred to London and sold to the United Kingdom for sterling. Neither of these transactions is likely to take place, Mr. Nimmo has given us to understand. So long as the Australians are worried that the form of the European Recovery Programme, which provides a means of covering the deficit with the Western Hemisphere of part of the sterling area but not of the rest, may lead to the dissolution or impairment of the central reserve system, they will insist on trying to keep intact the marginal reserves over which they have independent control.

16. You will not have failed to notice that for this examination of the current anxieties of Australia and New Zealand I have provided as a preamble a perhaps over-long essay on the new political geography. My justification is that, when I consider these countries' problems against the emerging continental pattern, I am more than ever impressed by our own good fortune. I am not thinking only of the relief which Marshall aid seems likely to bring almost at once to our balance of payments with the United States. I am thinking as well of the way in which the new pattern imposed by the European Recovery Programme provides a context in which many of the difficulties which have beset our external policy for so long can be resolved. Ever since we have been in a position to shape our own policy abroad, we have had to wrestle with the antinomies created by our position as a North American country and as a member of the Commonwealth, by our special relationship with the United Kingdom and at the same time, although in less degree, with other countries in Western Europe as well. A situation in which our special relationship with the United Kingdom can be identified with our special relationships with other countries in Western Europe and in which the United States will be providing a firm basis, both economically and probably militarily, for this link across the North Atlantic, seems to me such a providential solution for so many of our problems that I feel we should go to great lengths and even incur considerable risks in order to consolidate our good fortune and ensure our proper place in this new partnership. This is the reason why in the past few weeks I have argued, perhaps intemperately, that in this changed situation, which is both hopeful for the world and congenial to our own national aspirations, it would be a mistake for us to allow our policy to be shaped too much either by financial caution or by a regard for our diplomatic status which might hamper the encouraging developments which are now on foot.

I have, etc.

N.A. ROBERTSON

CHAPITRE XI/CHAPTER XI
RELATIONS AVEC LES ÉTATS-UNIS
RELATIONS WITH THE UNITED STATES

PREMIÈRE PARTIE/PART I

COOPÉRATION EN MATIÈRE DE DÉFENSE ET DE SOUVERAINETÉ
DANS L'ARCTIQUE
DEFENCE COOPERATION AND SOVEREIGNTY IN THE ARCTIC

SECTION A

COMITÉ CONSULTATIF SUR LE DÉVELOPPEMENT DU NORD
ADVISORY COMMITTEE ON NORTHERN DEVELOPMENT

928.

PCO/Vol. 57

*Note du ministre de la Défense nationale
et du ministre des Mines et Ressources pour le Cabinet*

*Memorandum from Minister of National Defence
and Minister of Mines and Resources to Cabinet*

SECRET

[Ottawa], January 16, 1948

NORTHERN DEVELOPMENT POLICY

The Cabinet and the Cabinet Defence Committee have from time to time in the past two years approved various projects in northern Canada. Some of these have been undertaken in co-operation with the United States as part of the continental defence scheme. Others are part of the government's normal programme for development of northern Canada; these, too, usually have some importance from a defence standpoint. The programmes include such measures as the establishment and operation of weather stations, low frequency Loran stations, air photography for mapping purposes, and Arctic research, including the operation of ionospheric experimental stations.

2. Responsibility for the initiation and administration of civil developments in the north falls primarily — under government direction — on the Northwest Territories Council. The Department of Government chiefly concerned is the Department of Mines and Resources. Other civilian departments, however, also have direct interests, particularly the Department of Transport in respect of the weather station programme, and the Department of Health and Welfare. In many civilian undertakings in the area, the Department of National Defence also has some interest.

3. Responsibility for defence projects in the north, on the other hand, falls primarily on the Department of National Defence. Many of these projects, however, have

important civilian implications and involve some responsibility on the part of one or more civilian government departments.

4. There is, therefore, a need for close and continuous interdepartmental coordination to ensure that all responsibilities are discharged effectively and in accordance with overall government policy. Moreover, it is in the national interest to ensure that problems of administration — particularly those involving United States participation in joint undertakings — are known to and dealt with by all the departments directly affected.

5. As an example of the kind of problem that is a recurring phenomenon in northern administration, reference is invited to a recent report from the Interdepartmental Meteorological Committee, which deals with the present status of the weather station programme. The United States are still operating eight weather stations in northeast Canada and the Canadian Arctic. The present programme as approved by the Cabinet calls for the assumption of full operating responsibility by the Department of Transport over a three-year period (1947-50). It is expected that two stations will be taken over next year, but it is undoubtedly desirable to accelerate the process. This problem was, in fact, discussed at the August 12th meeting of Cabinet Defence Committee, when it was decided that the attention of the Department of Transport be directed to the importance attached by the government, on grounds of policy, to the introduction of Canadian personnel to all stations on Canadian territory as soon as might be practical.

6. In conjunction with the establishment of Arctic weather stations, the United States have constructed air strips for supply purposes. Some of these are of a rudimentary character, but it has recently been learned that the United States Air Force has plans for the extension of at least one of these to a length greater than that required for weather station purposes. At present there is no adequate provision for Canadian control of these air strips except that exercised indirectly through the operational control of the related weather stations being vested in a Canadian meteorological official. Again, as has been previously reported, the United States is still operating three aerodromes in Canada — at Mingan, Fort Chimo and Frobisher Bay. Although an R.C.A.F. officer is stationed at each of these aerodromes, no plans have yet been made for their operation by Canada.

7. There are other factors in the overall problem, including transportation, communications, general administration and development, etc. For instance, the United States is at present providing all transportation, both air and sea, for these new Arctic projects. This tends, in practice, to give them a good deal of control over the operations.

8. The tendency has been for new Arctic projects to be considered separately. No provision has been made for any comprehensive review which would inter-relate all Arctic activities, presenting for the government a composite picture of the Canadian position in the Arctic and joint advice from the responsible departments on the general policies to be adopted.

9. It appears, therefore, that some joint advisory and co-ordinating body, representative of the departments primarily interested, should be formed for this purpose. The Northwest Territories Council, in spite of the breadth of its local and

general responsibilities, is not adequately informed nor is it vested with the powers which would be required to undertake this task. A new committee composed of senior officials of the interested government departments appears to be the best solution. The membership of such a committee should include a member of the Northwest Territories Council.

10. It is accordingly recommended that an "Advisory Committee on Northern Development" be established with the following terms of reference and composition:

(a) *Terms of Reference*

To advise the government on questions of policy relating to civilian and military undertakings in northern Canada and to provide for the effective co-ordination of all government activities in that area.

(b) *Composition*

The Deputy Minister of Mines and Resources (Chairman)
 The Under-Secretary of State for External Affairs
 The Deputy Minister of Transport
 The Secretary to the Cabinet
 The Chairman, Canadian Section, Permanent Joint Board on Defence
 The Chief of the General Staff
 The Chief of the Air Staff

The Deputy Ministers of Health and Welfare, the Deputy Minister of Public Works, the Chief of the Naval Staff, the Chairman, Defence Research Board, and the Commissioner, Royal Canadian Mounted Police, would be invited to attend when items of direct interest to them were being discussed; other officials would attend when appropriate. The Secretary would be provided from the Privy Council Office.¹

929.

DEA/50197-40

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

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

TOP SECRET

[Ottawa], January 19, 1948

INTERDEPARTMENTAL COMMITTEE ON ARCTIC DEVELOPMENT

I note that this matter is to be considered by the Cabinet this afternoon and that a memorandum has been submitted outlining the purposes of the proposed Committee. This memorandum was prepared, I believe, in the Cabinet offices. External Affairs is represented on the Committee, but there is no particular reference in the memorandum to the External Affairs interest in the questions which will come before the Committee. It seems quite clear that this Committee, if set up, will deal

¹ Approuvée par le Cabinet le 19 janvier./Approved by Cabinet on January 19.

with subjects which are of considerable importance to Canadian-United States relations. Those relations in the future will, to a considerable extent, be concerned with Arctic questions. In the handling of these questions, the proposed Committee will become an instrument of external policy. We should, therefore, maintain very close contact with it.

The discussion in Cabinet this afternoon may provide another opportunity for emphasizing the importance of directing our defence and development activities northward. There is no doubt that the United States is going to take a very great and increasing interest in this part of the world, and will be proposing plans of one kind or another for that area. It seems obvious that we should ourselves accept responsibility, as far as possible, for carrying out such of these plans as are practicable and necessary. If we cannot carry them out ourselves, we should participate in them, as joint operations, to the greatest possible extent. Otherwise, we will be in the position either of holding up necessary activities because of our inability to undertake them, or of permitting the United States to carry them out alone on Canadian soil. Either course is undesirable, which makes it all the more essential that we should, I think, divert our energies, so far as possible, to that part of the world. This would have two results. It would hold off the Americans and it would emphasize the importance and the potentialities of our "last frontier". Frontiers are of great significance and value in the development, materially and psychologically, of a nation. The Arctic frontier promises to be almost as significant in this connection as our western one has been.

L.B. P[EARSON]

930.

PCO/Vol. 57

Note pour le Comité consultatif sur le développement du Nord
Memorandum for Advisory Committee on Northern Development

TOP SECRET

[Ottawa], January 28, 1948

NORTHERN AND ARCTIC PROJECTS

Outlined briefly below are the principal projects, mainly of a joint Canada-U.S. character, which are now being undertaken in Northern Canada or are contemplated. These include both civilian and military undertakings.

1. *Weather Stations*

(a) *North-eastern Weather Stations*

The Cabinet on 28th January, 1947, approved the taking over by Canada of stations in North-eastern Canada, operated by the United States, on a progressive basis over a three-year period commencing 1947. The present position is as follows:

Stations already taken over by Canada

Cartwright, Labrador

Hebron, Labrador

Stations to be taken over by Canada in 1948

Clyde River, Baffin Island

Mecatina, P.Q.

Indian House Lake, P.Q. (if possible)

Stations to be taken over 1949-50

Mingan, P.Q.

Upper Frobisher, Baffin Island

Fort Chimo, P.Q.

Padloping Island, Baffin Island

Indian House Lake, P.Q. (if not taken over in 1948)

Canada has also established stations at Fogo, Newfoundland, and Hopedale, Labrador, at the request of ICAO.

The United States are operating stations at Stephenville, Newfoundland, and Cape Harrison, Labrador, presumably by agreement with the Newfoundland Government.

(b) Arctic Weather Stations

Cabinet on 28th January, 1947, approved a three-year programme for the establishment of nine weather stations.

During 1947, two stations were established; one on Ellesmere Island (Eureka Sound), the other on Cornwallis Island (Resolute Bay). The 1948 programme envisages the establishment of stations on Prince Patrick Island and Isaachsen Island.

Overall responsibility and control are vested in Canada who provides half of the staff; the officer in charge being Canadian. Canada also pays for permanent installations, including those at adjacent air strips. The United States is to bear all other costs, including equipment, transportation; also half the personnel.

2. Low Frequency Loran Programme

Low Frequency Loran stations can be classified into two categories: (a) Northern Loran Chain; and (b) Southern Experimental Chain.

(a) Northern Loran Chain

Cabinet on 25th February, 1947, approved Canadian participation in the establishment of a chain of six northern loran stations to be operated jointly by Canada and the United States. Three of the stations were to be in Canada, one in Alaska and two in Greenland. Canadian responsibilities were to be confined to the stations located in Canada. For these, Canada would provide the construction and materials, the U.S. would supply the loran towers and equipment. The Canadian stations will be manned by the R.C.A.F. It is expected that sufficient personnel for this purpose will be available by 1st October, 1948. The United States is providing technical supervision, and in the meantime, assisting in the operation.

The station in Alaska and two of the stations in Canada are now nearing completion. The Canadian transmitting stations are located at Kittigazuit (near Aklavik) and Cambridge Bay on Victoria Island. A small monitor station at Sawmill Bay (at Great Bear Lake) has also been established.

The eastern half of the chain has not yet been started and may be delayed or may require re-location due to the uncertainty of the future status of U.S. military installations in Greenland.

(b) *Southern Experimental Chain*

Experimental transmitting stations are located at Hamlin, Saskatchewan; Gimli, Manitoba; and Dawson Creek, B.C. In addition, a number of monitor stations are operated in Canada by Canadian Services and the Department of Transport. These stations are to continue to operate until the northern chain becomes completely operational. The R.C.A.F. provides the housing for the stations, radio communication, messing and transportation for U.S. personnel. U.S. participation consists of technical supervision and assistance, including provision of the majority of the technical personnel at the transmitting station. The United States has also provided a detachment of B.29 aircraft, which have been based at Edmonton, for experimental and test flights in conjunction with the operation of this chain.

3. *Northwest Staging Route*

In June, 1944, Canada reimbursed the United States for all expenditures toward permanent installations on the Northwest Staging Route and its associated facility, the Edmonton-Alaska Landline Communication System. Subsequently, the R.C.A.F. took over operation of the Northwest Staging Route and the Landline Communication system; and the Army took over operation of the Alaska Highway. The Army continues to operate the Highway and the R.C.A.F. to operate the Staging Route, but the Landlines have now been made the responsibility of the Department of Transport, with the Canadian Telegraphs acting as the operating agency.

Since the end of the war, the Permanent Joint Board on Defence has affirmed the necessity for the continued operation of all these facilities, which are considered an indispensable link between the United States and Alaska in providing for the defence of Canada and the United States. In addition to the military requirements, there is of course a civil requirement for these air bases and ancillary facilities. Because of the training value and opportunity provided for co-operation between the Services of the two countries, and in the interests of rapid and uninterrupted expansion in time of emergency, there are distinct advantages in having the Route maintained by a military agency during peacetime.

U.S. participation, other than the use of the Route by military aircraft, is limited to the provision of small staging detachments at Edmonton, Fort Nelson and White Horse, to facilitate maintenance and transit arrangements for their aircraft en route. The United States also leases certain of the circuits on the Landline, for which an annual minimum rental of \$271,000. will be paid. This, of course, is a substantial contribution toward the overall cost of the operation of the communication system. Canada has taken title to all U.S. buildings and equipment on the Route.

4. *Aerodromes Generally*

(a) *Goose Bay*

The present agreement between Canada and Newfoundland does not provide for continuing post-war use of Goose Bay by the United States. There is however an

understanding with Newfoundland that the U.S. Air Force can remain at Goose Bay, at least until the peace treaty with Germany is signed.

The U.S. have asked for long-term military rights at Goose Bay. They have, however, agreed not to make a formal approach to the Newfoundland Government for the time being.

The station is operated by the R.C.A.F., but upwards of five hundred U.S. personnel, military and civilian, are stationed there. Permission was given recently to the U.S. to construct married quarters for some of their personnel, on the understanding that this was not to be construed as any guarantee of long-term rights.

(b) *Frobisher Bay, Fort Chimo and Mingan*

These bases and associated weather stations are operated by the U.S. under no formal authority, but with the knowledge of the Canadian Government. Canada has reimbursed the U.S. for expenditures as well as for items of permanent value; i.e., immovable property. Movable property has never been purchased by Canada. At the present time, the U.S. are rehabilitating these airfields and married quarters are being constructed for U.S. personnel at Fort Chimo and Frobisher with Cabinet approval at U.S. expense. However, it has been clearly indicated to the United States that they do not acquire any long-term rights by these authorizations.

R.C.A.F. Liaison Officers are stationed at Frobisher and Fort Chimo.

(c) *Air Strips at Arctic Weather Stations*

Two air strips have been constructed in conjunction with Arctic weather stations, both at present of a rudimentary character. These are located at Eureka Sound (Slidre Bay) on Ellesmere Island and at Resolute Bay on Cornwallis Island. The U.S. Air Force has put forward proposals for the extension of the strip at Resolute Bay to 10,000 feet and the conversion of this strip (at present usable only in the winter) to an all-weather facility, with suitable associated installations. This aerodrome, therefore, in addition to providing a main base for the air supply of Arctic weather stations generally, will have a potential military value.

The Chiefs of Staff considered this matter and recommended to the Cabinet Defence Committee that the air strip along the lines proposed be constructed jointly by Canada and the United States, respective Canadian-U.S. responsibilities to be similar to those accepted for the weather station programme; the operation of Resolute Bay to be undertaken by Canadian (R.C.A.F.) personnel under the control of a Canadian Commanding Officer. It was pointed out, however, at that time, that Canadian control of these projects would be nominal only if Canada did not contribute substantially to the water and air transport required for the supply of Arctic installations generally.

Cabinet Defence Committee agreed that the course proposed by the Chiefs of Staff serve as a basis for further discussion with the United States. They agreed also that any other alternative, such as the development of the air strip by the United States without Canadian participation, would be unacceptable.

In respect of the important question of Canada taking over more responsibility for supply and transportation services (including air and water transport), it was

directed that this be the subject of further study by the Department of National Defence in consultation with civilian departments.

It is anticipated that the United States Air Force will wish to further develop the air strip at Eureka Sound, though not on as extensive a basis as at Resolute Bay. It is probable also that further development of existing aerodromes such as Frobisher Bay will eventually become a military requirement. The question of Arctic air installations is therefore likely to become increasingly important.

5. Joint Winter Experimental Station, Churchill

The establishment of the Joint Winter Experimental Station at Churchill with U.S. participation was authorized by Cabinet on September 18, 1946. This station, including the aerodrome, is operated by the Canadian Armed Forces for the testing of Service equipment under cold weather conditions. Last year the U.S. made financial contribution of \$350,000. for the building programme but has not acquired title to any of the buildings or installations thereby.

It is estimated that on completion of the 1947-48 programme there will be 515 Canadian and 300 U.S. personnel stationed at Churchill.

6. Arctic Ionospheric Recording Stations

Canada presently operates a number of ionospheric recording stations. Of these, the Department of Transport operates the stations at Clyde River on Baffin Island and at St. John's, Newfoundland; the Navy at Churchill, Manitoba, and Chelsea, Quebec; the Army at Prince Rupert, B.C.; and the Air Force at Portage la Prairie, Manitoba. Co-ordination and technical supervision is provided by the Radio Propagation Laboratory of the Defence Research Board, Department of National Defence.

Cabinet Defence Committee recently approved the establishment of additional stations at Baker Lake, Cornwallis Island, Fort Chimo, Moosonee, Cambridge Bay and The Pas, and the expansion of the facilities now available at Portage la Prairie and Churchill. It was considered that the Department of Transport would be the most suitable organization to operate these new stations. The Defence Research Board and the Canadian Radio Wave Propagation Committee were instructed to proceed with the implementation of the plan.

All these stations are operated for purposes of scientific investigation, mainly in respect of Radio Wave Propagation in northern latitudes. The Canadian stations are, in effect, part of an international chain covering the desired latitudes. Canadian efforts are co-ordinated by the Canadian Radio Wave Propagation Committee, reporting to the Defence Research Board.

931.

DEA/50197-C-40

*Extrait du procès-verbal de la première réunion
du Comité consultatif sur le développement du Nord*

*Extract from Minutes of First Meeting of Advisory Committee
on Northern Development*

SECRET

Ottawa, February 2, 1948

...
TERMS OF REFERENCE — FUTURE PROCEDURES

1. *The Chairman* [Keenleyside] described the purpose for which the Committee had been formed and drew attention to the terms of reference, which permitted consideration of any aspect of northern development. It was hoped, accordingly, that overall co-ordination and some comprehensive programme of northern development could be worked out. The defence aspect was important, in particular the relationships with the United States involved. It was apparent that developments in this sphere would be mostly of a joint character and every effort should be made to provide for the maximum possible Canadian effort, particularly in respect of operating personnel. Only in this way could Canada retain control and a reasonable degree of independence.

In regard to Committee procedures, it was suggested that it would not be necessary to hold many meetings so long as adequate documentation on the various subjects was available in advance and the various subjects had been studied in detail by working groups where required. Since the Committee would be advising on overall policy rather than on matters of detail, it would be desirable for the principals to attend meetings themselves rather than send representatives. This would save time in arriving at decisions. It was hoped also that those officials named to attend only for items in their particular field of interest would be able to come at those times and thus materially assist the work of the Committee. In this connection the attendance of the Chief of the Naval Staff [Grant] and the Deputy Minister of Public Works² at this first meeting was appreciated.

(Memorandum of 28th January, 1948, from the Secretary).†

2. *Mr. Heeney* stated that he was in agreement with the views expressed by the Chairman and would like to stress also the importance of the work to be done by the Secretariat. It was his hope that a number of matters might be settled by telephone between the Secretary and various members of the Committee and that the Secretariat might act generally as a clearing house for information.

3. *The Committee* noted with approval the procedures proposed.

...

REVIEW OF NORTHERN PROJECTS UNDERWAY OR CONTEMPLATED

14. *The Chairman* observed that two explanatory memoranda in this regard had already been circulated; one by the Secretary, the other a review of United States

²E.P. Murphy.

military activities in Canada prepared by the Chief of the Geographical Bureau, Department of Mines and Resources.³ In his view, both of these papers were very useful but it would also have been of value to include a statement on the normal activities of the various government departments principally concerned.

Dr. Keenleyside, continuing, asked if, arising from these reports, any fields for study or particular activities suggested themselves. He had in mind subjects such as wild-life conservation, studies of native populations, etc. In particular, it would be useful if departments such as the Department of Transport could give consideration to the suitability for employment of native peoples inhabiting these northern areas.

(Memorandum of 28th January, 1948, re "Northern and Arctic Projects", from the Secretary. Memorandum of 22nd December, 1947, re "U.S. Military Activities in Canada," prepared by the Chief of the Geographical Bureau, Department of Mines and Resources†)

15. *Mr. Heeney* stated that he had read the memorandum on U.S. military activities with considerable interest and had found it stimulating and useful. He had, however, received the general impression from the memorandum that the United States authorities were consciously attempting to carry on activities in Canada without seeking proper authority or fully informing the Canadian Government. This was a view which might be held by others but his experience would indicate that there was no underlying design of this sort in the United States; rather the condition arose from lack of co-ordination in Canada and failure of departments to keep other interested departments fully informed both in Ottawa and Washington. To his mind, therefore, the memorandum as a whole pointed to the necessity for fuller co-ordination in Canada and was a conclusive argument in support of the requirement for the present Committee.

Additionally, however, he had noted a few inaccuracies in the report. For instance the weather station at Goose Bay was not entirely U.S. operated. It was primarily a Canadian weather station, for which the U.S. Services supplied the Rawinsonde observations. Further, the construction of air strips at the Arctic weather stations was not purely the result of U.S. policy but had been agreed jointly and made known to the government when the present weather station programme was approved by Cabinet in January 1947. Similarly other details of the programme were agreed jointly. Also "Operation Nanook" (Task Force 68) had been authorized by the government.

The memorandum gave the impression too that the construction of airfields at Frobisher Bay, Fort Chimo and Mingan, and their present operation by the United States, had not been authorized by and known to the government. This was certainly not the case as the airfields had been constructed with full Canadian authority and paid for by Canada. Their present operation by the United States was known to the government.

Perhaps a greater effort should have been made to get full information on the details of Operation "Nanook" & possibly some of the undertakings indirectly con-

³ Trevor Lloyd.

nected therewith, such as the scientific investigations on the part of U.S. personnel, were objectionable. The problem here, however, seemed to have arisen mainly because full exchange of information between the Services and the Department of Mines and Resources was lacking.

17. *Mr. Pearson* stated that he had been shocked by the report and felt that, if true, it should go forward to the responsible U.S. authorities by way of the Permanent Joint Board on Defence. Since, however, there appeared to be some inaccuracies, it was suggested that all interested departments study the report and forward any comments with regard to its accuracy or otherwise to the Secretary. These comments could then be consolidated and the report revised accordingly. At that time, it might again be studied by the Committee, and if not substantially modified, should go forward to the Permanent Joint Board on Defence.

In his opinion, there was no intention on the part of the United States to conduct these activities in any clandestine fashion; rather these problems arose from a lack of co-ordination both in the United States and in Canada. It was apparent, therefore, that greater co-ordination in both countries should be encouraged. Certainly, also, the Canadian effort in the north should be on as large a scale as practicable in order to minimize dependence on U.S. assistance.

18. *The Chief of the General Staff* [Foulkes] suggested that, pending its review, circulation of the memorandum in question be carefully restricted and in particular every precaution be taken to ensure that it was not seen by any U.S. officers or officials.

19. *Mr. Heeney* observed that the memorandum did indicate that consideration should be given to the basis on which the aerodromes at Frobisher Bay, Fort Chimo and Mingan might be taken over and operated by Canadian personnel. This was presumably a problem for the Department of Transport and the Air Force to consider jointly.

20. *The Chairman* stated that he was sure that Dr. Trevor Lloyd had not intended that his memorandum should constitute an attack on U.S. activities in Canada. It had been prepared merely as a factual report and other departments, including External Affairs and National Defence, had been consulted to ensure accuracy. The report was therefore as accurate as it had been possible to make it at the time; though developments since that date might have altered the situation in certain respects. It would be most helpful, in any case, to have it carefully reviewed by the interested departments. In general the report did indicate the necessity for increased Canadian participation in these joint projects.

21. *The Committee* agreed, after further discussion:

(a) that the memorandum on United States Military Activities in Canada be examined by each member of the Committee, any comments or proposals for revision thereof to be forwarded to the Secretary as soon as possible; and

(b) that the memorandum, in the light of the comments made, be reviewed by the Committee and at that time consideration be given to forwarding it to General McNaughton for tabling at the next meeting of the Permanent Joint Board on Defence.

932.

DEA/50197-C-40

*Extrait du procès-verbal de la deuxième réunion
du Comité consultatif sur le développement du Nord*

*Extract from Minutes of Second Meeting of Advisory Committee
on Northern Development*

SECRET

Ottawa, June 1, 1948

REPORT OF TRANSPORTATION SUB-COMMITTEE

1. *The Committee* had for consideration the report of the Transportation Sub-Committee outlining arrangements made for transportation of essential personnel and supplies to northern posts during the summer of 1948. In general, the requirements of all departments concerned had been co-ordinated and satisfactory arrangements made, though some difficulty had been experienced in the case of the Air Force requirements for Cambridge Bay. However, a contract had now been let for this operation. The next step in the work of the Sub-Committee would be to forecast the long-range requirements of all departments concerned, and based on these estimates, to make recommendations as to the manner in which they might be met. It was anticipated that the report on this aspect would be available in September, 1948.

(Report on "Transportation Requirements for 1948" from Transportation Sub-Committee — Memorandum of 17th March from the Secretary).†

2. *The Chairman* reported on arrangements made to provide additional air transport facilities in the Mackenzie River area. These arrangements had not been the responsibility of the Transportation Sub-Committee but had been concluded by the Department of Mines and Resources in consultation with the Department of Health and Welfare and other interested branches of the Government. When this had been discussed at the first meeting of the Committee, it had been anticipated that the aircraft to be based at Fort Smith and Aklavik would be provided and operated by the Northern Transportation Company. It had proven impossible, however, to make suitable arrangements with the Northern Transportation Company. Arrangements had, therefore, been made with private operators for the establishment of a Norseman or a Beaver aircraft at Fort Smith immediately and for the provision of a second aircraft at Aklavik in the near future. The cost involved was approximately \$36,000.00 per annum for the aircraft at Fort Smith and \$50,000.00 per annum for the aircraft at Aklavik. The newly-appointed Administrative Officer of the Northwest Territories Administration at Fort Smith would co-ordinate the requirements of all government departments for the use of the aircraft based there and would assign priorities as necessary. No administrative officer was yet available at Aklavik for this purpose. A position had been established but had not yet been filled. Meanwhile the Medical Officer at this point would provide co-ordination and assign priorities as required, but it was hoped that an Administrative Officer would be appointed in the near future.

It should be noted that the sea transport arranged for the current year involved the use of a number of small vessels. With the loss of the *Nascopie* no larger vessel would be available until the new ship being built for the Department of Transport was completed. It was therefore a matter of some urgency to put this ship in commission.

3. *Mr. J.C. Lessard*⁴ stated that the contract for the construction of a new ship called for its completion in September, 1949. It would not be available for use, therefore, before the 1950 season. The shortage of steel was one of the main factors in preventing its completion at an earlier date.

4. *Vice-Admiral Grant* reported that government approval had been given for the construction of an ice-breaker for the Royal Canadian Navy. This would be similar to the U.S. *Edisto* class. It was not anticipated, however, that this ship would be completed before 1951. As with the Department of Transport ship, non-availability of steel was the limiting factor.

5. *General McNaughton* pointed out the importance to Canada, in maintaining control over Canadian Arctic areas and supporting claims for sovereignty, of being in a position to provide access to these areas independently of the United States. In view of the importance of these considerations, it would appear reasonable that the government should allocate a priority for the steel required in the construction of the two ships. With the consent of the Committee, he would be prepared to raise the matter and make this recommendation at the meeting of the Cabinet Defence Committee to be held the following day.

6. *Mr. Heeney* asked if consideration had been given recently to the question of continued operation of the Alaska Highway by the Canadian Army. This had been a contentious point earlier but the issue had not been raised for some time. It might be useful to have this question discussed by the Committee.

7. *The Chairman* reported that the Department of National Defence (Army) and the Department of Mines and Resources had been in consultation and were co-operating on this matter. At present a report from the Army was being awaited which would set forth in some detail plans for the next five years. When this plan had been discussed by the two Departments directly concerned, he would arrange to have it considered in the Committee.

8. *The Committee*, after further discussion:

(a) noted with approval the report of the Transportation Sub-Committee and the arrangements made for transportation during 1948;

(b) noted with satisfaction the arrangements made by the Department of Mines and Resources for additional air transportation in the Mackenzie River area;

(c) noted with concern the long period which was likely to elapse before suitable Canadian ships would be available for Arctic transportation; and

(d) agreed that the desirability of hastening construction of the Department of Transport supply ship and the Naval ice-breaker, by allocation of priorities for steel or otherwise, be brought to the attention of the Government, it being understood

⁴ Sous-ministre des Transports./Deputy Minister of Transport.

that this action would be taken by General McNaughton at the next meeting of the Cabinet Defence Committee.⁵

CANADIAN SOVEREIGNTY IN THE ARCTIC

23. *The Chairman* reported that consideration had been given over a long period to the desirability of preparing an authoritative article covering the Canadian position in regard to Arctic sovereignty. Recently the need for such a paper had been emphasized by a request for material for an Arctic Encyclopedia being prepared by Mr. Vilhjalmur Stefansson. Included in this material was to be an article on this subject.

It was felt that the preparation of such an article demanded the services of a recognized authority on international law. It was proposed, therefore, that the services of such a person be obtained and that the cost be borne by the departments most directly concerned, possibly shared between the Department of Mines and Resources and the Department of External Affairs.

(Memorandum of April 23rd, 1948, from Secretary, Advisory Committee on Northern Development)†

24. *Mr. Pearson* stated that he had referred this problem to his Legal Officer, who suggested that the initial work in preparation of the article might be divided into two phases. The first would be the theoretical arguments in support of the sector principle, this principle not having been universally accepted in international law. The second would be the preparation of a detailed history of Canadian Government-sponsored activity in the Arctic, which would support the claims to sovereignty on the principle of effective control and actual administration. The latter would be factual in character and would constitute a solid and unquestionable basis in international law. When the work on the two phases had been completed, the material might be synthesized by some recognized authority.

25. *Dr. Solandt* observed that the facts in support of Canadian exploration and settlement would be brought out by other articles in the Encyclopedia.

26. *General McNaughton* pointed out that a paper supporting the sector principle had been prepared for the Imperial Conference of 1930 and should be available from the papers for that Conference.

27. *The Committee* agreed, after further discussion:

(a) that the basic material for the article be prepared in two parts, as suggested by Mr. Pearson, the factual record of Canadian exploration and administration to be prepared by the Department of Mines and Resources, the theoretical arguments

⁵ Voir le document 945./See Document 945.

supporting the sector principle to be prepared by the Department of External Affairs;⁶

(b) that, when these papers were completed, the two Departments concerned would consult together to decide upon the best method of preparing the final memorandum; and

(c) that, if considered desirable by the Departments concerned, it would be appropriate to employ an outside authority for preparation of the final article.

U.S. ACTIVITIES IN CANADA

28. *The Committee* had for reconsideration a memorandum prepared by the Chief of the Geographical Bureau, Department of Mines and Resources, which had been revised and brought more nearly up to date since the previous meeting, together with a memorandum prepared by the Secretary, indicating the authority for various projects undertaken by the United States in Canada.

(Memorandum of April 23rd from Chief, Geographical Bureau, Department of Mines and Resources† — Memorandum of April 23rd from Secretary, Advisory Committee on Northern Development†)

29. *Mr. Pearson* stated that the memorandum by the Secretary had set at rest some, but not all, of the fears which he had entertained as a result of the original memorandum by Dr. Lloyd. In his opinion, the U.S. authorities had not attempted to evade Canadian authority in the projects undertaken in Canadian territory, but rather the authority had sometimes been loosely drafted and had been, therefore, somewhat ambiguous. Both memoranda pointed to the difficulty of obtaining accurate information on U.S. activities in Canada. He was glad to note that something was being done about obtaining an accurate return of U.S. personnel in Canada since this was essential.

30. *General McNaughton* observed that the difficulties in providing complete co-ordination and complete Canadian control were known and understood but in some cases were almost impossible to avoid. Sometimes projects would be undertaken by U.S. Services in Canada on the authority of some comparatively junior officer in Washington, who was not familiar with the proper procedures. It was not so much a matter of bad faith on the part of U.S. authorities as it was a question of lack of knowledge of proper procedures at lower levels. Consequently the U.S. authorities needed constant reminding that, when operating in Canadian territory, proper authority must be obtained for every project undertaken and the Canadian authorities kept fully informed at all times.

31. *The Chairman* pointed out that the Secretary's memorandum had been distributed before he had seen it and that he was by no means in complete agreement

⁶ Dans une note pour Johnson en date du 11-juin, Reid observa :
In a memorandum for Johnson dated June 11, Reid commented:

From my recollection of conversations with the former Legal Adviser, Mr. Justice Read, I have the very strong impression that he contended vigorously that it was most unwise for us to use the sector principle. As I recall, he said that the United States would find it impossible to accept an argument based on the sector principle in the Arctic since they are opposed to the application of the sector principle in the Antarctic and they are concerned lest the support of the sector principle in the Arctic would weaken their claims in the Antarctic. (DEA/9057-40).

with it. In his view, both the paper prepared by the Chief of the Geographical Bureau and that prepared by the Secretary suffered from somewhat the same faults in that they were not sufficiently objective. He would like to state, however, in respect of the paper prepared by Dr. Lloyd, that this had been prepared on his own instructions and not on Dr. Lloyd's individual initiative. Unfortunately the heads of departments and of the Services concerned had not been fully informed at the start as to the basis on which the paper was being prepared and he regretted any misunderstanding caused through his failure to obtain proper clearance for the investigations undertaken.

In his view, there would be no advantage to be derived from a detailed re-examination of these papers at this stage. Accordingly he had prepared a short paper bringing out the conclusions which he felt should be drawn. It was felt, because of the disparity in power and material and human resources between Canada and the United States, that it was inevitable that the latter would have to play the major role in many phases of the co-operative activity between the two countries. The necessity of continuing co-operation in the field of defence had been recognized by the establishment of the Canada-United States Permanent Joint Board on Defence in 1940. Because of the inclusive character of modern war and because of the present international situation, this co-operation has been greatly widened in scope and increased in activity.

Senior officials of the U.S. Service Departments had been consistently careful to avoid any infringement of Canadian rights in their undertakings. It was apparent, however, that there had been instances of a disregard, at lower levels in the U.S. Services, of Canadian rights or susceptibilities. These could be divided into three general types:

(a) the boastful or ignorant talk of comparatively junior officers or enlisted personnel, which was inevitable and relatively unimportant;

(b) the disregard of established procedures by field officers, either through the lack of knowledge of the proper procedures or through an impatient effort to "get things done". This still represented a problem, though as a source of trouble it was decreasing; and

(c) the publication by U.S. Services or other official agencies, or under their authority, of material relating to Canada without prior clearance with Ottawa. Constant attempts were being made by senior U.S. officers to remedy this situation and it appeared that it was improving.

Other difficulties arose as a result of loosely worded authorizations and inadequate interdepartmental co-ordination in Washington and Ottawa, particularly the former.

The conclusion to be drawn from this situation was that it was essential to keep a continuous and detailed record in Ottawa of all U.S. activities in Canada. This would aid in ensuring that no projects were undertaken without prior authority or knowledge. As an initial step in this regard, he had had compiled in short form a list of all known activities, together with numbers of personnel involved where these were known, and whatever authority existed for the undertaking concerned.

(Memorandum prepared by the Chairman on "United States Activities and Official Personnel in Canada," distributed at meeting)†

32. *Mr. Pearson* stated that he was in general agreement with the points brought out in *Dr. Keenleyside's* memorandum.

33. *Air Vice-Marshal Cowley*⁷ stated that, in his opinion, certain statements in the report by the Chief of the Geographical Bureau were inaccurate and reflected unfairly on the Department of Transport; these statements had not been answered in the memorandum by the Secretary. He enquired, therefore, as to the propriety of leaving these statements in the record in their present form.

34. *Dr. Solandt* suggested that too much effort should not be expended in keeping track in detail of everything being undertaken by the United States in Canada. It appeared to him that nothing had been done which had not been authorized or would not have been authorized if authority had been sought.

35. *Mr. Heeney* pointed out that it was important to keep a continuous record of some sort showing numbers of U.S. personnel in Canada and their activities. This information should be available to the Government at any time. Probably a standard form of report should be worked out and this should be circulated monthly to all members of the Committee and of the Cabinet Defence Committee. It might also be sent to the Canadian Secretary of the Permanent Joint Board on Defence. Possibly, since more than one department was involved, the Secretaries of the Committee should undertake this task.

36. *It was agreed*, after further discussion;

- (a) to note the reports submitted;
- (b) that no further action need be taken at this time with regard to the U.S. activities listed; and
- (c) that a monthly report covering U.S. personnel and activities in Canada should be prepared by the Secretaries and circulated to all members of the Committee, to members of Cabinet Defence Committee, and to the Canadian Secretary of the Permanent Joint Board on Defence.

⁷ Directeur des services aériens, ministère des Transports.
Director of Air Services, Department of Transport.

933.

DEA/50197-C-40

*Extrait du procès-verbal de la troisième réunion
du Comité consultatif sur le développement du Nord*

*Extract from Minutes of Third Meeting of Advisory Committee
on Northern Development*

SECRET

Ottawa, November 23, 1948

REPORT OF TRANSPORTATION SUB-COMMITTEE

10. *Air Vice Marshal [A.L.] James*⁸ submitted an interim report of the Transportation Sub-committee on Surface Transportation Requirements for the Eastern and Western Arctic, and outlined its main features.

Since complete information on this summer's operations was not available, and tonnage requirements were not yet firm, the report should be regarded only as an interim study. It was intended that the final report of the Sub-committee would be available within the next six weeks.

In the Eastern Arctic, the supply of joint Canadian-U.S. weather stations could not satisfactorily be carried out without the use of two icebreakers. It appeared, therefore that, until the recently approved RCN icebreaker was available, supply arrangements for Northern weather stations would have to be similar to those undertaken in 1947 and 1948 (U.S. Task Force).

With the exception of proposed RCAF stations and the joint weather stations, the supply of existing and planned government posts and stations could be met by already authorized Canadian shipping. With the increased tonnages to be supplied to Eastern Arctic posts, there was an urgent need for charting and navigation aids. The importance of proceeding as rapidly as possible with the Northern work of the Hydrographic Survey was emphasized.

In the Western Arctic, the supply of Cambridge Bay presented a difficult problem. On the recommendation of the Sub-committee, the L.S.M.⁹ *Snowbird II* (owned by the Yellowknife Transportation Company) had been used for this operation in 1948 and it had been successful. At the present time, however, this vessel, which was needed for next year's operations, was frozen-in at Cambridge Bay. The operating company had accepted considerable risk in undertaking this contract and were in financial difficulties. There was a moral obligation on the part of the government to provide some assistance.

(Secretary Transport Sub-committee Memorandum, dated October 6th, 1948. Document N.D. 10).†

11. *The Chief of the General Staff* reported that information had been received through the Air Attaché in Paris, to the effect that a French icebreaker was availa-

⁸ RCAF.

⁹ Landing Ship Medium.

ble for disposal. It might be well to explore the possibility of purchasing this ship in view of the steel shortage in this country.

12. *Mr. [A.] Watson*¹⁰ expressed the opinion that two icebreakers were required, but doubted the suitability of the French ship for use in the Canadian Arctic. On the basis of information available so far, the extensive modification required would render the purchase of this ship impracticable.

13. *The Committee*, after further discussion, noted the interim report submitted by the Transportation Sub-committee, and agreed:

(a) that the RCAF would initiate arrangements with the Yellowknife Transportation Company for the operation of the L.S.M. *Snowbird* [II] next summer; and

(b) that the feasibility of purchasing the French icebreaker for use in the Canadian Arctic be further examined by the Transportation Sub-committee.

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SECTION B

STATIONS MÉTÉOROLOGIQUES ET PISTES D'ATTÉRISSEMENTS WEATHER STATIONS AND ASSOCIATED AIR STRIPS

934.

PCO/Vol. 244

Extrait du procès-verbal de la réunion du Comité de la défense du Cabinet

Extract from Minutes of Meeting of Cabinet Defence Committee

TOP SECRET

[Ottawa], January 8, 1948

...

WEATHER STATION PROGRAMME; REPORT BY INTERDEPARTMENTAL METEOROLOGICAL COMMITTEE

5. *The Secretary* submitted a progress report from the Interdepartmental Meteorological Committee on the implementation of the approved weather station programme.

In co-operation with the United States, two Arctic weather stations had been established in 1947; one at Eureka Sound on Ellesmere Island, and one at Resolute Bay on Cornwallis Island. The latter, it was proposed, would be developed as a main administrative base. The programme for 1948 provided for the establishment of two more stations; one on Prince Patrick Island, and the other on Isaachsen Island. With regard to weather ships, one Royal Canadian Navy ship had been allocated to the station in the North Atlantic which was to be operated jointly by Canada and the United States. No arrangements had been made for the joint operation of a weather station in the Pacific, pending advice from the United States as to their

¹⁰ Surintendant des affaires maritimes, ministère des Transports.
Marine Superintendent, Department of Transport.

plans for this undertaking. (They have since reported that they are not prepared to participate in the establishment of a Pacific station for the time being.)

With regard to the Northeast stations, it was reported that Canadian technical personnel would not be available in sufficient numbers to permit the taking over of these stations at a faster rate than planned (three years), and at the same time meet the commitment to provide half of the personnel for the Arctic stations. Planning was proceeding on the basis that the final objective in respect of the joint Arctic stations was the provision of half the operating personnel.

(Memorandum re weather station requirements from Interdepartmental Meteorological Committee, November 19th, 1947 — Cabinet Document D157†).

6. *The Committee*, after discussion, noted with approval the report of the Interdepartmental Meteorological Committee.

ARCTIC AIR STRIPS

7. *The Minister of National Defence* read a memorandum from the Chiefs of Staff concerning United States plans for the development of a main airbase at Resolute Bay — the site of one of the weather stations established jointly in 1947.

Under agreed arrangements for implementing the weather station programme, the United States provided the transportation and supply services, and a temporary airstrip had been constructed at Resolute Bay for the accomplishment of this task. It had recently come to light, however, that the United States Air Forces' plans for the development of the airbase called for construction of a permanent strip 10,000 feet in length, together with ancillary facilities on a substantial scale. While this development could possibly be justified on supply grounds alone, it was known that the United States strategic air forces had a particular interest in the base and that this had been taken into consideration in the formulation of the plans. An airbase of the type proposed would be of great importance from a military point of view, both for offensive and defensive operations against a potential European enemy. If the United States were, as seemed likely, denied long term military rights in Iceland and Greenland, proposals for the development of other bases along similar lines would no doubt be forthcoming.

If the Resolute Bay airstrip were to be constructed on a joint Canadian-U.S. basis, only nominal control would be exercised if Canada took no part in the supply of this base either by air or water. Therefore, the financial implications of maintaining effective Canadian control were substantial, while the implications, from the Canadian point of view, of allowing this control to pass into the hands of the United States were, perhaps, equally serious.

In the interests of North American security it would be desirable, in the Chiefs' of Staff view, to develop Resolute Bay along the lines proposed, and, if this were to be done, the following alternatives appeared open:

(a) Canada and the United States to construct the base jointly — the division of responsibility to be similar to that accepted for the weather station programme, (six officers and fifty-two men were estimated to be required for the operation of the base);

(b) The United States to be permitted to develop the base without Canadian participation; and,

(c) Canada to build and operate the base as a purely Canadian project. (This would involve the purchase and operation of an icebreaker, the operation of merchant ships, and would take some time to accomplish.)

It was estimated that the project would involve a capital expenditure of about \$12 million and annual recurring charges of \$800,000.

The Chiefs of Staff recommended that alternative (a) be adopted.

(Chiefs of Staff memorandum, January 7th, 1948 — Cabinet Document D159)†

8. *General McNaughton* reported that at the recent meeting of the Joint Defence Board, the opportunity had been taken to discuss this matter informally with United States representatives, and it seemed apparent that the United States intended to proceed with their plan as part of the approved meteorological programme.

9. *The Chief of the Air Staff* stated that the United States Air Forces' plans envisaged a larger airstrip and more extensive facilities than would be required by R.C.A.F. standards purely for the supply of the weather stations.

They did not, however, contemplate a large permanent military establishment there, nor storage facilities, other than for fuel. Accommodation would be provided, however, for housing transient aircraft crews and training detachments.

10. A general discussion ensued and the principal points that emerged were:

(a) *General McNaughton* observed that the United States were likely to be denied long-term military rights in Greenland and the construction of airbases in Canadian territory therefore became a matter of considerable interest to them. In these circumstances, they were likely to exert increased pressure on the Canadian government for the development of such bases.

The Under-Secretary of State for External Affairs indicated that as a result of a recent conversation he had had with the Danish Ambassador to the United States, he was less pessimistic about the possibility of the United States and Denmark reaching agreement with regard to the operation of military installations in Greenland. One year's notice was required to terminate the present agreement and this had not yet been given. There was a reasonable possibility that some system of joint operation, similar to Canadian-U.S. arrangements, would be worked out by the United States and Denmark for Greenland.

(b) *The Prime Minister* enquired whether the United Kingdom and other Commonwealth countries were being kept informed of Canadian-U.S. defence arrangements. From time to time, questions were likely to be raised on aspects of Commonwealth co-operation vis-à-vis Canadian-U.S. co-operation in defence, and any discussions of these matters with other Commonwealth countries should be recorded for reference purposes. Obviously Canada needed outside help in defence, and consideration should always be given to whether this could be furnished from within the Commonwealth.

The Chief of the General Staff reported that, in accordance with an earlier decision of the Cabinet Defence Committee, he and Air Marshal Leckie had informed the United Kingdom Chiefs of Staff in general terms of the defence arrangements

that were being developed with the United States. At that time, the United Kingdom Chiefs of Staff had indicated that, while they were unable to make a contribution to further such arrangements, they regarded them as sensible.

(c) *The Secretary of State for External Affairs* concluded from the report submitted that control of airbases and other installations in northern Canada was purely nominal unless Canada could undertake a greater measure of responsibility for supply and transportation services. This being the case, could not the Canadian Navy be adapted to operate in Arctic waters and assist in this work?

The Chief of the Naval Staff agreed that it was desirable for the Navy to gain experience in Arctic waters, but at present this could best be done by operating an ice-breaker or two, rather than fighting ships. In his view, it was too early to develop Arctic units (which would not be serviceable elsewhere), because of the continuing R.C.N. responsibility for protecting vital lines of communication in coastal waters and possibly farther afield.

The Director General of Defence Research reported that the Arctic Research Board had been concerning themselves with questions of transportation in the Arctic. They had reported that, during the period of open navigation, a system of water transport, based on the employment of commercial river boats on the MacKenzie and small boats in the Arctic (which would have to be provided), could serve stations in the northwest area. On the eastern side, bigger ships, of the type now employed, and an icebreaker could reach most stations in the northeast area. Stations on the border of Hudson's Bay could be serviced by small craft operating from Fort Churchill.

The Chief of the Air Staff observed that some of the northern stations could not be reached regularly except by air, and in his view this was the most reliable means of supplying these stations.

11. *The Committee*, after further discussion, agreed:

(a) that alternative (a) in the memorandum submitted, i.e., the joint development of the airbase at Resolute Bay, serve as a basis for further discussions with the United States;

(b) that alternative (b), i.e., the development by the United States without Canadian participation, be rejected as unacceptable; and,

(c) that the important question of Canada taking over more responsibility for supply and transportation services (including air and water transport) to northern installations be the subject of further study by the Department of National Defence in consultation with civilian departments.

935.

PCO/Vol. 60

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le Comité de la défense du Cabinet*

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

SECRET

[Ottawa], April 13, 1948

ARCTIC WEATHER STATION PROGRAMME

On January 28, 1947, Cabinet approved a programme for the joint establishment, by Canada and the United States, of 9 weather stations in the Arctic during the period 1947-1949. At the 30th meeting of the Cabinet Defence Committee, on March 31, 1947, I reported and there were approved the plans made on February 26, 1947, with the United States, at the official level, for the carrying out of the 1947 portion of the programme.

2. At the 40th meeting of the Committee, on January 8, 1948, there was submitted and approved, a memorandum from the Interdepartmental Meteorological Committee reporting the work completed during 1947. Briefly, it was indicated that joint weather stations had been established at Slidre Fjord (Eureka Sound), Ellesmere Island, and Resolute Bay, Cornwallis Island. An automatic weather station, serviced occasionally by the R.C.M.P., was also set up at Dundas Harbour, Devon Island.

3. At a meeting of Canadian and United States officials held in Ottawa recently, it was agreed that arrangements for the carrying out of the 1948 programme in accordance with Cabinet's decision of January, 1947, would be as follows:

(a) initial establishment by air, after detailed reconnaissance, of weather stations on Prince Patrick Island and in the vicinity of Isaachsen Peninsula, Ellef Ringnes Island (this is now taking place);

(b) full establishment and supply of these two stations, together with re-supply of the stations at Slidre Fjord and Resolute Bay by sea during the coming summer;

(c) sea and air reconnaissance this summer to determine the most suitable locations for the establishment, in 1949, of a station in the vicinity of Winter Harbour, Melville Island, and one on the north-east coast of Ellesmere Island; if opportunity permits, some supplies might be landed at these two points;

(d) possible improvement of the air facilities at Slidre Fjord (especially in order to facilitate the air reconnaissance of North Ellesmere Island) by landing, next summer, aviation fuel, a hut and radar beacon to be provided temporarily by the United States;

(e) possible temporary provision of similar facilities by the United States for the Prince Patrick and Isaachsen air supply strips;

(f) grading and marking of an emergency air strip in the vicinity of Winter Harbour this summer, to facilitate flights between Resolute Bay and Prince Patrick Island, if time and terrain permit;

(g) division of responsibility between Canada and the United States during 1948 to remain as already approved — i.e. Canada providing the officers-in-charge, half the staff the pay and subsistence of the Canadian staff and permanent installations at stations and connected airstrips, with the United States assuming all other costs, including the provision of air and sea transport by the U.S. Air Force and Navy.

(h) up to 20 Canadian Service and scientific observers to accompany the U.S. Naval and Coast Guard Task Force entering the Arctic this summer in support of the programme;

(i) the State Department to request authorization for the Task Force, outlining the nature and scope of all intended activities of the ships and associated aircraft;

(j) all publicity regarding the 1948 programme and the Task Force to be subject to the approval of both Governments.

4. The U.S. request for authority for the Task Force (which, owing to a misunderstanding, first came forward through Naval channels) has now been received in the form of the attached letter from the State Department to the Canadian Embassy in Washington.† The request indicates that the Task Force:

(a) will consist of two ice-breakers and a transport; plans to spend August and September in the Canadian Arctic; and has the primary purpose of supporting the weather station programme by supplying existing stations and reconnoitering sites for the two 1949 stations;

(b) has the secondary purposes of personnel training, testing of ships and materials and minor hydrographic, meteorological and other scientific investigations.

5. In addition to meeting the Canadian and U.S. needs outlined in paragraphs 3 and 4 above, the Task Force is expected to be of assistance to Canada by performing such tasks as facilitating selection by the R.C.A.F. of a Loran site on North Ellesmere Island, transporting a complete, Canadian-manned ionospheric station to Resolute Bay, and carrying fuel for the R.C.A.F. to Pond Inlet, Baffin Island.

6. While the State Department's letter gives a good general picture of the plans and purposes of the Task Force, the State Department are being requested to provide further information on the following lines when plans have become more definite:

(a) the approximate number of U.S. personnel who will participate in the Task Force;

(b) a brief outline of the probable routes to be followed by the ships and associated aircraft in the Canadian Arctic;

(c) a summary of any activities (other than reconnaissance ahead of the ships) that associated aircraft plan to carry out;

(d) clarification of the term "personal training" if it involves military operations such as landings at sites not included in the weather programme;

(e) clarification of the nature and scope of the minor hydrographic, meteorological and other scientific investigations to be carried out;

(f) an outline of any significant changes in or additions to the expedition's plans.

7. The U.S. authorities have, of course, undertaken to request the appropriate licenses for any civilian scientists whom they may wish to have attached temporarily to the weather stations or the Task Force and to make available to the Canadian Government all information about the Canadian Arctic obtained while carrying out the 1948 programme and the related sea expedition.

8. Accordingly, the Cabinet Defence Committee is invited to:

(i) take note of the arrangements in hand for the 1948 Arctic weather station programme; and

(ii) give approval to the U.S. request for authorization of the U.S. Naval Task Force, on the understanding that the further information being requested of the State Department (see para. 6) will be reported to Cabinet Defence Committee in due course.¹¹

L.B. PEARSON

936.

DEA/50197-D-40

*Note du sous-ministre par intérim des Transports pour les services aériens
pour le Comité consultatif sur le développement du Nord*

*Memorandum from Acting Deputy Minister of Transport for Air Services
to Advisory Committee on Northern Development*

SECRET

[Ottawa], May 19, 1948

NORTHEASTERN WEATHER STATIONS

When Cabinet, in January 1947, approved the overall meteorological programme proposed by the Interdepartmental Meteorological Committee it authorized (and later directed) the Department of Transport to take over and operate the U.S. operated weather stations in Northeastern Canada which constituted a requirement of the International Civil Aviation Organization. These stations are located at:

Clyde River, Baffin Island
Padloping, Baffin Island
Mecatina, Quebec
Indian House Lake, Quebec
Frobisher Bay, Baffin Island
Fort Chimo, Quebec
Mingan, Quebec

The Department of Transport had reported that a minimum of three years would be required for the takeover. It was understood, therefore, that it would be completed by 1950.

2. During 1947 the personnel resources of the Department of Transport were devoted to the establishment of new Arctic weather stations (jointly with the U.S.) to the expansion and re-activation of weather reporting stations in Labrador

¹¹ Approuvé le 15 avril./Approved on April 15.

(required by ICAO and provided by Canada by agreement with the Newfoundland Government) and provision of essential additional domestic facilities.

3. During 1948 the Department of Transport plans to take over Clyde River and Mecatina from the U.S. and if possible Indian House Lake also. When these three stations are taken over, the only pure weather station remaining under U.S. operation will be Padloping. This will be taken over during 1949-50.

4. It will be noted that three of the stations; namely Frobisher Bay, Fort Chimo and Mingan, are not merely weather stations but are operating aerodromes of which the staff for weather reporting duties constitutes only a minor part of the whole establishment. These aerodromes are operated by the U.S. Air Force.

5. The Department of Transport does not consider that a sufficient civil air requirement exists to operate these aerodromes for civil purposes. Therefore, the Department of Transport would propose, when it took over operation of the weather stations at these points, to discontinue the operation of the aerodromes and ancillary services until such time as a civil air requirement developed.

6. It is understood, however, that the U.S.A.F. and the R.C.A.F. consider it important that these aerodromes be maintained and kept in operation. Consideration has been given, therefore, to the taking over of the weather reporting services only at these points but the following serious difficulties are inherent in such a course of action so long as the U.S.A.F. operates the aerodromes:

(a) The main objective; i.e., to avoid having U.S. controlled and operated installations in Canada, would not be achieved.

(b) The division of responsibility and control between the U.S.A.F. and the Department of Transport would be difficult to establish; it would be impossible to operate completely independently and it would be undesirable to be in a subordinate position to the U.S. commander.

(c) A morale problem would arise due to differences in the amenities provided for U.S. and Canadian personnel.

(d) There would probably be differences in view as to the meteorological services to be provided; the Department of Transport would expect to provide weather reporting services only, whereas the U.S.A.F. would undoubtedly require forecasting services for aircraft operation as well; this might result in the U.S.A.F. retaining its present meteorological staff with unnecessary duplication resulting.

7. It will be apparent that these problems make it very difficult for the Department of Transport to carry out instructions and take over these weather stations. The difficulties arise mainly because the aerodromes constitute a military requirement. It would appear, therefore, that if these aerodromes are to be taken over and kept in operation, this responsibility should be assumed by the Department of National Defence (R.C.A.F.). If and when this takes place, arrangements can be concluded between the R.C.A.F. and the Department of Transport for such meteorological services as are required.

8. Accordingly, it is considered the following questions of policy should be decided before any action is initiated by the Department of Transport to take over the weather stations at Mingan, Fort Chimo and Frobisher Bay:

(a) Is there a continuing military requirement for the operation of all these aerodromes and ancillary facilities?¹²

(b) If so, does the R.C.A.F. plan to take over and operate these aerodromes and when is this likely to occur?

(c) If the answer to (a) is yes and to (b) is no, is it considered appropriate and desirable for the Department of Transport to take over the weather reporting services at these points while the U.S.A.F. continues to control and operate the aerodromes and other ancillary facilities?

A.T. COWLEY

SECTION C

VOYAGES DU EASTWIND ET DU ÉDISTO
VOYAGES OF EASTWIND AND EDISTO

937.

W.L.M.K./J4/Vol. 318

Extrait du journal de la Commission permanente canado-américaine de défense

Extract from Journal of Permanent Joint Board on Defence

CONFIDENTIAL

[Ottawa], June 3-4, 1948

...
22. *Navy Task Force to Re-supply Arctic Weather Stations.* The U.S. Navy member¹³ informed the Board concerning the arrangements which had been made to send a Navy task force from Boston in the middle of July 1948 to re-supply the Arctic weather stations at Thule, Greenland; Resolute Bay, Cornwallis Island; and Slidre Bay on Eureka Sound. The task force will include two ice-breakers and a cargo vessel. Secondary purposes of the operation are: ice-breaker reconnaissance; training of personnel; testing of ships and material; observations of geographic, navigational and aviation interests; and recording detailed hydrographic meteorological and electro-magnetic propagation data. One RCN liaison officer and four Canadian observers will accompany the task force. The Secretary of the U.S. Section [A.B. Foster] informed the Board that a press release would be issued on June

¹² Le procès-verbal de la réunion du 1^{er} juin rapporte que le Comité consultatif sur le développement du Nord :

The minutes of the June 1 meeting record that the Advisory Committee on Northern Development:

(a) noted that there was a continuing military requirement for the operation of these aerodromes;

(b) noted that the Royal Canadian Air Force was preparing plans for the taking over of these aerodromes from the US Air Force;

(c) agreed that the take-over of both aerodromes and Weather Stations should be completed at the earliest practicable date in view of previous Government direction in this regard; and

(d) invited the Department of Transport and the Department of National Defence (Air Force) to prepare in consultation the necessary plans to accomplish this aim, and to report thereon at the next meeting of the Committee. (DEA/50197-C-40)

¹³ Le vice-amiral C.B. Momsen./Rear Admiral C.B. Momsen.

4, 1948, simultaneously by the Department of External Affairs in Ottawa and the Department of State in Washington concerning the expedition.

...

938.

DEA/9061-H-40

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

CONFIDENTIAL

Ottawa, September 23, 1948

PRESS RELEASE ON THE SEA SUPPLY MISSION
TO THE ARCTIC WEATHER STATIONS

The ice-breaker *Eastwind* has already returned from the Arctic to Boston and the ice-breaker *Edisto* and the Transport *Wyandot* are due back immediately.

2. On this occasion we will be under special pressure for the release of details regarding the work done by the Supply Mission because its activities included three historic developments which are outlined in the attached draft release.† To what is said in the draft in this connection I need only add that it will be a matter of wide interest that *Edisto* and *Eastwind* are the first *ships* that have penetrated (some 6 miles) to the west of Cape Sheridan along the north coast of Ellesmere Island (see attached maps).† This event is, you will see, partly 'buried' in the draft release simply because it appears dangerous, from the sovereignty point of view, to make an official announcement to the effect that the ships went further afield than did that of the British explorer Nares (who went much further himself by sled).

3. There would be some possible embarrassment for the Canadian Government, vis-à-vis the Canadian public, in issuing a statement indicating that the U.S. Navy has accomplished these feats on Canadian territory. After consulting with the Embassy in Washington and the Geographical Bureau, I am, however, rather afraid that these accomplishments of the U.S. Navy may leak out, either through the 700-odd U.S. Navy personnel who took part in the Mission, or through learned journals or societies. In the circumstances, I am inclined to believe that the Government risks far greater embarrassment if it remains silent about these matters and that it is therefore desirable for it to ensure that the facts are presented in the best possible light from the outset. I would therefore suggest that the attached draft be submitted to the Departments of National Defence, Transport and Mines and Resources with a view to enquiring whether they would be agreeable to its issue in Ottawa and Washington (after consultation between the two Governments).

4. The scientific activities of the Supply Mission were excluded from the joint release of June 4, as they might be interpreted as warlike. Also, in order to remove as much as possible of the military flavour of the Mission, the June 4 release was issued by Transport and the State Department. I think that if a release is to be issued at this time, the same policies should be followed regarding scientific activities and issuing authorities.

5. If the foregoing proposals are satisfactory to you, I will be glad to take up the matter with the other three Departments concerned in Ottawa.¹⁴ I might add that it is our present belief that the U.S. authorities would probably be agreeable to a joint release drawn up along the lines of the attached draft.

6. A copy of the June 4 release is attached.†

939.

DEA/9061-H-40

*Conseiller de l'ambassade aux États-Unis
au directeur adjoint de la Direction des affaires du Commonwealth
du département d'État des États-Unis*

*Counsellor, Embassy in United States,
to Assistant Chief, Commonwealth Affairs Division,
Department of State of United States*

CONFIDENTIAL

Washington, September 27, 1948

Dear Mr. Snow:

I enclose three copies of a draft press release on the return of this summer's sea supply mission, prepared in Ottawa and approved by all the relevant Government departments and by the Minister of National Defence, the Honourable Brooke Claxton. The press release which was prepared by the United States Navy reached Ottawa after Mr. Claxton and the other Ministers had approved the enclosed press release. I feel sure that if we were to try to modify the attached release by incorporating in it some features of the United States Navy release, substantial delay would result. No mention of the scientific side of the sea supply mission has been included for the same reason for which it was left out of the release of 4th June, 1948, namely that emphasis should be kept on the meteorological nature of the trip rather than on the collection of information which is of a potentially military nature.

2. The Government of Canada has asked that this release, like the release of 4th June, 1948, and in accordance with the agreement on which the Arctic weather programme is based, should be issued simultaneously by civilian agencies in both countries, namely the State Department or the United States Weather Bureau in the United States and the Department of Transport in Canada.

3. Finally, the Department of External Affairs wishes me to raise with you the question of the passage of *Edisto* and *Eastwind* through Hecla and Fury Strait. The route to be followed by the sea supply mission was arrived at by agreement between the two governments, and did not provide for passage through Hecla and Fury Strait.

4. The correspondence which arranged this summer's sea supply mission indicated that the Canadian Government wished the United States authorities to indicate the routes the ships would want to follow and implied that it was expected that

¹⁴ Note marginale :/Marginal note:

Approved by Mr. Pearson C.E[berts]

the United States would consult Canada before any significant departure from such routes was made. I should be grateful if you would draw to the attention of the United States Naval authorities the difficulties which we may experience in securing approval for United States proposals for projects in Canada as a result of variations from previously agreed plans.

Yours sincerely,

G.L. MAGANN

[PIÈCE JOINTE/ENCLOSURE]

Projet d'un communiqué de presse

Draft Press Release

CONFIDENTIAL

Washington, September 27, 1948

It was announced in Ottawa and Washington on June 4 that three U.S. Navy and Coast Guard vessels, with Canadian representatives aboard, would shortly be sailing to Canadian Arctic waters in support of the Joint Weather station programme which is being carried out by the governments of Canada and the United States.

These three ships — the U.S.S. *Edisto*, icebreaker, the U.S.C.G. *Eastwind*, icebreaker, and the U.S.S. *Wyandot*, cargo vessel, have now returned to Boston.

During the summer they resupplied the Joint Weather stations established in 1947 at Eureka Sound, Ellesmere Island and at Resolute Bay, Cornwallis Island. They also made a preliminary investigation of the possibility of establishing a further joint station in the vicinity of Winter Harbour, Melville Island. In the course of reconnoitering a site for an additional joint station on Ellesmere Island, the U.S.S. *Edisto* and the U.S.C.G. *Eastwind* managed to reach, via Robeson Channel, the Cape Sheridan area at the north of that island. This area in the extreme north of Canada was the scene of the activities of the British explorer, Sir George Nares, in 1875-6, and of the subsequent activities of the United States explorer, Admiral Peary, in 1905-6. The supply mission came across Nares' and Peary's cairn and, as is usual on northern expeditions, Peary's notes found in the cairn were replaced by appropriate documents. The U.S.S. *Edisto* and the U.S.C.G. *Eastwind* returned to the Atlantic coast through Fury and Hecla strait, between the Melville Peninsula and Baffin Island.

The ships which participated in the supply mission were under the command of Captain George J. Dufek, U.S. Navy, embarked in the U.S.S. *Edisto*. The *Edisto* was commanded by Commander E.C. Folger, U.S. Navy; the *Wyandot* by Captain J.D. Dickey, U.S. Navy; and the *Eastwind* by Captain J.A. Flynn, U.S.C.G. Among the principal Canadian representatives who participated in the supply mission were Mr. J. Ivor Griffiths of the Meteorological Division, Department of Transport, and Captain Albani Chouinard, master of the Department of Transport icebreaker *Saurel*.

940.

DEA/9061-G-40

*Le directeur adjoint de la Direction des affaires du Commonwealth
du département d'État des États-Unis
au conseiller à l'ambassade aux États-Unis*

*Assistant Chief, Commonwealth Affairs Division,
Department of State of United States,
to Counsellor, Embassy in United States*

CONFIDENTIAL

Washington, October 11, 1948

Dear Mr. Magann:

Permit me to refer to your letter of September 27, 1948 regarding this summer's sea supply mission to Arctic waters, in numbered paragraphs 3 and 4 of which you raise the question of the passage through Hecla and Fury Strait of the vessels *Edisto* and *Eastwind* on their return voyage. You brought this to our attention at the instance of the Department of External Affairs, and pointed out in so doing that the route to be followed by the expedition had been arrived at by agreement between the two Governments and did not provide for passage through Hecla and Fury Strait.

The point is further made in your numbered paragraph 4 that the correspondence which arranged for the mission implied the expectation that the United States would consult Canada before any significant departure from the agreed routes was made.

In looking up the prior correspondence to which you refer,† I find in your letter of April 26, 1948 to Mr. Foster that the Canadian Government wished among other things to be informed "in brief outline of the probable routes to be followed by the ships and associated aircraft in the Canadian Arctic." Mr. Foster passed your letter on to the Navy Department for comment. In furnishing such comment under date of May 19, 1948, Vice Admiral A.D. Struble of the Navy made the following statement (conveyed to you with Mr. Foster's letter of May 25, 1948):

"The probable routes to be followed by the ships and associated aircraft in the Canadian Arctic are the same as last summer's operation. In addition, attempts will be made to reach Prince Patrick Island, Isachsen Peninsula and Grant's Land on Ellesmere Island. The routes to be followed in attempting to reach the latter destinations will depend upon the seasonal ice conditions prevailing."

If we may judge from these examples of the correspondence which arranged for the expedition, wherein the phrase "probable routes" is prominent, I think it a fair conclusion that neither Government looked upon the routes as rigidly prescribed or as leaving out of account such hazards as seasonal conditions, gaps in the charting, etc.

The second factor I should like to mention is that according to the Navy Department, the decision for the *Edisto* and *Eastwind* to take passage through Hecla and Fury Strait was an operational decision of the expedition commander which was approved and sponsored by the senior Canadian representative present, Captain

Albani Chouinard, R.C.N. (R.). Presumably the United States commander felt that Captain Chouinard's concurrence provided any authority which might be needed from the Canadian side.

My third point bears upon the phrase "operational decision", used just above. I gather from the interested officials of the Navy Department that the commander of any such expedition would necessarily need and expect to have a reasonable amount of operational latitude in selecting his course at any given point in the voyage, having in mind both the success and the safety of his mission. It is considered that Captain Dufak as commander of the expedition was acting within such latitude in deciding to pass through Hecla and Fury Strait.

I trust that the foregoing will help to clarify the question under discussion.

Very sincerely yours,

WILLIAM P. SNOW

941.

CEW/Vol. 2121

*Conseiller de l'ambassade aux États-Unis
au chef de la Direction de l'Amérique et de l'Extrême-Orient*

*Counsellor, Embassy in United States,
to Head, American and Far Eastern Division*

CONFIDENTIAL

Washington, October 13, 1948

Dear Mr. Johnson:

With my letter of 27th September† I enclosed copies of my letter of the same date, addressed to Mr. Snow, containing inter alia a protest concerning the passage of *Edisto* and *Eastwind* through Fury and Hecla Strait this summer. I have now received a reply from Mr. Snow, of which I attach three copies.

I think there is a great deal of merit in Mr. Snow's implied criticism of the relatively loose way we tie up affairs of this nature. I think that the next time there should be an exchange of letters setting forth the most explicit conditions we intend to have followed. Mr. Snow's letter also says that Captain Chouinard "approved and sponsored" the passage of these two vessels through Fury and Hecla Strait. This is a point, of course, which could be checked only through reference to Captain Chouinard. In any case, I think that if we wished to do so we still have grounds to complain against the "operational decision" referred to in the penultimate paragraph of Mr. Snow's letter as, if the decision was necessary, it would have been only common sense on the part of Captain Dufek to send telegraphic notice that he had found it necessary to change the route for operational reasons. As a matter of fact, it is plain from the information already available that the change was made not for operational reasons but because Captain Dufek wished to do so and because he had forgotten the instruction which said he was not to change his route without permission.

Yours sincerely,

G.L. MAGANN

942.

DEA/50197-40

*Extrait d'une note de la Direction de liaison avec la Défense
pour le chef par intérim de la Direction de liaison avec la Défense*

*Extract from Memorandum by Defence Liaison Division
for Acting Head, Defence Liaison Division*

SECRET

[Ottawa], November 19, 1948

ITEM NO. 3. [ADVISORY COMMITTEE ON NORTHERN DEVELOPMENT,
AGENDA FOR MEETING OF NOVEMBER 23] JOINT ARCTIC WEATHER STATIONS;
TASK FORCE 80; AND U.S. NORTH EASTERN AIR FIELDS AND
WEATHER STATIONS — DOC. N.D.11¹⁵

A. Joint Arctic Stations and Task Force 80

You can spare yourself the trouble of reading this long report since the only important points it contains are the following:

- (1) Joint weather stations have been established at:
 - (a) Eureka Sound, West Central Ellesmere Island (by air, spring 1947);
 - (b) Resolute Bay, Cornwallis I., (by Task Force 86, summer 1947);
 - (c) Mould Bay, Prince Patrick I. (by air, spring 1948);
 - (d) Deer Bay, Isachsen Pen., Ellef Ringnes I. (by air, spring 1948).
- (2) In addition to re-supplying stations (a) and (b), Task Force 80 last summer reconnoitred sites for further stations at (e), Cape Belknap, Northern Ellesmere I. and (f) at Bridport Inlet, south Melville I.
- (3) It is planned next year to establish station (e), in the spring, by air, and possibly station (f) in the summer, by Task Force.

2. The exchange of notes on the programme has not yet been completed, the U.S. at present having our final draft under consideration. The arrangement forming the basis of the programme is that Canada provides, at each station, the officer in charge, half the staff, the pay and subsistence of the Canadian personnel, and permanent installations (including those at the air strips), with the U.S. assuming all other costs including transportation.

3. When Cabinet approved a 9-station programme in January 1947 on the basis just outlined, it agreed that the details of the programme should be worked out at the official level. The result is that, early each year, a meeting is held in Ottawa of Canadian and U.S. officials, at which all aspects of the current year's programme are thrashed out and understandings set forth in detailed minutes. The next meeting of this kind is due shortly. The one thing that the officials cannot approve on their own authority is the annual U.S. Task Force expedition in support of the pro-

¹⁵ C'était une parmi plusieurs notes à Reid portant sur les points à l'ordre du jour d'une réunion du Comité consultatif sur le développement du Nord le 23 novembre.

This was one of a series of memoranda to Reid about items on the agenda for a meeting of the Advisory Committee on Northern Development on November 23.

gramme. The U.S. have to make a formal request through diplomatic channels for permission for each sea expedition.

4. Considering everything, the Task Force went off well last summer. While we have had no complaints, you may possibly hear at the meeting a certain amount of grumbling to the effect that some of the 19 Canadian observers with the Task Force were unable to see or do everything in which they were interested. This is, of course, quite inevitable as long as the situation obtains in which the U.S. Navy is unquestionably doing us a favour in agreeing to accommodate a number of Canadian civilian and other scientific observers. There were only three unfortunate incidents connected with the Task Force of which I am aware.

(1) As soon as the Task Force returned to Boston, there appeared extensive leakages in the U.S. press regarding the activities of the sea mission, together with suggestions emanating from the information offices of some of the U.S. Government departments to the effect that they were in a position to issue plenty of information, photographs, etc., but that Canada was holding up further publicity. You will recall that the Embassy took the State Department to task in this connection at the time, and that an interdepartmental meeting agreed that there would be no further publicity regarding Task Force 80. No formal protest has gone forward to the State Department, largely because it was felt that, as one or two leakages on other matters occurred in Canada at the time, it would be unwise for us to make further protests regarding the Task Force leakages.

(2) Capt. Chouinard, D.O.T.¹⁶ ice breaker captain who was with U.S.S. *Edisto*, radioed from the north of Ellesmere I. to his Minister, through U.S.N. channels, the suggestion that two places in that region be named after U.S. officers. We got out of this incident by having Mr. Pearson reply that it was our understanding that the Geographic Board, which has full powers regarding place names in Canada, had a policy of not normally using names of living persons. Before the next expedition leaves, this is the sort of problem that will have to be gone over carefully with the Canadian observers in order to avoid similar incidents.

(3) The Task Force was authorized on the understanding that, inter alia, it would stick to certain routes while sailing in the Canadian Arctic. The Government, of course, did not want the U.S.N. to feel that they could sail far and wide as they pleased. During the summer, when officers from *Edisto* took up with our C.N.S.¹⁷ the possibility of their going through Fury and Hecla Strait, the U.S.N. were informed, through the Joint Staff Mission in Washington, that permission for a departure from agreed routes would have to be sought if there were any desire to travel through that strait. Despite this *Edisto*, preceded by the U.S.C.G. *Eastwind*, eventually returned to Boston via the Strait mentioned. At our request, the Embassy in Washington informed the State Department, in a letter dealing with other matters, that this unauthorized departure from agreed routes was the sort of thing that made it difficult for us at times to obtain serious consideration in Ottawa for proposals for U.S. activities in Canada. The State Department eventually replied, in

¹⁶ Ministère des Transports/Department of Transport.

¹⁷ Chef d'état de la Marine/Chief of Naval Staff.

effect, that the decision of the Task Force C.O.¹⁸ to go through the Strait had been supported by one of our observers, and that he, therefore, felt it to be in order. The Operational Plan, the instructions to observers and other documents relating to the Task Force, of course, made it perfectly clear that the Task Force C.O. was in complete command of the whole operation. We must, therefore, hold the U.S.N. responsible for the departure made, and it is our intention to ask the Embassy to merely state orally to the State Department in reply that we do not wish the matter to be treated as a serious incident but that it would seem that the C.O. was in complete command of the expedition and should have arranged for Ottawa to be consulted, especially in view of the action taken by our C.N.S. during the summer. At the next meeting with the U.S. officials, on the 1949 programme, we can, of course, make it quite clear that there must be no further excursions into areas that are quite irrelevant to the weather station programme.

5. A decision will have to be reached on one further point before next summer's expedition, and that is whether the Northwest Territories are to remain an area in which "explorers" are free to remove documents from cairns left by earlier expeditions — you will remember that the U.S.N. removed the Nares and Peary papers from the North Ellesmere cairn this summer with the intention of placing them in some naval museum. When consulted at the time, Mines & Resources did not raise any objection. This is, however, quite clearly, a matter requiring review.

943.

DEA/226 (S)

*Note du chef par intérim de la Direction de liaison avec la Défense
pour le sous-secrétaire d'État par intérim aux Affaires extérieures*

*Memorandum from Acting Head of Defence Liaison Division
to Acting Under-Secretary of State for External Affairs*

CONFIDENTIAL

[Ottawa], December 3, 1948

ITEM ON CHIEFS OF STAFF COMMITTEE AGENDA FOR TUESDAY,
DECEMBER 7, AT 10:30 A.M.; WINTER EXERCISES BY THE
U.S.N. ICE BREAKER *EDISTO* IN THE CANADIAN ARCTIC

By letter of November 15, Mr. Snow informed Mr. Magann that the U.S.N. wished to have *Edisto* operate in January and February, 1949 along the east coasts of Baffin, Bylot, and Devon Islands (and the west and east coasts of Greenland) with the primary purpose of investigating ice conditions and the practicability of operations in the area under winter conditions. Snow went on to list the purposes of these exercises as follows:

- (a) To determine the limits of operations by "Arctic" type vessels.
- (b) To test the practicability of unloading cargo over the ice.
- (c) To train personnel and test equipment and material.

¹⁸ Commandant/Commanding Officer.

- (d) To record ice conditions.
- (e) To observe geographical, navigation, and aviation conditions.
- (f) To record hydrographic, meteorological, and electromagnetic propagation data.
- (g) "To conduct . . . such other scientific investigations and services as desired by other Government agencies."

2. Snow also pointed out that in addition to requiring permission for the above listed activities, the U.S.N. required authorization to enter Canadian Arctic Territorial waters and make landings on Canadian Arctic territory at such points as ice conditions permit.

3. External passed this request to Chiefs of Staff Committee for consideration by the latter and by Cabinet Defence Committee. At the same time Mr. Keenleyside was asked by External whether he would have any objections to the proposed exercises.

4. Mr. Keenleyside has now replied making the following points among others:

- (a) Landings on the islands will probably prove difficult but, if effected, there should be no taking of game or interference with the Eskimos.

- (b) It is highly desirable for a representative of the Geographical Bureau to accompany the *Edisto* since it is concerned with ice studies and Arctic geography.

- (c) The R.C.N. and Transport might also wish to send observers (We had already pointed out to the Secretary, Chiefs of Staff Committee, that the Government might wish observers to be present despite the fact the U.S. request contained no invitation with respect to Canadian observers.)

- (d) Copies of all reports resulting from the exercises should be provided to the Canadian Government by the U.S.N. and would be of considerable interest to Mines and Resources.

5. It would seem difficult to turn down the U.S. request and the expedition will doubtless produce data of interest to both countries. If it is decided to recommend its authorization to the Cabinet Defence Committee, authorization should presumably be recommended subject to the conditions suggested regarding game, non-interference with Eskimos, presence of two or three Canadian observers, provision of reports by the U.S.N. and, on the understanding that if any U.S. civilian scientists or explorers are to accompany the *Edisto*, application will be made on their behalf through diplomatic channels for N.W.T.¹⁹ licenses in the usual way.

6. At the June 1 meeting of the Advisory Committee on Northern Development Mr. Pearson suggested that future authorizations of U.S. activities in Canada should be as specific as possible so as to avoid controversy as to what has and has not been authorized. In the circumstances, before the U.S. request goes to Cabinet Defence Committee it might be advisable if we requested Washington to clarify projects (c), (e) and (g) listed in paragraph No. 1 above. We should doubtless know whether (c) will include firing practice, other use of munitions, or other military exercises on

¹⁹ North West Territories.

land or at sea; what aircraft are involved in item (e); and what additional investigations and services are contemplated in item (g).

G.G. C[REAN]

944.

DEA/17-E (S)

*Extrait du procès-verbal de la réunion
du Comité des chefs d'état-major*

*Extract from Minutes of Meeting
of Chiefs of Staff Committee*

SECRET

[Ottawa], December 7, 1948

ACTIVITIES IN CANADIAN ARCTIC WATERS; U.S. NAVY ICEBREAKER

U.S.S. *EDISTO*

3. *The Committee* had before them a memorandum from the Acting Under-Secretary of State for External Affairs enclosing a set of papers outlining the proposed activities of the U.S.S. *Edisto* in Canadian Arctic waters during the months of January and February, 1949.

(Memorandum of November 22nd, 1948, from the Acting Under-Secretary of State for External Affairs — CSC 5-1-7 of November 27th, 1948)†

4. *The Chief of the Naval Staff* observed that the United States should be encouraged to carry out similar cruises in northern waters but it was essential that they carry Canadian observers and forward copies of all reports to the relevant Canadian authorities. More information was also desirable on the scope of the proposed scientific projects.

5. *The Chief of the General Staff* recommended that the Committee should now decide the priorities to be allotted Canadian observers so that, if such allotments were limited in number, the selection of observers could be made without further reference to the Committee.

6. *Mr. Reid* considered that, in future, proposals for the movements of U.S. ships in Canadian waters should be as specific as possible in order to avoid any possible misunderstandings. In this particular case, more information should be secured regarding the proposals to "train personnel and test equipment and material in winter Arctic conditions", to "observe geographical, navigation and aviation conditions" and to "conduct, as practicable, such other scientific investigations and services as desired by other government agencies."

7. *It was agreed* that:

(a) the proposed cruise of the U.S.S. *Edisto* be approved in principle;

(b) the Department of External Affairs would reply to Mr. Magann's letter;

(c) such a reply would include the following points;

(i) landings on the islands will probably prove difficult and, if effected, there should be no taking of game or interference with the Eskimos;

- (ii) the Canadian Government considers it highly desirable that Canadian observers be included in the personnel taking part in the cruise;
- (iii) copies of all reports resulting from the exercises should be forwarded to the Canadian Government by the U.S. Navy;
- (d) the priority of allocation of Canadian observers should be as follows:
 - (i) Royal Canadian Navy.
 - (ii) Royal Canadian Air Force.
 - (iii) Department of Mines and Resources (Geographical Bureau).
 - (iv) Department of Transport.

SECTION D

BRISE-GLACE CANADIEN
CANADIAN ICEBREAKER

945.

PCO/Vol. 66

*Note du ministre de la Défense nationale
pour le Comité de la défense du Cabinet*
*Memorandum from Minister of National Defence
to Cabinet Defence Committee*

TOP SECRET

[Ottawa], February 20, 1948

PROVISION OF ICE-BREAKERS

At the 40th meeting of the Cabinet Defence Committee (8th January, 1948) the question was raised of Naval participation in Arctic activities in relation to North American security, and specifically to ensure a greater measure of Canadian participation in the development of northern projects as might be approved as a result of the Canada-United States Basic Security Plan. The proposal that the Royal Canadian Navy should operate one or more ships capable of being used as ice-breakers was favourably received.

At the present time the Fleet does not include any ice-breakers or ships strengthened for ice navigation. The Department of Transport operates only four vessels which were designed primarily as ice-breakers. Of these only one, the *N.B. McLean*, can be classified as a seagoing ice-breaker and even this vessel has not the strength or endurance for other than the most limited Arctic operation.

The Naval Staff, after careful consideration, discussed the problem informally with representatives of the Department of Mines and Resources and Department of Transport. The officers of these Departments agree that there is a requirement for ice-breakers expressly designed for the special conditions of Arctic operation and for use in connection with our growing commitments in that area.

Consideration has been given to the characteristics and relative merits of the different types of ice-breaker — Russian and United States. It is believed that the United States *Edisto* class which incorporates experience gained with the success-

ful *North Wind* class, represents the culmination of ice-breaker design to date and that plans for a Canadian ice-breaker should be based on that vessel. Construction could be undertaken in a Canadian shipyard experienced in such work and it is tentatively estimated that such a ship would take about two years to build at a cost of approximately \$6,000,000.

The major peacetime use of an ice-breaker would be to secure greater Canadian participation in the development of northern projects. At present it is necessary to rely upon United States assistance for all supply arrangements for these installations.

In war, the scale and tempo of such activities would be greatly increased and, in addition, Canada-U.S. Defence planning envisages a requirement for Arctic amphibious operations entailing the use of Canadian Naval task forces for which ice-breakers will be essential.

There are no provisions in existing estimates for 1948-49 for the planning or building of this vessel and, in addition, personnel for the ship's complement would have to be over and above the authorized Naval ceiling.

If this proposal is acceptable, it is recommended that the necessary steps should now be taken to start construction on an ice-breaker to meet the requirements as set out in Appendix "A" hereto.²⁰

APPENDIX "A"

STAFF REQUIREMENTS FOR AN ICE-BREAKER

1. *Functions*

- (a) To force a passage through the ice for any amphibious operation in the Arctic.
- (b) To force passage through the ice for Supply Ships required to replenish or install Government operated stations in the Arctic, i.e. Weather, Loran, Air Stations, etc.
- (c) Familiarization of Naval Personnel with Arctic conditions.

2. *Secondary Functions*

- (a) To clear passage into Naval Operational Ports as required.
- (b) Search and rescue work in the Arctic.

3. *General Equipment*

The ship to carry equipment standardized with U.S.N. Ice-breakers as far as possible.

4. *Speed*

- (a) To be not less than 16 knots, clean bottom in the deep condition.
- (b) To have Diesel Electric propulsion.

²⁰ La recommandation fut approuvée par le Comité de la défense du Cabinet (CDC) le 3 mars et par le Cabinet le 11 mars.

The recommendation was approved by CDC on March 3 and by Cabinet on March 11.

5. *Endurance*

To be capable of 10,000 miles at full speed. Arrangements to be made for the maximum additional fuel to be carried within the constructional limits imposed by the remaining Staff requirements.

6. *Size*

- (a) The draught not to exceed 29 feet fully loaded.
- (b) The beam to be 60-65 feet.

7. *Armament*

The maximum number of multi-barrelled close range equipments to be carried. The outfit of ammunition to be double that allowed to similar weapons in a Destroyer.

8. *Radar*

To carry a pilotage radar set.

9. *Communications*²¹

- (a) LF
- (b) HF
- (c) VHF, for short range intercom with ships and aircraft.
- (d) MFDF. No beacons are available north of Belle Isle.
- (e) HFDF and/or UHFDF for SAR duties.
- (f) Space allocation for a "Y" office.
- (g) Radio homing aid for aircraft.

10. *Provisions*

The ship to carry 3 months' fresh provisions and 6 months' dry provisions.

11. *Special Features*

- (a) Bow propeller not required.
- (b) To be capable of carrying an Aircraft.
- (c) To be fitted with heeling and trimming tanks which are capable of carrying oil fuel.
- (d) To be capable of towing a ship hauled close up astern.

12. *Boats*

- (a) To carry two power boats of strong construction suitable for transporting stores and for beach landings.
- (b) To carry two life boats and necessary life rafts.

13. *Miscellaneous*

To have the following:

- (a) Degaussing equipment.

²¹ Les abréviations dans cette section représentent les termes suivants :

The abbreviations in this section stand for:

low frequency; high frequency; very high frequency; medium/high/ultra high/ frequency direction finder; search and rescue; wireless

- (b) Standard and LF Loran equipment.
- (c) Gyro compass.
- (d) Echo sounder and Kelvin sounder.
- (e) Chernikeef type log for use in open water.

SECTION E

AIDES À LA NAVIGATION PAR RADIO EN ONDES KILOMÉTRIQUES
DE LONGUE PORTÉE (L.F. LORAN)
LOW FREQUENCY LONG RANGE RADIO NAVIGATION AIDS (L.F. LORAN)

946.

W.L.M.K./J4/Vol. 318

Extrait du journal de la Commission permanente canado-américaine de défense
Extract from Journal of Permanent Joint Board on Defence

TOP SECRET

[Ottawa], February 19-20, 1948

...
31. *Low Frequency Loran: Northeastern Chain.* With reference to Paragraph No. 24 of the Board's meeting of November 20-21, 1947, the U.S. Air member reported concerning the modifications which the USAF had decided were required in the establishment of the northeastern chain of Low Frequency Loran stations. It will be recalled that the original plan was for one station on the eastern shore of Baffin Land, one on the western shore of Greenland, and one on the eastern shore of Greenland. It was pointed out that in view of the great difficulty at the present time of obtaining the approval of the Danish Government for the establishment of the stations in Greenland, if the chain is to be established it would have to be established in Canada. The Chairman of the U.S. Section and the Secretary of the U.S. Section corroborated the U.S. Air member's²² understanding that it was not anticipated that the Danish Government could be persuaded during the next several years to agree to the establishment of Low Frequency Loran stations in Greenland.

General O'Donnell explained that a northeastern chain in Canada might be operated by using the easternmost station of the western chain as the westernmost station of the eastern chain, thus reducing the total number of stations involved. The chain previously discussed involved a station in Canada, the survey for the western end of which had been approved by the Canadian Government. In view of the change now made necessary, General O'Donnell expressed the hope that the question might now be reviewed by the appropriate Canadian authorities with a view to giving approval for the location and establishment of the northeastern chain in Canada as outlined above. The Canadian Air member said that a study of this question was now being made and that when this study is completed and the military

²² Dean Acheson était président, A.B. Foster, secrétaire et le major-général E. O'Donnell représentant de l'armée de l'air, Commission permanente canado-américaine de défense (CPCAD).

Dean Acheson was Chairman, A.B. Foster was Secretary and Maj-Gen E. O'Donnell was Air Member, US Section, PJBD.

requirements of LF Loran known, a decision on the question raised by General O'Donnell would no doubt be made.

The U.S. Air member then referred to the second serious difficulty which had caused modification of the original plans: The Atlantic City agreements of 1947, agreed to (but not yet ratified) by both Canada and the U.S., had been construed as making unavailable 180 kcs. frequency in new Lf Loran stations and as imposing an obligation to convert existing stations to 90-110 kcs. frequency. He added that the U.S. Air Force therefore planned to establish the modified northeastern chain on the basis of the frequency agreed to at Atlantic City, 90-110 kcs. No equipment exists for this frequency, however, and it would be perhaps three years until it could be constructed and operational. Moreover, the use of this different frequency would mean that planes would have to be equipped with new type receivers. Again, whereas towers approximately 600 feet high are used in the LF Loran operations at 180 kcs., towers of approximately twice this height would be required for the frequency of 90-110 kcs. He noted that the additional equipment for the planes and the construction and installation of the 1200 foot towers would involve greatly increased costs and extraordinary difficulty in construction. Nevertheless, the USAF was at the moment in the process of placing contracts for construction of new equipment for the 90-110 kcs. frequency.

The Chairman of the Canadian Section expressed his misgivings over the modifications which it was suggested should be made in the equipment and towers, and inquired concerning the details of the commitments made at Atlantic City and the present status and future implications of these commitments. He suggested the possibility that the Canadian and U.S. delegations at Atlantic City might in good faith, but without fully appreciating the military necessity of LF Loran on the 180 kcs. frequency as presently planned, have made commitments involving the two Governments in great difficulty and expense. The Chairman of the U.S. Section stated that he shared these misgivings.

At the request of the Chairman of the U.S. Section, Mr. John S. Cross, Assistant Chief, Telecommunications Division, Department of State, kindly visited Patuxent²³ and explained to the Board in detail the background of the problem from the international and civil point of view and narrated the course of events at Atlantic City which resulted in international agreement for the band 90-110 kcs. for use by a pulse-type radio navigation aid. (A summary of Mr. Cross' remarks is attached hereto as Appendix No. 5.)†

The Board, deeply concerned by the effect of the Atlantic City commitments on the LF Loran programme in the north, recommended that the military Loran committees of each country should as soon as possible determine the requirements, from the military point of view, of LF Loran in the north and should assess the effect of the Atlantic City commitments on present plans and operations. The Board further recommended that if the military Loran committees should find that efforts should be made to modify the commitments made by the two Governments

²³ La réunion de la Commission permanente canado-américaine de défense (CPCAD) eut lieu au centre d'essai aéronaval de Patuxent.
The PJBD meeting was held at Patuxent Naval Air Test Centre.

at Atlantic City, the matter should be put before the highest telecommunications authorities in the two Governments for their consideration. The Board regards this as a matter of urgency and requested a full report to be made at its next meeting by the Air members.

...

947.

W.L.M.K./J4/Vol. 318

Extrait du journal de la Commission permanente canado-américaine de défense

Extract from Journal of Permanent Joint Board on Defence

TOP SECRET

[Ottawa], June 3-4, 1948

15. *Low Frequency Loran: Northeastern Section Low Frequency Loran Chain.* With reference to Paragraph No. 31 of the Journal of the Board's meeting of February 19-20, 1948, the Canadian and U.S. Air Force members reported to the Board concerning the developments of the last several months with respect to the Northeastern Section of the Low Frequency Loran Chain of the Low Frequency Loran Programme. Both the RCAF and the USAF have determined that there exists a continuing requirement for a long range air navigation system which will provide accurate and dependable navigation fixes in the northern areas of Canada, Alaska and Greenland. The Air Navigation Aids Subcommittee of the Military Cooperation Committee (to which has been transferred the planning responsibility of the dissolved Combined Low Frequency Loran Committee) has determined, from the military point of view, the requirement of LF Loran for this purpose.

Although the effect of the commitments made at the Atlantic City Conference in 1947 have not been finally determined, it is presently considered that, inasmuch as the "Beetle Chain" of six stations as originally projected was commenced before the Atlantic City Conference, the completion of the three northeastern stations on the basis of 180 kcs operation is fully justified. Such operation will be continued on a basis of non-interference with European stations until the time when 100 kcs equipment is developed, installed and placed in operation.

The U.S. Air Force member stated that USAF siting parties are now engaged in determining the best sites for the three northeastern stations and are including in their survey an examination of the USAF base at Bluie West 8, Greenland. The Secretary of the U.S. Section said that from the diplomatic point of view it was reasonable to hope that the Danish Government might be persuaded to agree to the establishment of the station on the existing USAF base at Bluie West 8, while the State Department considered that there would be great difficulty in gaining Danish agreement to stations at any other point in Greenland.

...

948.

DEA/5138-40

*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-2273

Ottawa, September 28, 1948

SECRET. IMMEDIATE.

PART I

Following for Magann from Johnson, Begins: Reference WA-2564 of September 25.† Below is information required for Thursday's meeting on L.F. Loran.

After the war, Cabinet agreed to temporary establishment of an experimental chain of stations in Alberta and Saskatchewan equipped with L.F. Loran (Low Frequency Long Range Radio Navigation Aids). This chain still operates but appears likely to close down shortly as half of a northern chain has now been established. Establishment of the northern chain, to consist of one station in Alaska, three in Canada and two in Greenland was, as you know, approved by Cabinet early in 1947, the U.S. to supply the necessary towers and Loran sets. In the Spring of 1947 work commenced on the stations at (a) Pt. Barrow, Alaska, (b) Kittigazuit (near Aklavik), N.W.T., and (c) Cambridge Bay, Victoria Island, N.W.T. These (and monitor stations at (a) Barter Island, Alaska, and (b) Sawmill Bay, Great Bear Lake), were subsequently brought into full operation.

2. Action on the eastern portion of the new chain (one station in Canada and two in Greenland), has been delayed pending clarification of the U.S. position in Greenland and resolution of the problem of frequencies. Briefly this problem is that, while all the stations in the training chain and the western portion of the northern chain are operating on 180 kcs and 100 kc. equipment will not be available until 1953-55, 180 kcs is in the middle of the band allocated to European stations and the U.S. and Canada incurred at least a moral obligation at the Atlantic City Conference last autumn to operate any new stations only on a frequency of from 90 to 100 kcs (usually referred to as 100 kcs.)

3. This Spring Chiefs of Staff Committee considered recommendations from the Canada-U.S. Combined L.F. Loran Committee that the need for the northeastern stations be confirmed; that, owing to the U.S. position in Greenland, the three eastern stations be located in Canada; and that, as 100 kc equipment is not yet available, they be operated temporarily on 180 kcs. The Committee decided that the need for the northeastern stations should be reviewed by the Canada-U.S. M.C.C.²⁴ Sub-Committee on Air Navigation Aids, which should be informed of the opinion that the door to Greenland was perhaps not entirely shut; and that External should consult State on the possibility of using 180 kcs in the northeast.

²⁴ Le Comité de coopération militaire./Military Co-operation Committee.

4. The Sub-Committee has not yet reported back on the question of need, although we understand that the Air Forces of both countries agree that the need exists and that they favour operation on a frequency of 180 kcs in the northeast, if possible, until 100 kc equipment is available.

5. You will recall that it was not possible for the Embassy to obtain State's views for the Chiefs as [J.S.] Cross and others were away. At an informal meeting here, on August 31, Cross indicated that, if he had anything to do about it, the State Department's view would be that the western stations (which were established before Atlantic City), could remain in operation until any complaint of interference is received from abroad but that, owing to the developments at Atlantic City (see below), no 180 kc stations should be established in the northeast. As it was therefore clear that the State and U.S.A.F. views were in conflict, he undertook to endeavour to have the matter reviewed by a high policy Committee, the Telecommunications Coordinating Committee, and their decision reported to your office for transmission to the Canadian Chiefs.

6. Since then, however, Ankenbrandt²⁵ (see EX-2245, September 24)† has asked for a State-U.S.A.F.-R.C.A.F.-External meeting to discuss the frequency question and also possible sites for the northeastern stations which were surveyed by a Canada-U.S. team this summer. Hutton²⁶ was at first reluctant to take the time to attend, feeling that the first requirement is a united U.S. Government view on the matter. Ankenbrandt, however, felt that a meeting would serve that end.

PART II

7. The "treaty position" seems to be as follows:

(a) Until January 1, 1949, both countries are governed by the International Telecommunication Convention (Madrid, 1937) and the Radio-communication Regulations (Cairo, 1938). There is no provision in these Regulations for L.F. Loran because it was not developed until the war. We are therefore operating the existing stations under Article 39 of the Madrid Convention which reads:

Installations for National Defence

"1. The Contracting Governments reserve their entire liberty . . . especially with regard to military stations of the land, sea or air forces.

2. (1) Nevertheless, these installations and stations must, so far as possible, . . . observe the provisions of the regulations regarding the types of waves and the frequencies to be used, according to the class of service which such stations perform." Thus, it appears that we are justified in operating these military stations and that we are only required to ensure, *so far as possible*, that they do not interfere with stations abroad.

(b) Both Canada and the U.S. will have completed the formalities of ratification of the International Telecommunication Convention, signed at Atlantic City on

²⁵ Le major-général F.L. Ankenbrandt, directeur des communications, USAF.
Maj.-Gen. F.L. Ankenbrandt, Director of Communications, USAF.

²⁶ Le lieutenant-colonel E.A.D. Hutton, directeur des transmissions, RCAF.
Wing Commander E.A.D. Hutton, Director of Signals, RCAF.

October 2, 1947, by January 1, 1949, when the new Convention (replacing Madrid) will go into force in respect of our two countries at least. The new Convention contains a similar military provision — Art. 47 — which appears to give us exactly the same sort of “out” for operating military stations on a frequency of 180 kcs. It reads as follows:

Installations for National Defence Services

“1. Members and Associate Members retain their entire freedom with regard to military radio installations of their army, naval and air forces.

2. Nevertheless, these installations must, so far as possible, observe regulatory provisions relative to . . . the measures to be taken to prevent harmful interference, and the provisions of the Regulations concerning the types of emission and the frequencies to be used, according to the nature of the service performed by such installations.”

(c) From the strict legal point of view, therefore, we seem to be in a fairly strong position, prior to and after January 1, to operate 180 kc stations. The main difficulty is that, at Atlantic City, faced with the fact that 180 kcs was in the middle of the European broadcasting band of about 125 to 300 kcs, the U.S. delegation led a move for (1) allocation on a world-wide basis of a frequency for long distance radionavigation aids and for (2) a frequency below the European band. As it only induced the Europeans to agree to the allocation of 90 to 110 kcs for such Services after considerable debate, Cross now feels strongly that the U.S. would be in a very poor moral position in agreeing to temporary establishment of the northeastern stations on 180 kcs. As the Canadian delegation supported the U.S. in this matter, Canada would seem to be in much the same moral position.

At the same time, however, I should point out that the Allocation Table that is included as item No. 109 in the Atlantic City *Regulations* and shows 90 to 100 kcs as allocated to long distance radionavigation systems, will not come into effect until about mid-1951 before which time the Provisional Frequency Board and an Administrative Conference are not expected to have completed further examination of the allocation of a number of frequencies for various types of services and for various countries. This fact does not, of course, materially improve our moral position, nor does the fact that, as yet, there are apparently only 2 stations in Europe on 180 kcs and they are so far away that our stations would be unlikely to interfere with them.

8. Clearly, therefore, the problem is one of judgement as to whether military necessity or our moral position is going to be the more important factor to consider during the next few years while awaiting 100 kc equipment. If the U.S. take the view that the latter is the more important, obviously the northeastern stations will not be built for some time as they have the towers and sets. If they consider military necessity the paramount factor, I think it is a reasonable assumption that our Chiefs and Cabinet Defence Committee would agree to temporary establishment of the northeastern stations on 180 kcs, subject to non-interference. They would probably also consider any complaint of interference in the light of the world situation at the time it was made. You can express these opinions, making it clear that Chiefs have not reached any decision on the matter and that it is not possible to anticipate defi-

nately what Cabinet Defence Committee's reaction would be. You might add that ultimately, Cabinet Committee will, of course, have to approve both establishment of any new stations required in Canadian territory and what frequency it is prepared to allocate to them. You could also press for an early formal indication of the U.S. *Government's* view on the matter as, if any 180 kc stations are to be set up, planning of shipments will probably have to begin shortly.

9. I will not go into detail on the pros and cons of the sites surveyed this summer since, this matter is quite secondary to the frequency question. About a dozen possible sites were examined in the Baffin-Ungava region and Hutton can show you where they are. The only point I need mention is that the survey party recommends location of one station at the U.S. base, Blue West 8, near Christianshaab in Greenland. If the frequency question is ever settled favourably, it will, of course, be up to the U.S. to endeavour to obtain Danish consent to use of B.W. 8. The point about the towers is simply that 180 kc stations, which use 625-foot towers, are effective 700 miles apart: whereas 100 kc stations, which would have 1200-foot towers can be 1000 miles apart. A decision on frequencies would therefore influence the locations of the stations and their total number. Ends.

949.

DEA/5138-40

*Extrait de projet d'une note de l'ambassade aux États-Unis*²⁷

*Extract from Draft Memorandum by Embassy in United States*²⁷

SECRET

[Washington], October 1, 1948

MEETING ON LF LORAN, SEPTEMBER 30, 1948

General Ankenbrandt opened the meeting by outlining the U.S. position that it is absolutely necessary for a change from 180 kc to 100 kc operation of the LF Loran system as soon as possible, in accordance with the Atlantic City allocations. Mr. Cross verified this view and gave some of the background of the Atlantic City agreements on the subject of Loran frequencies. He indicated that the U.S. Government, as a signatory power at the Atlantic City conference, was morally committed to the frequency allocation tables laid down at Atlantic City. General Ankenbrandt then pointed out that because of the present international situation, the USAF did not feel justified in waiting until 100 kc Loran equipment was available for installation before completing the Eastern half of the present LF chain. Accordingly, the USAF recommends the completion of the chain without delay, using 180 kc Loran equipment at the selected sites, and converting to 100 kc operation as soon as possi-

²⁷ Inclue avec la Note N° 313 du 12 octobre (chargé d'affaires des États Unis au secrétaire d'État aux Affaires extérieures). Cette note aussi bien que la réponse (N° 302 du 19 octobre) soulignait le point développé dans le dernier paragraphe de ce document.

Enclosed with Note No. 313 of October 12 (Chargé d'Affaires of United States to Secretary of State for External Affairs). Both that note and the reply (No. 302, October 19) emphasized the point made in the final paragraph of the memorandum.

ble when that equipment is available. The antenna towers to be installed at the new sites would be of sufficient height to provide operation on 100 kc as well as 180 kc.

Upon the recommendation of Mr. Cross and General Ankenbrandt, and with the approval of the Canadian representatives,²⁸ it was agreed that the operation of the 180 kc equipment would be limited to testing at minimum power and that the details, including scope, extent and power, of the 180 kc testing program for the Eastern half of the chain would be deferred until such time as the equipment is in place and ready for test. At that time, a mutually agreed test program would be conducted.

General Ankenbrandt and Major Lafrenz²⁹ then outlined the status of 100 kc equipment. Briefly, the status is that a 2.2 million dollar contract was let in June 1948 for the procurement of Loran equipment itself. In addition, 1.3 million has been let with various concerns for auxiliary equipment such as masts, antennas, etc. This makes a total of 3.5 million dollars which has been allocated by the U.S. for the 100 kc Loran program. USAF laboratories estimate that June 1950 is a delivery date which has reasonable expectancy of being met. Since it was agreed that it would be desirable to test this 100 kc equipment prior to its installation, it would appear that installation during calendar year 1951 is probable.

The group then discussed the details of installations to complete the Eastern half of the LF Loran chain. It was recommended that this chain consist of three stations, with a double master located at Finnie Bay and slaves located at BW-8 and Resolute Bay. In addition, the RCAF may require a fourth station at Great Whale River for operation on 180 kc until such time as the Eastern section of the chain is converted to 100 kc equipment. It was the opinion of Mr. [John O.] Bell of the U.S. Department of State that the political situation at this time would not permit the installation of Loran station at BW-8. Accordingly, installation of this station will be deferred until such time as the political situation will permit such an installation to be made.

It was emphasized by Mr. Magann of the Canadian Embassy and by the U.S. representatives that all decisions reached at this conference were tentative and, of course, subject to further consideration at higher governmental levels.

²⁸ G.L. Magann; Air Commodore W.A. Orr; Wing Commander E.A.D. Hutton; Wing Commander G.M. Fawcett (Canadian Joint Staff).

²⁹ Le major W.A. Lafrenz, Direction des communications, USAF.
Major W.A. Lafrenz, Directorate of Communications, USAF.

SECTION F

SURVOLS AMÉRICAINS ET AIDES À LA NAVIGATION AÉRIENNE
DANS L'ARCTIQUE CANADIEN
AMERICAN OVERFLIGHTS AND AIDS TO AIR NAVIGATION
IN CANADIAN ARCTIC

950.

DEA/50220-40

*Note du Comité des chefs d'état-major
pour le Comité de la défense du Cabinet*

*Memorandum from Chiefs of Staff Committee
to Cabinet Defence Committee*

TOP SECRET

[Ottawa], February 7, 1948

TRAINING FLIGHTS IN POLAR NAVIGATION OVER
CANADIAN ARCHIPELAGO

Certain flights are made by the United States Air Force over the Canadian Archipelago for navigational training and indoctrination in polar flying. This work has been combined under the project known as *Polaris*, which is the current authority for the United States Air Force to overfly Canadian territory. This project is nearing completion and flights associated with it will be of decreasing frequency. In order to obtain the necessary training, the United States Air Force has requested that they be authorized to clear aircraft from Alaskan bases for flights over the Canadian Archipelago at an average estimated at two flights a week. These flights are for the express purpose of:

- (a) navigational training;
- (b) operational experience in the Arctic;
- (c) determine navigational difficulties and procedures for overcoming same;
- (d) further investigate the reliability of communications;
- (e) further our knowledge of polar air masses; and
- (f) continue study of air mass circulation in polar regions.

2. The ultimate objective of the U.S.A.F. Training Programme is to train the maximum number of air crews in conditions to be encountered while flying in the Arctic areas. To achieve this training, units of the U.S.A.F. are deployed to Alaska on temporary duty for periods varying in duration from two weeks to six months throughout the year. One of the primary differences between high latitude flying and flying in the tropical and temperate zones is the method of air navigation in the area where the effects of magnetic variation are most pronounced. This area, of course, centres over the Canadian Archipelago.

3. It is understood from United States sources that the U.S.A.F. would be most happy to have Canadian observers accompany any or all such flights over Canadian territory and that photographs and other data collected as a result of these flights would be available to Canada.

4. The principle of reciprocal flights over each other's territory has been recognized by the governments of both countries in the public announcements of the Prime Minister and the President, based on the Permanent Joint Board on Defence recommendation of November 20th, 1946. We feel, however, after consultation with the Under-Secretary of State for External Affairs and the Secretary to the Cabinet, that the proposal to carry out these particular flights on a regular basis should be reported to the Canadian Government.

5. We therefore recommend that authorization for these flights be given to the Armed Forces of the United States with the proviso that Canada reserves the right to include its observers on any or all flights that cross Canadian territory and will require duplicate negatives of all photographs taken and copies of other data that may be collected as a result of such flights.³⁰

O.M. SOLANDT
 Chairman, Defence Research Board
 VICE-ADMIRAL H.T.W. GRANT
 Chief of the Naval Staff
 AIR MARSHAL W.A. CURTIS
 Chief of the Air Staff
 LIEUT.-GENERAL C. FOULKES
 Chief of the General Staff, Chairman

951.

DEA/50220-40

*Représentant de l'armée de l'air, état-major interarmes canadien,
 au chef d'état-major de l'armée de l'air*

*Air Member, Canadian Joint Staff,
 to Chief of Air Staff*

TOP SECRET

Washington, June 24, 1948

REQUEST FOR USAF AERIAL OPERATIONS
 ARCTIC ARCHIPELAGO

The Operations branch, Headquarters United States Air Force, have requested that authority be given for the USAF to operate a B.29 aircraft out of Resolute Bay, Cornwallis Island, during October and November, 1948, for the purpose of carrying out reconnaissance duties in the Arctic archipelago. In all probability, to assist the B.29 in carrying out this operation, a C.54 aircraft will also have to be provided to supply ground crew and equipment required for the operation.

2. The reason for the above request is that USAF Intelligence indicate that the USSR is operating a weather station in Peary Land at the northern end of Greenland and the USAF are very anxious to confirm and ascertain its exact location. In order to do this, they are proposing to use a B.29 to monitor this station, which will

³⁰ Approuvée par le CDC le 3 mars.
 Approved by CDC on March 3.

necessitate the aircraft being in the area for five or six hours at a stretch. Resolute Bay is considered by the USAF as the most logical strip from which to operate in preference to the bases the USAF operate in Greenland. The B.29, fully equipped for this purpose, will weigh approximately 143,000 lbs. The USAF are delaying this operation until the airstrip at Resolute Bay is frozen and able to sustain the weight of this aircraft. It is anticipated that the operation might last for a period of thirty days and, in all probability, to fit in with weather conditions at Resolute, will involve part of October and the early part of November.

3. It would be appreciated if an early decision by the Canadian Government could be made on this request and the USAF advised accordingly.³¹ It is assumed that if authority is granted for the operation the only requirement by the USAF would be to notify AOC, NWAC,³² at take-off and that NWAC would, in turn, notify Department of Transport air traffic control.

R.C. GORDON

952.

PCO/Vol. 60

*Extrait du procès-verbal de la réunion
du Comité de la défense du Cabinet*

*Extract from Minutes of Meeting
of Cabinet Defence Committee*

TOP SECRET

[Ottawa], July 29, 1948

IV. AIR FORCE; U.S.A.F. RADIO AIDS TO AIR NAVIGATION IN CANADIAN TERRITORY

12. *The Chief of the Air Staff* reported that the increased operations of U.S. military aircraft in the Canadian Arctic resulted in numerous requests being received from the U.S. Air Force for additional navigational aids. A number of these requests resulted from the difference in U.S. and Canadian navigational techniques, and they frequently sought permission to install special navigational aid equipment to supplement that employed here. These additional facilities were of some benefit to R.C.A.F. and civil aircraft, and their usefulness would tend to be greater in the future.

It was the practice to examine such requests in conjunction with the Department of Transport. When installations were made, they were normally operated by Canadians. To develop an agreed procedure for dealing with these matters, it was recommended that:

³¹ Gordon fournit une copie de cette lettre à l'intention de Wrong; il informa Wrong le 9 juillet que Gordon provided a copy of this letter for Wrong; he informed Wrong on July 9 that

Air Marshal Curtis has advised that the USAF request has been granted unofficially and that the attachment [Document 950] is not to be considered in an official category.

³² Le Commandant des forces aériennes, Région du Nord Ouest.
Air Officer Commanding, North West Air Command.

(a) Wherever navigational facilities were required in conjunction with projects already approved, such installations be permitted on the basis governing the whole project without the necessity of seeking further governmental authority. This would be dealt with on a service-to-service basis.

(b) Where the navigational aid requested was related to a new project, it would be dealt with on the government-to-government level, between the Department of External Affairs and the U.S. Department of State.

An explanatory note had been circulated.

(Chief of the Air Staff's memorandum, 30th June, 1948 — Cabinet Document D185).†

13. *The Committee*, after discussion, approved the policy proposed by the Chief of the Air Staff on the understanding that the installation of any such facilities would have the concurrence of the Department of Transport and, if they were manned temporarily by U.S. personnel, they would be under Canadian control.

SECTION G

ZONE NORD D'ENTRAÎNEMENT AMPHIBIE NORTHERN AMPHIBIOUS TRAINING AREA

953.

DEA/703-AS-40

*Note du chef de la Direction de l'Amérique et de l'Extrême Orient
pour le sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Head, American and Far Eastern Division
to Under-Secretary of State for External Affairs*

CONFIDENTIAL

[Ottawa], April 14, 1948

At a meeting of the Cabinet Defence Committee to be held tomorrow the Secretary intends to make a brief report regarding the proposal of the U.S. Government to conduct amphibious training exercises in Newfoundland.³³

2. I thought it would be useful for you to have the following background information:

(a) This question was first raised at a meeting of the P.J.B.D. in Dayton, Ohio, on May 21, 1947. The Board expressed the view that combined amphibious training exercises would be of great value and that as a first step in preparing for them, the two naval services should study the problem of locating the most suitable area.

(b) At the meeting of the Board in Toronto on November 20, 1947, the Canadian Naval Member reported that the two naval services had not succeeded in agreeing upon a suitable area. It was then recommended that an ad hoc committee should be

³³ Le rapport fut fait par Pearson.
The report was made by Pearson.

set up consisting of representatives from the Canadian services, External Affairs and from the U.S. Navy.

(c) This ad hoc committee met in Ottawa and discussed three possible areas within Canadian territory: one near Churchill, one on the north shore of the St. Lawrence River, and the other on the south east shore of Anticosti Island. For various reasons none of these localities was entirely suitable. The U.S. Naval Member indicated that an area on the coast of Labrador would appear to be the most satisfactory. The Canadian representative at the meeting did not feel that they were in a position to discuss possible sites for Canadian participation in joint exercises in Newfoundland territory. At the same time they observed that the U.S. authorities were free to take up the matter with the Newfoundland Government if they wished to do so.

(d) The views of the ad hoc committee were reported to the meeting of the P.J.B.D. held on February 19. The U.S. Naval Member said he appreciated the Canadian position and that it would be taken into account when the matter was given further consideration by the U.S. authorities. The U.S. Naval Member did, however, undertake to keep the Canadian authorities informed.

(e) In fulfilment of this undertaking to keep us informed, Mr. Foster on March 25 wrote to me enclosing a copy of an instruction which had been sent to the U.S. Consul General at St. John's, Newfoundland. I attach a copy of the instruction.† It will be seen that the U.S. Consul General is to ask Newfoundland for permission to conduct a limited hydrographic and topographic survey of the coastal area of Labrador from Sandwich Bay to Brig Harbour Island with a view to selecting a suitable area for amphibious training. The Consul General is also to ask for permission to conduct amphibious training exercises in the area selected. The exercises which would probably be held in 1949 would involve the landing of troops and their maintenance ashore for periods up to a month, the use of artillery and the support of naval gun fire and air bombardment. The instruction to the Consul General specifically says, "The Canadian Government will not participate in the proposed exercises and the officer-in-charge may so inform the Newfoundland authorities if he considers it appropriate to do so."

3. I do not think that we should question the action which the U.S. is taking. As appears from the foregoing, the U.S. were anxious that we should cooperate with them in selecting an amphibious training area in Labrador. We refused to do this on political grounds and in effect said it would be in order for them to make their arrangements with Newfoundland.

4. When the political situation in Newfoundland clears we then might consider whether we should approach the U.S. and Newfoundland with a view to joining with the U.S. in the selection of an appropriate area and in the exercises themselves.

5. I have discussed this question with the British Commonwealth Division. They see no objection but suggest that the Department of National Defence might be interested in the following two or three points:

(a) The area in which the proposed exercises would take place is a section of the Labrador coast between Brig Harbour Island and Sandwich Bay. This section tra-

verses the entrance to Hamilton Inlet. As the area is to be investigated with a view to establishing a cold weather amphibious training area, the question of possible interference with navigation in the approaches to Goose Bay probably does not arise. Perhaps, however, National Defence might wish to make sure of this point.

(b) The Department of National Defence might also wish to consider whether there was any objection to the approaches to Goose Bay being turned into an amphibious training area and of the likelihood of the terrain being severely damaged.

(c) That the Canadian Government does not maintain any installations in the area likely to be selected.

D.M. JOHNSON

2^e PARTIE/PART 2

AUTRES QUESTIONS MILITAIRES
OTHER DEFENCE ISSUES

SECTION A

POLITIQUE RELATIVE À LA DÉFENSE COMMUNE DU CANADA
ET DES ÉTATS-UNIS ET PLAN CENTRAL DE SÉCURITÉ
POLICY ON CANADIAN-AMERICAN JOINT DEFENCE
AND BASIC SECURITY PLAN

954.

DEA/226 (S)

*Extrait du procès-verbal de la réunion
du Comité des chefs d'état-major
et le ministre de la Défense nationale*

*Extract from Minutes of Meeting
of Chiefs of Staff Committee
and Minister of National Defence*

TOP SECRET

[Ottawa], January 22, 1948

...

CANADA—U.S. JOINT DEFENCE ARRANGEMENTS

1. *The Minister of National Defence* stated that, during his recent visit to Washington, in discussion with Mr. Forrestal, Mr. Symington and others, he had discovered that there was very little real understanding in the United States of the respective responsibilities in the formulation of defence policy of the various Canadian agencies; in fact, no two people in Washington seemed to have the same concept of the role and function of the Permanent Joint Board on Defence. He had therefore prepared, in memorandum form, a review of the roles and responsibilities of the Canadian agencies concerned, and felt that some statement of the Canadian position along these lines should be forwarded to the responsible U.S. authorities to

eliminate any possible misunderstanding. At the same time, it would be desirable to carefully review the roles presently assigned to the Canadian agencies to ensure that these were in fact clear-cut and suitable. A third point which should be given serious thought at this time was the extent to which Canada was being involved with the United States in joint defence planning. Despite conditions already placed on acceptance of these plans to date, it was undoubtedly true that the U.S. authorities interpreted these acceptances as involving tacit, if not complete, approval on the part of the Canadian Government. It would be difficult, therefore, at a later stage to reject implementation programmes, even though they were greatly increased in scope, on the basis that the Plan itself had been approved, not by the Government but by the Chiefs of Staff and for planning purposes only.

On the United States side, it was evident that the Secretary for Defence and the Secretary for Air, to name two of the civilian defence authorities, were quite unfamiliar with the Canada-U.S. Basic Security Plan, and the implementation programmes which it involved. The U.S. Chiefs of Staff had apparently proceeded in this matter on their own authority without reference to the responsible Ministers. This situation, of course, had not arisen in Canada, but it made it all the more necessary that the U.S. authorities be made fully aware of the Canadian position.

The increased measures of air preparedness recommended by the U.S. *Finletter*³⁴ committee, if accepted by the U.S. Government, would seem certain to call for a much more extensive and rapid programme in Canada. This, of course, had important implications insofar as Canadian participation was concerned and made it essential from the Canadian point of view that we know how this fitted into the overall strategic plan. These enquiries could best be carried out on the military level.

Mr. Claxton, continuing, asked if the Canadian planning representatives on the Military Co-operation Committee did not in fact allow the U.S. Services, because of their greater resources, to initially prepare most of the Plan, Canadian participation thus being confined to acceptance or rejection and whatever modification seemed desirable from the Canadian point of view. Further, did the U.S. Joint Chiefs of Staff take a substantial interest in this Plan, or did they leave it mainly to their junior staffs? This would be understandable in view of the comparatively small part which this planning played in their overall responsibilities.

2. *The Chief of the Air Staff* observed that he had been very closely associated with this planning prior to his present appointment and that it was his experience that the Canadian Planners had, in most cases, contributed at least as much to the Plan as the U.S. Planners. It was therefore a joint plan in every respect. Also, he knew that the U.S. Chiefs of Staff did have a full knowledge of the planning taking place. This had been demonstrated in discussions on the Sea Lines of Communication Appendix when, during disagreement between the U.S. Service Planners, each had stated that he was bound by instructions from his own Chief of Staff on that

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Air Policy Commission.

particular aspect. In Canada, each of the Planners was also guided by the views of his own Chief of Staff.

The U.S. Services undoubtedly placed more emphasis on the importance of the Permanent Joint Board on Defence than did the Canadian Services. It had a particular value in the United States in that it provided a direct channel to the President which was not otherwise available.

3. *The Secretary, Cabinet Defence Committee*, reported that, though the U.S. members of the Military Co-operation Committee and the Permanent Joint Board on Defence were fully aware of the distinction made between plans and implementation programmes, they had, as far as he knew, taken no action to acquaint higher authorities with this distinction. It might therefore be desirable to now ensure that they did take it up with the responsible authorities.

It appeared, further, that the U.S. Services were making more direct use of the Plan for budgetary purposes, whereas in Canada budgetary requirements resulted only from implementation programmes. It had also been proposed by the U.S. authorities that they circulate the Plan to Area Commanders in order that detailed area plans might be worked out with their "opposite numbers" in Canada. This did not seem reasonable from the Canadian point of view since the Plan was prepared without any relation to existing resources. If detailed area plans were desirable at this stage, they should presumably be based on an interim plan, utilizing resources currently available.

4. *The Secretary to the Cabinet* observed that it appeared that the U.S. was attempting to make use of the Permanent Joint Board on Defence for purposes other than those for which it was intended. Certainly, in respect of joint defence planning, the Canadian Government had assigned the responsibility, directly and exclusively, to the Chiefs of Staff and it was not therefore within the responsibilities of the Permanent Joint Board on Defence. It seemed, however, as though the U.S. authorities had not fully recognized this fact and were attempting to use the Permanent Joint Board on Defence as an alternative direct channel to the Government. The direct channels of communication between the U.S. and Canadian military members of the Board seemed also to be the cause of some confusion. Probably the holding of Board meetings less frequently would be a step in the right direction.

5. *The Under-Secretary of State for External Affairs* pointed out that the Board had a very positive political value. It seemed, however, that its practical value was diminishing. As far as the respective functions and responsibilities of the various agencies in planning were concerned, it would probably be impossible to devise perfect machinery which would meet equally well the requirements of the constituted authorities on both sides of the border. Probably it would be possible only to make sure that our representatives in these joint groups fully understood the Canadian position, the particular Canadian problems and the position to be taken. It was evident that they would spend a good deal of time on the defensive, resisting U.S. pressures, but this was unavoidable.

The distinction made between planning and implementation and approval thereof, though perfectly valid from the Canadian point of view, might not appear

valid in the United States, and it would be difficult to convince the U.S. authorities that the Canadian Government was not committed by the acceptance of these joint plans by the Chiefs of Staff.

6. *The Chief of the General Staff* observed that the chief value of the Permanent Joint Board on Defence seemed to be in providing another direct channel to the two Governments. Certainly the Permanent Joint Board on Defence had no responsibility for planning. In order to avoid any action on the part of the Permanent Joint Board on Defence (in particular its military members) which would conflict with recognized policy, it was suggested that two courses of action be followed:

(a) the military members of the Board be carefully briefed by the Chiefs of Staff before their meetings; and

(b) discussion at the Board be restricted to those items which had been previously circulated on the agenda (this would prevent discussion and decision on items for which the military members had received no briefing).

Insofar as present responsibilities were concerned, it seemed perfectly reasonable for the Chiefs of Staff to be directly responsible for plans. This was normal in that it had always been the practice in the Services to prepare a number of plans which were not normally submitted to the Government for approval unless and until they required implementation. A similar situation existed in respect of the Canada-U.S. defence planning and this was the basis on which the Chiefs of Staff had been directed to proceed. Nevertheless, the Chiefs of Staff had advised the Government of the principles which were being applied in preparing the implementation programmes, including the conditions placed on acceptance of the planned period of implementation to provide flexibility in accelerating or decelerating implementation programmes. Since the Canadian responsibilities seemed clear it should be necessary only to reiterate these for the benefit of the U.S. authorities.

7. *The Chairman, Defence Research Board*, pointed out that it would be important, in delineating responsibilities of the various agencies, to ensure that the Military Co-operation Committee and the Permanent Joint Board on Defence fully appreciated that they did not have any executive responsibilities or authority in respect of the implementation of the Plan. Any executive action required to implement the Plan should be taken through normal staff channels. It did not appear that this restriction on their responsibilities was at all times clearly understood.

8. During discussion on the third point raised by the Minister (namely, the extent to which Canada was being involved with the United States in joint defence planning, which necessarily involved the part which this plan played in the overall U.S. strategic plan, the implications of the *Finletter* report, etc.), the following comments were made.

9. *The Under-Secretary of State for External Affairs* remarked that he had heard references made to a "master plan" and that, in his opinion, the United Kingdom had some knowledge of and perhaps some part in this plan.

10. *The Chief of the General Staff* stated that, so far as he knew, there was no allied strategic plan as yet. In fact, the only joint strategic concept so far evolved had been developed in standardization discussions in Washington between United Kingdom, United States and Canadian Service representatives. Undoubtedly, how-

ever, our present joint plan with the United States was unrealistic in that it was concerned only with defensive measures. These would need to be related to possible offensive measures and a broad strategic concept.

11. *The Chairman, Defence Research Board*, observed that planning seemed to be proceeding along two separate lines, based on two distinct assumptions. These assumptions were:

(a) that the use of forces outside Canada would, in general, follow the pattern of the last war; and

(b) that the peacetime defensive/offensive arrangements in Canadian territory alone would be beyond Canada's capacities to provide by herself, even if she diverted all her efforts and resources to this one task.

It would, of course, be for the Government to decide whether Canada should confine her efforts to defensive preparations on Canadian soil, towards which she could probably make a substantial contribution, or divide her efforts, in which case it appeared unlikely that she could make a substantial contribution in either field.

Regardless of the Government decision made on the course of action to be followed, it would appear that a meeting between the Canadian Chiefs of Staff Committee and the United States Joint Chiefs of Staff would be useful. It would not only ensure that the United States understood the Canadian position, but would provide a means for the Chiefs of Staff to have knowledge of the overall U.S. strategic plan.

12. *The Chief of the Air Staff* stated that the Air Force had consistently held the view that it would be beyond Canadian resources to make an effective contribution in peacetime to a strategic bombing force in view of the tremendous cost now represented by strategic bomber aircraft, both in respect of initial outlay and continued maintenance. Furthermore, the defensive/offensive installations required in Canada would undoubtedly be of such a scope that they would require the full efforts of the Canadian Services and economy to maintain. It was nevertheless important that Canada be fully aware of and a participant in the overall strategic plan.

In his opinion, the war would not be fought on the same basis as the First and Second World Wars. It would be impossible for the United States and Britain initially to conduct effective land operations in a European theatre. The war would therefore be won or lost in its very early stages by direct air attacks on the vital centres of the countries concerned.

13. *The Chief of the General Staff* stated that, in his view, the air attack would undoubtedly be important in the early stages, but that there was nothing to indicate that the war otherwise would not follow much the same course as all wars had previously. The teachings of military history confirmed the view that wars were eventually won or lost on the ground.

14. *The Chairman, Defence Research Board*, stated that he was in general agreement with the views expressed by the Chief of the Air Staff and was firmly of the opinion that the war would be won or lost in the early stages by direct attacks on the vital centres of the countries concerned. These attacks might be with atomic bombs, biological weapons or some other weapon, but the tremendously increased

destructiveness of these weapons made it virtually certain that, unless war occurred within the next two or three years, they would be determining factors and the war would be either won or lost before any substantial conflict on the ground developed.

15. *The Chief of the Naval Staff* indicated agreement with the concept that the war in the air would be important in the early stages, but that this would be followed by naval and land action in a similar way to previous wars.

16. *The Secretary to the Cabinet* observed that, despite any views which were held in Canada on the subject, our relatively small size in comparison to the United States might result in our conforming in general to whatever overall strategic plan the United States wished to follow.

17. *It was agreed*, after further discussion:

(a) that, in general, the respective responsibilities of the Canadian agencies concerned in defence planning, as presently assigned, were satisfactory, though care should be taken to ensure that the Military Co-operation Committee and the Permanent Joint Board on Defence did not undertake functions outside their present terms of reference; but

(b) that these arrangements, together with any proposals for their improvement, be reported on by the Chiefs of Staff to the Cabinet Defence Committee and at that time consideration be given to further steps which might be taken to ensure that the United States authorities are fully aware of and in agreement with the procedures being followed.

955.

DEA/226 (S)

*Extrait du procès-verbal de la réunion
du Comité des chefs d'état-major*

*Extract from Minutes of Meeting
of Chiefs of Staff Committee*

TOP SECRET

[Ottawa], February 12, 1948

CANADA—U.S. BASIC SECURITY PLAN — DIVISION OF
RESPONSIBILITY FOR IMPLEMENTATION

7. *The Committee* had for consideration a memorandum from the Canadian Section of the Military Co-operation Committee recommending that the Permanent Joint Board on Defence consider and make concrete recommendations as to the most suitable division of responsibility for implementation of the Basic Security Plan. The responsibility of the Military Co-operation Committee would be confined to completion of the appendices and making a general summary of the measures required for their implementation in order that total cost in manpower, materiel and finance might be estimated.

(Memorandum of 3rd February, 1948, from Canadian Section, Canada-U.S. Military Co-operation Committee — CSC 5-1-2 of 9th February, 1948)†

8. *The Chief of the General Staff* stated that, since plans and implementation were not considered a responsibility of the Permanent Joint Board on Defence, this did not appear to be a suitable subject for the Permanent Joint Board on Defence to discuss. In any case it would be preferable to leave discussion on this point between Canada and the United States until such time as Canada was unable to undertake by herself those measures required in Canadian territory. The eventual division of effort between the two countries need not be on the basis of a financial formula; it might rather be along the lines of the arrangement accepted for the weather station programme.

9. *Mr. Pearson* stated that he was in general agreement with the remarks of the Chief of the General Staff; namely that it would be premature to discuss division of responsibility at this stage, it being preferable to meet each situation as it arose.

10. *The Chief of the Naval Staff* pointed out that the officers in charge of planning felt that their work in the preparation of the implementation programmes was to some extent handicapped by lack of any direction as to division of responsibility between the two countries.

11. *It was agreed*; after further discussion:

(a) that this matter was not properly a subject for discussion by the Permanent Joint Board on Defence, the Canadian Section to be asked, therefore, to omit it from the agenda for the next meeting;³⁵ and

(b) that it would be desirable to defer Canadian-U.S. discussions in this field until such time as Canada was unable to accept full responsibility for implementation measures in Canadian territory.

...

STRATEGIC CONCEPT

26. *The Chairman, Defence Research Board*, pointed out that recent discussions with the Minister and the conclusions of the *Finletter* report highlighted the necessity for early consideration of the broad strategic concept. Following this, the whole Canada-U.S. Basic Security Plan should presumably be reviewed. The predominant view at present was that purely defensive measures should form only a very small part of any overall plan.

27. *The Committee* agreed that discussions between the individual Chiefs of Staff and the United Kingdom and United States Chiefs of Staff on this point should be held as soon as possible.

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³⁵ Une semaine plus tard, Acheson souleva la question de la répartition des coûts de réalisation des plans de défense canado-américaines à la réunion de la Commission permanente canado-américaine de défense (CPCAD). (Voir journal de la CPCAD des 19-20 février le paragraphe 13, volume 54 des archives de Howe.) † McNaughton répondit que l'examen de cette question par la CPCAD était prématuré, d'autant que la responsabilité de planifier et de proposer les mesures de mise en œuvre du côté canadien relevait des chefs d'état-major.

Acheson raised the question of division of costs of implementation of Canada-US defence plans at the meeting of PJBD one week later. (See PJBD Journal, February 19-20, paragraph 13 — Howe Papers, Volume 54.) † McNaughton replied that consideration by PJBD was premature, particularly as responsibility for planning and proposing implementation measures on the Canadian side lay with the Chiefs of Staff.

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W.L.M.K./J4/Vol. 421

*Note du Comité des chefs d'état-major
pour le Comité de la défense du Cabinet*

*Memorandum from Chiefs of Staff Committee
to Cabinet Defence Committee*

TOP SECRET

[Ottawa], February 13, 1948

CANADIAN—U.S. COLLABORATION IN DEFENCE

On August 12th last the Cabinet Defence Committee met with the Canadian Section of the Permanent Joint Board on Defence and reviewed Canadian-U.S. defence arrangements.

2. On that occasion, some consideration was given to the role of the various agencies concerned with this subject. As a result, it was confirmed that the P.J.B.D. was a purely advisory body whose recommendations were submitted to their respective Governments, but that they were not to concern themselves directly with the preparation of a defence plan. The Chiefs of Staff, with certain civilian officials, had been designated as the agency responsible for Canadian participation in planning; the Military Co-operation Committee and their sub-committees were responsible to their respective Chiefs of Staff for drafting such plans.

3. Previously, on February 28th, 1947, the Cabinet Defence Committee agreed to a distinction being made between "plans" and "implementation programmes" as follows. The former are "war plans". They set forth the resources required for the defence of this continent in the event of war but involve no commitment on the part of either government to provide these resources. Consequently they are not submitted to the Government for approval but are agreed between the Canadian and United States Chiefs of Staff. The implementation programmes, on the other hand, contain the measures which the Chiefs of Staff consider necessary to take in any one fiscal year to make the plan capable of operation in due course. These are submitted for Government consideration and authorization and thus provide the means by which the Government exercises control.

4. At the August 12th meeting of the Cabinet Defence Committee, the Chairman of the Canadian Section of the Permanent Joint Board on Defence was asked to make sure, through the medium of the Board, that the United States held similar views on these questions. This was done at the meeting of the Board held September 11 and 12, and is so recorded in its Journal.

5. Within these agreed principles, and in consultation with the designated civilian officials (the Under-Secretary of State for External Affairs and the Secretary to the Cabinet), we have accepted the appreciation and plan and seven of the detailed appendices. Decisions have in each case recorded that acceptance is for planning purposes only, subject to review in the light of the completed plan, and that any implementation requires separate consideration and approval. Notices of these decisions are given to the United States through the Canada-U.S. Military Co-operation Committee.

6. The appreciation and all component parts of the plan are reviewed (and revised as necessary) not less often than once each year. This re-appreciation and review provide the basis for preparation of the annual implementation programmes, which can be accelerated or decelerated as seems necessary.

7. In our opinion, the responsibilities assigned to us in respect of the plan are reasonable and necessary. It is the normal function of the Chiefs of Staff to prepare military plans of various kinds to meet various contingencies. Such plans are not normally submitted to the Government except as background information or in support of proposals for implementation. The Government decides on the manner and degree of implementation. At that stage the Chiefs of Staff advise on the risks involved in accepting alternative courses of action. This is precisely the procedure followed with the Canada-U.S. Basic Security Plan.

8. On his recent visit to Washington the Minister of National Defence gained the distinct impression from conversations with senior government and Service officials there that U.S. authorities at the top level do not regard these matters in the same way as we do. Specifically, the Minister felt that they are inclined to attribute to the Permanent Joint Board on Defence functions which it does not possess. Furthermore, the Minister concluded that the U.S. authorities tend to look upon the Basic Security Plan as having been formally approved by both governments and as a document which should be used as a basis for procurement and area planning. It appears, therefore, that the Canadian understanding has not been fully reported by the U.S. sections of the Military Co-operation Committee and the Permanent Joint Board on Defence to senior authorities, and this has caused misunderstanding. To remove this, it is suggested that a letter along the lines of Appendix "A", together with the annexes attached thereto, might go forward from the Minister of National Defence to the United States Secretary for Defence.

9. In addition to the necessity for a full understanding on the United States side of Canadian procedures and principles, we feel that there is a requirement for a fuller understanding of the overall strategic concept and plan on which the United States is working. The Canada-U.S. Basic Security Plan, as so far developed, deals principally with purely defensive aspects and, as much, must be related to and form part of the overall strategic plan. The whole plan must be known if defensive installations such as those to be developed in Canadian territory are to be properly established to undertake alternative functions; also if we are to plan our eventual forces intelligently. It is certain that Canada will not fight a war by herself. It is essential, therefore, that a proper balance be achieved between the U.S. and Canadian forces and that our role in the broad strategic plan be understood. It is our view that this should be considered at the top military level between the United States Joint Chiefs of Staff and ourselves.

10. We feel that, in general, our present arrangements for collaboration in defence with the United States are adequate. It is apparent, however, that procedures and the division of responsibilities within the United States are not in all cases the same as in Canada. Discussions such as the Minister of National Defence recently had with Mr. Forrestal and other U.S. officials are of great value in reconciling such differences as inevitably arise as a result of the different forms of government and

other factors. A closer and more direct relationship between the Canadian Chiefs of Staff and the U.S. Joint Chiefs of Staff might also help in this regard, and informal meetings might be held for this purpose.

11. It is evident, too, that care must continue to be taken to ensure that each agency does not exceed its particular responsibilities and that Canadian representatives on Canada-U.S. bodies are instructed as to the Canadian position and policies on matters under discussion.

12. Our conclusions, reached in consultation with the Under-Secretary of State for External Affairs and the Secretary to the Cabinet, are as follows:

(a) that the existing machinery for defence collaboration with the United States is satisfactory, though it should be kept under constant scrutiny to ensure that it discharges its designed function and Canadian representatives must be kept in close touch at all times with relevant government policy;

(b) that it would be desirable to forward a communication along the lines of Appendix "A" to the U.S. Secretary for Defence in order to confirm a common interpretation of procedures and a full understanding of the Canadian position;

(c) that planning has now reached the stage where discussions between the United States and Canadian Chiefs of Staff on the overall strategic concept would be desirable; and

(d) that the policy to govern Canadian participation should be considered again as soon as the plan has been completed and reviewed in its relation to the overall strategic concept.

O.M. SOLANDT
Chairman, Defence Research Board
VICE-ADMIRAL H.T.W. GRANT
Chief of the Naval Staff
AIR MARSHAL W.A. CURTIS
Chief of the Air Staff
LIEUT.-GENERAL C. FOULKES
Chief of the General Staff, Chairman

APPENDIX "A"

DRAFT LETTER FROM THE MINISTER OF NATIONAL DEFENCE
TO THE U.S. SECRETARY FOR DEFENCE

Dear Mr. Forrestal:

Since my return to Ottawa from my visit with you in Washington, I have reviewed with the authorities here the arrangements in existence for our joint collaboration in defence matters. I discovered that I had been under certain misapprehensions which have now been removed. It seems to me, however, that it would be useful to make known to you fully our particular Canadian procedures and my government's views on certain aspects. To this end, I am attaching a paper which cov-

ers the subject in some detail and this short personal letter will touch only on a few of the main points.

The only real difference in procedure appears to arise from constitutional differences. In Canada, the Chiefs of Staff approve plans but our constitutional practice makes it necessary for Cabinet approval to be obtained, not only for policy decisions but even for relatively minor expenditures on implementation programmes. The final authorization for budgetary requirements rests, of course, with Parliament as with your Congress. The Chiefs of Staff, therefore, approve plans only with the provision that any expenditure involved through implementation thereof will be subject to review and authorization by the Cabinet.

Other factors which contribute to differences in the Canadian approach to joint defence problems are, of course, that a large proportion of our mutual defence operations and installations must of necessity be on Canadian soil and defence expenditures which are relatively small in your country are relatively large in Canada. I am sure that you fully appreciate the importance of these factors here.

I sincerely hope that the attached outline proves useful. It is my own feeling that these frank exchanges of views are most helpful in keeping fresh that mutual understanding which has always been such an important aspect of our friendly relations.

With kind personal regards, I remain,

Yours sincerely,

ANNEX "A"

CANADIAN-U.S. DEFENCE COLLABORATION

Outlined below are the procedures which are followed in Canada and the functions which the Canadian Government understands as being assigned to each agency concerned in joint Canada-U.S. defence planning.

The joint Canada-U.S. agencies involved are as follows:

(a) *The Permanent Joint Board on Defence*

The P.J.B.D. was formed to "consider in the broad sense the defence of the north half of the Western Hemisphere" and make recommendations thereon to the two Governments. It is therefore *an advisory and not an executive body*, and even in respect of its advisory function, it is normal procedure in Canada for the opinion of the Chiefs of Staff to be obtained on recommendations of the Board before they are considered by the Government.

Applying this principle to the Canada-U.S. Basic Security Plan, one sees that the revision of A.B.C. 22, the wartime plan, was recommended by the Board. In Canada, when this recommendation was accepted (on the advice of the Chiefs of Staff), the responsibility for conducting the Canadian share in this Plan was assigned to the Chiefs of Staff Committee and their Joint Planners. The Permanent Joint Board on Defence is not, therefore, considered in any way responsible for the preparation of the Plan or its implementation, despite its obvious interest in seeing that such a plan is in fact produced.

(b) *The Canada-U.S. Military Co-operation Committee*

As indicated above, the Canadian Joint Planners, together with two civilian officials (a representative of External Affairs, who is also Secretary, Canadian Section, Permanent Joint Board on Defence; and the Secretary, Cabinet Defence Committee) as observers, were appointed as the Canadian Chiefs of Staff representatives responsible, jointly with U.S. representatives, for drafting the Canada-U.S. Basic Security Plan. Subsequently, in order to conform with action taken on the United States side, the Canadian military members of the Permanent Joint Board on Defence were added. The U.S. Section was the same as the Canadian Section except that there was no counterpart of the Secretary, Cabinet Defence Committee.

The Military Co-operation Committee is therefore responsible for preparation of draft plans for submission to the appropriate authorities of each country. It is also responsible for making recommendations as to the amount and kind of implementation which should be carried out each year. The preliminary work is done in each country by the Joint Planners and a number of specialist sub-committees. At each stage, these groups meet together as a combined Canadian-U.S. body, as required.

It is apparent that, as the senior members of the Military Co-operation Committee are also the military members of the Permanent Joint Board on Defence, there is closer liaison between these two agencies than would otherwise be the case. It is emphasized, however, that there is, properly speaking, *no direct link between the Military Co-operation Committee and the Permanent Joint Board on Defence*, though the dual membership held by the military members does closely relate the two groups and lead at times to some misunderstanding. The Military Co-operation Committee reports to and is responsible to the Chiefs of Staff of each country. The Permanent Joint Board on Defence does not issue instructions to or have any responsibility for the work of the Military Co-operation Committee, and normally receives progress reports of a general nature only. The Board would, however, report its views to the two Governments if it considered the progress of the planning or the implementation thereof to be unsatisfactory in any way.

The purely Canadian agencies involved are the Chiefs of Staff Committee and the Government (represented by Cabinet or Cabinet Defence Committee as appropriate). The Chiefs of Staff Committee is, of course, the Canadian counterpart of the United States Joint Chiefs of Staff. It is charged with the responsibility of preparing defence plans (including the Canadian share of the Canada-U.S. Basic Security Plan) and of implementing these in such a manner as may be approved from time to time by the Government.

The distinction between "plans" and "implementation programmes" is important. The proposal that this distinction be made was first put forward by the Military Co-operation Committee along the following lines:

(a) that the appreciation and Basic Security Plan (with appendices) should not be treated as documents which require acceptance (or rejection) by the governments; the Basic Security Plan to be regarded as a joint defence plan designed to ensure the security of the North American continent, agreed between the Canadian and United States Chiefs of Staff; and

(b) that the Chiefs of Staff of each country be responsible for recommending the degree, sequence and rate of implementation of the agreed plan, such "implementation programmes" to be submitted from time to time for decision by the government.

This distinction was based on the following understanding:

(a) *The Basic Security Plan* (with appendices) is a war plan which may be put into effect by decision of the two governments upon the outbreak of hostilities or in anticipation of such an event. As such, it sets forth in detail the manpower and facilities which should be available and the organization that should be provided to meet an emergency. The resources shown as necessary are, in some cases, considerably in excess of those presently available but it should be noted that acceptance of the plan by the Canadian and U.S. authorities involves no commitment to provide such resources.

(b) *Implementation Programmes*. Because of the time factor, however, certain measures must be undertaken in peacetime if the plan is to be capable of being put into effect when required. The particulars of such measures are embodied in "implementation programmes". Such programmes are, of course, related to the overall plan and contain recommendations as to the portions of the overall plan which should be implemented. These programmes should normally be submitted annually; if approved, provision would be made for the Canadian share of the cost involved to be included in defence estimates. The scale of these programmes or, in other words, the extent to which the overall plan would be implemented at any time would depend on the world situation and would be a matter for decision by both governments in the light of both military and political considerations.

The Canadian Government agreed that the distinction between "plans" and "implementation programmes" was both valid and necessary. Accordingly the Chiefs of Staff Committee was given full responsibility on the Canadian side for the plan and only annual implementation programmes are submitted for Government approval. (Annex "B" attached shows in detail the various steps involved.)

ANNEX "B"

PROCEDURES FOLLOWED IN CANADA IN PREPARATION OF CANADA-U.S. BASIC SECURITY PLAN AND IMPLEMENTATION PROGRAMMES

Indicated below are the various agencies concerned in Canada-U.S. joint defence planning, and in each case, their particular function. The order in which these are shown demonstrates the sequence which preparation of plans usually follows through the various levels.

Sub-Committees of Joint Planning Committee

[These sub-committees are, properly speaking, sub-committees of the Military Co-operation Committee. Since, however, in practice, they report through the Canada-U.S. Joint Planning Committee, they are shown as sub-committees of the Joint Planning Committee.]

Consider particular appendix for which they are responsible — meet with U.S. counterpart to produce agreed combined draft and make recommendations to the Planning Committee in respect of its implementation.

Joint Planning Committee

Considers individual appendices and plan as a whole — directs the work of its sub-committees — meets with U.S. Joint Planners to produce for Military Co-operation Committee agreed combined plans and proposals for implementation programmes.

Canada-U.S. Military Co-operation Committee

Prepares appreciation used as basis for plans and implementation programmes — directs the work of all subordinate groups — considers individual appendices and plan as a whole — produces agreed appreciations, combined plans and proposals for implementation programmes.

Chiefs of Staff Committee

Considers draft appreciations, plans and proposed implementation programmes put forward by Military Co-operation Committee. If in agreement:

- (a) approves (on behalf of Canada) the appreciation and plan; and
- (b) recommends to the Government (Cabinet Defence Committee) approval of the implementation programme.

Cabinet Defence Committee (or Cabinet)

Considers implementation programmes (the Canadian share) put forward by the Chiefs of Staff Committee. If in agreement, approves the Canadian commitment involved subject to the necessary funds being voted by Parliament.

Permanent Joint Board on Defence

While having no direct responsibility for these plans or their implementation, is kept advised of progress made and reports to the Government if this progress is, in its opinion, in any way unsatisfactory.

Note: The same procedures indicated above for initial preparation of the Plan are followed in the review (at least once yearly) of the appreciation and Plan.

957.

PCO/Vol. 244

*Extrait du procès-verbal de la réunion
du Comité de la défense du Cabinet*

*Extract from Minutes of Meeting
of Cabinet Defence Committee*

TOP SECRET

[Ottawa], March 31, 1948

...

CANADA—UNITED STATES COLLABORATION IN DEFENCE;
REPORT OF CHIEFS OF STAFF

13. *The Chairman*, referring to previous discussion at the January 27th meeting, reported that the Chiefs of Staff had reviewed the present arrangements for Canada-U.S. collaboration in defence and had concluded:

(a) that the existing machinery for defence collaboration was satisfactory but that it should be kept under constant scrutiny to ensure that the agencies concerned carried out their designated functions and that Canadian representatives were at all times kept in touch with government policy;

(b) that the Minister of National Defence address a communication to the United States Secretary for Defence with a view to reaching a common interpretation of procedures and a full understanding of the Canadian position;

(c) that planning had now reached a stage where discussion between the United States and the Canadian Chiefs of Staff on the overall strategic concept would be desirable;

(d) that the policy governing Canadian participation should be re-considered when the basic security plan had been completed and reviewed in relation to the overall strategic concept.

The terms of a draft letter from the Minister to Mr. Forrestal was appended as Appendix "A", and Annexes "A" and "B" outlined Canadian procedures and the roles of the various agencies concerned with Canada-U.S. defence planning.

(Chiefs of Staff memorandum, February 13th, 1948 — Cabinet Document D165).

14. *Mr. Claxton* stated that since the receipt of the report he had consulted the Chairman of the Canadian Section, Permanent Joint Board on Defence, who had reported that he had had satisfactory talks with the Chairman of the United States Section. In the circumstances he was not inclined to communicate formally with the United States Secretary for Defence.

The annexes to the Chiefs of Staff report could be regarded as a comprehensive statement of the Canadian position, and as such they would be useful to guide Canadian representatives on joint planning agencies in their dealings with United States representatives.

15. *The Secretary of State for External Affairs* agreed that it was preferable to handle this matter informally as suggested by the Minister of National Defence. The annexes, in addition to being useful as instructions to the Canadian representa-

tives, might also be communicated informally to United States representatives of the Joint Defence Board and planning committees.

16. *The Committee*, after further discussion, noted the report submitted by the Chiefs of Staff and agreed that, subject to approval of the texts by the Minister of National Defence, Annexes "A" and "B" be used for the purpose suggested by the Ministers.

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PCO/Vol. 74

*Note du ministre de la Défense nationale
pour le Comité des chefs d'état-major*

*Memorandum from Minister of National Defence
to Chiefs of Staff Committee*

TOP SECRET

Ottawa, March 15, 1948

Attention: Group Captain Bean [Secretary]

You will recall that the Cabinet Defence Committee approved the main lines of the statement of Canadian-U.S. defence collaboration, which is Annex A to your memorandum of 13 February, 1948. It was intended that subject to textual approval by me, this might be used as a note for the guidance of our own people who were concerned with this work.

I have just gone over this and have one change to suggest. It seems to me that the position of the basic security plan might be better understood if the following was added at some appropriate place, possibly after the word emergency in the 8th line of paragraph (a), on page 3:

"It represents simply the best view of the military advisers of the governments of the two countries on the defence strategy of North America. The plan is, of course, subject to review and change by the Chiefs of Staff in the light of the circumstances existing from time to time."

Further consideration of this whole subject points to the very strong desirability of our having a clear idea of the general lines of the military strategy of the United States.

As you know, I hold the view that static defence means defeat; that anything in the nature of a Maginot line of the North would be unsound militarily, impossible financially and unacceptable politically; that the temperament of the Canadian people would lead them to refuse to confine their national war effort to a defensive role even though that might be the best way in which to use our resources; that the defence plans of North America must take factors like these into account; that our defence planning must also take into account national traditions and habits of thinking as well as factors of population and economic resources.

Work on this should obviously be accelerated. The following points of attack appear obvious:

- (1) The Chiefs of Staff should review the basic security plan and appendices;

(2) Without making any formal approach, the Chiefs of Staff through one of their number, should ascertain as much as can be found out about the general plans of the United States and the United Kingdom;

(3) The Industrial Defence Board when set up should consider industrial planning;

(4) Work on civilian defence should be accelerated;

(5) A small private inter-departmental committee of officials should consider manpower and economic questions in relation to defence, discuss these with the Chiefs of Staff and with them recommend any further action that should be taken in connection with such matters.

B[ROOKE] C[LAXTON]

959.

PCO/Vol. 244

*Extrait du procès-verbal de la réunion
du Comité de la défense du Cabinet*

*Extract from Minutes of Meeting
of Cabinet Defence Committee*

TOP SECRET

[Ottawa], April 15, 1948

VI. REPORT BY THE CHIEF OF THE GENERAL STAFF ON WASHINGTON CONVERSATIONS

15. *The Chief of the General Staff* reported upon recent discussions with United States and United Kingdom military authorities in Washington, the main purpose of which had been to secure some idea of their overall strategic concept so that the Canada-U.S. Basic Security Plan could be related thereto.

The talks revealed that no common concept had in fact been developed, but satisfactory arrangements were made for a full exchange of information between Service officers of the three countries with a view to reaching some general agreement along these lines.

It was evident that the U.S. military authorities were now more concerned about the possibility of war within the next eighteen months. On the other hand, the estimate of the time at which other countries would have the atomic bomb had, in the view of many authorities, been extended. These authorities held that the potential enemy was more likely to devote greater effort to the development of other forms of mass destruction, such as bacteriological warfare.

The Canada-U.S. Basic Security Plan had been discussed with the Army Chief of Staff and others. On the whole, they seemed unfamiliar with it, but from what knowledge they had, they were inclined to regard it as unrealistic. They showed no inclination to press for further implementation measures in Canadian territory for the time being, and they seemed very pleased with Canadian co-operation in the field of defence.

The talks had served to re-emphasize the importance of standardization. If developments led to a resumption of war manufacturing in Canada, the question of

whether equipments should be U.S. or U.K. type should be settled. Possibly U.S. designs should be followed in the ammunition consuming equipments. This would be the subject of recommendations later.

16. *The Committee*, after discussion, noted the remarks of the Chief of the General Staff.

960.

W.L.M.K./J4/Vol. 249

*Extrait du procès-verbal de la réunion
du Comité de la défense du Cabinet*

*Extract from Minutes of Meeting
of Cabinet Defence Committee*

TOP SECRET

[Ottawa], June 2, 1948

II. DEFENCE PLANNING; REVIEW

8. *The Chief of the Naval Staff*, as acting Chairman of the Chiefs of Staff Committee, reviewed the progress of defence planning.

The Canada-U.S. Basic Security Plan was complete and had been accepted for planning purposes by the Canadian and United States Chiefs of Staff, except for four appendices. Implementation measures to date had in the main been what would have been necessary anyway in the normal build up of the three Services. The plan itself was now due for revision and proposals for further implementation measures would be submitted to the government in due course.

In addition to the Canada-U.S. defence plan, a short-range plan was being prepared in consultation with United Kingdom and United States officers. This was designed to meet any emergency between now and July, 1949. This plan was based upon an agreed appreciation and was related to existing resources. It would shortly be considered by the Chiefs of Staff.

Apart from these, there was a requirement for a long-term plan which would incorporate the short-term as well as the Basic Security Plans. An essential preliminary was the development of a common overall strategic concept, or at least assumptions as to what the concept should be, in order to determine the most suitable role for Canadian forces, and plan accordingly. The Joint Planning Committee were now concerning themselves with this aspect of the problem.

9. *The Minister of National Defence* observed that on the basis of information received from all sources it was reasonable to assume:

(a) That the U.S.S.R. were unlikely to provoke a planned war in the near future, but the possibility of either a planned or an "accidental" war due to Russian miscalculation must be taken into account. While it would be wrong to regard war as inevitable, the attitude of Russia made it necessary to plan defence measures as if it were.

(b) If war occurred soon the best military estimate was that the U.S.S.R. could overrun all of Europe in under six months, but with strengthening of the Western will to fight and of Western defences, this period would be extended. Time was not necessarily on the side of the U.S.S.R.

(c) In the near future there was little possibility of attack on this continent except as a diversionary "one-way" attack designed to panic our people and to keep a disproportionate part of our forces employed on defence. If this last assumption was not well-founded, then our forces as presently constituted, were quite inadequate.

Anything in the nature of passive defence he regarded as wrong and unreal. In the circumstances, the Canada-U.S. Basic Security Plan should be examined freshly by the Chiefs of Staff and the Cabinet Defence Committee, so that North American defence could be considered as part of the broad picture and not as an isolated problem.

10. *The Chief of the Air Staff* mentioned that the Canada-U.S. Basic Security Plan was designed to meet the long-term threat. Because of the lengthy time required to provide adequate defences for securing the home base, recent world developments had not necessarily diminished the soundness of the plan.

11. *The Acting Chief of the General Staff* stated that in accordance with the Canadian and U.S. Governments' direction, the plan dealt only with the defensive aspects of a war and these could only be viewed in their proper perspective when related to an overall war plan.

12. *The Chairman, Canadian Section, Permanent Joint Board on Defence*, expressed the view that an important feature of Canada-United States defence planning to date had been the establishment of planning machinery. The review that was now underway would no doubt lead to the emergence of a sensible defensive plan placed in appropriate relationship to overall plans.

13. *The Committee*, after further discussion, noted the statements made and noted with approval that arrangements were in hand for the revision of the Canada-U.S. Basic Security Plan.

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961.

DEA/226 (S)

*Rapport du Comité mixte du renseignement**Report by Joint Intelligence Committee*

JIC 5/48 (Final)

[Ottawa], June 12, 1948

TOP SECRET

REPORT ON THE ACCEPTABILITY OF THE AMERICAN REVISIONS TO THE
APPRECIATION OF THE REQUIREMENT OF CANADA—UNITED STATES
SECURITY DATED 23RD MAY, 1946

As directed by the Chiefs of Staff at their 422nd Meeting and amended at the 423rd Meeting held the 26th May 1948, we have reviewed the revisions proposed by the United States JIC in Sections I to VI of the Appreciation of the Requirements for Canada—United States security.

2. We report on the acceptability of the American revisions as follows: (A tabulated comparison of main points is given in Appendix "A")

(a) The form of the paper is left untouched. In our view Sections I to VI contain superfluous material, questionable generalizations, and on the whole are not suited to the subject.

(b) The American paper estimates that the earliest date by which a potential enemy may have exploded his first atomic test bomb is mid-1950, but the probable date by which he will have exploded such a bomb is mid-1953. The Canadian opinion was that the possibility that the USSR might be capable of a token atomic attack during 1948 was very remote but could not be completely dismissed. For planning purposes we recommend that the American dates be accepted.

(c) In our paper we did not consider that the USSR was capable of materially impairing the war-making potential of Canada and the United States at the present time. This was stated in the conclusion: "The USSR is not considered capable at the present time of endangering, by direct action, the security of Canada and the United States." The impression gained from reading the present American paper is that the threat to the security of Canada and the United States is greater than this. Air attacks, the Americans consider, would no longer be "of limited strength", whereas we have no intelligence which indicates an increased enemy capability in this regard. Further, the present American paper leaves unrevised the statement that from about 1950 a potential enemy could seize objectives in Canada, Alaska or Labrador from which by air or airborne attack he could operate against vital strategic targets. We can not agree that the USSR will be capable of this type of offensive operation by 1950.

3. It is in many instances difficult to compare the American paper which estimates specific enemy capabilities for future periods, with our own paper which deals in the broadest terms only, for the period after 1948. While it is not possible to arrive at definite conclusions on these points we feel that the general tendency in

the American paper is to credit a potential enemy with greater capabilities than we consider reasonable.

4. In general then, with the exception of 2(b) above, we do not find the appreciation as presently proposed by the United States JIC acceptable.

APPENDIX "A"
DIFFERENCES BETWEEN APPRECIATIONS

<i>Canadian</i>	<i>American</i>	<i>Remarks</i>
1. Enemy is named-USSR.	Not named.	This does not affect the conclusions, but appears more realistic.
2. The possibility of a token atomic attack in 1948 though very remote can not be completely dismissed.	Earliest date by which potential enemy may have exploded first test bomb is mid 1950, but probable date by which he will have exploded such a bomb is mid 1953.	American dates acceptable for planning purposes.
3. Air attacks "on a limited scale" on the North American Continent.	The phrase "of limited strength" when referring to air attacks has been deleted.	We do not consider the American deletion justified.
4. Airborne troops in small units against Western Alaska and the Aleutian Islands.	Occupation in limited strength of outlying positions in Alaska, Northern Canada and Greenland.	"Occupation" not acceptable to Canadian appreciation.
5. USSR not capable at the present time of endangering by direct action the security of Canada and the US.	From about 1950 a potential enemy could seize objectives in Canada, Alaska or Labrador, from which by air or airborne attack he could operate against vital strategic targets.	On present intelligence we can not agree that the USSR will have this capability by 1950.

962.

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*L'ambassadeur aux États-Unis
au sous-secrétaire d'État adjoint aux Affaires extérieures*
*Ambassador in United States
to Assistant Under-Secretary of State for External Affairs*

TOP SECRET AND PERSONAL

Washington, June 22, 1948

Dear Mr. Reid:

Thank you for your letter of June 11th† describing the line taken by Mr. Claxton at the meeting of the Cabinet Defence Committee on June 2nd. I am glad that he is taking up so vigorously his objections to too great a concentration on static defence. I think it was Lord Salisbury who once remarked that if the soldiers had their way they would seek to fortify the moon. It is, however, quite natural when groups of officers are established to prepare detailed plans for giving effect to a general defence plan such as the Basic Security Plan that they should propose safeguards against even very remote contingencies, for it is part of their duty to draw attention to such contingencies and to propose means whereby they might be met. I imagine that in all countries who occupy themselves with defence planning the normal process is for the elaborate proposals prepared at a fairly low level by the services to be cut down as they progress upwards, and to receive their final and often drastic trimming when they get into the hands of the responsible minister and his colleagues. When planning is being done on an international basis the process of cutting proposals down to a practicable size becomes both more difficult and still more important.

This discussion illustrates how much easier it would be to deal with the planning of the joint defence of the continent if a larger security system spanning the Atlantic were in existence.

Yours sincerely,
H.H. WRONG

963.

DEA/226 (S)

*Extrait du procès-verbal de la réunion
du Comité des chefs d'état-major*

*Extract from Minutes of Meeting
of Chiefs of Staff Committee*

TOP SECRET

[Ottawa], July 8, 1948

CANADA—U.S. BASIC SECURITY PLAN — REVIEW OF APPRECIATION

2. *The Committee* had for reconsideration a report from the Joint Intelligence Committee on the acceptability of the revisions proposed by the U.S. Joint Intelligence Committee to the Appreciation of the Requirements for Canada-U.S. Secur-

ity, dated 23rd May, 1946. Decision on this item had been deferred from the 425th meeting.

3. *Mr. Reid* stated that, in his view, the Appreciation prepared by the Canadian Joint Intelligence Committee was better than the original Appreciation as revised by the U.S. Joint Intelligence Committee, in that it was more realistic and up-to-date and appeared to be more in accord with the thinking of the Chiefs of Staff. It was particularly important at this time, when discussions were taking place in regard to the security of Western European and North American countries, that the requirements for the defence of North America be seen in proper perspective. In his opinion, the U.S. revisions to the Appreciation did not alter the original over-emphasis on the dangers of attack from the north.

The Secretary to the Cabinet hold similar views.

4. *The Chief of the General Staff* pointed out that the U.S. revisions were merely amendments to the original document rather than a full re-appreciation of the situation, as had been carried out by the Canadian J.I.C. The differences in substance of the two documents were not great, though there was some difference in degree and emphasis. In any event, assessments by different groups would be certain to differ in certain respects.

5. *It was agreed*, after further discussion:

(a) to approve the Appreciation prepared by the Canadian Joint Intelligence Committee;

(b) to note the differences between the Canadian Appreciation and the Canada-U.S. Appreciation as revised by the U.S. Joint Intelligence Committee; and

(c) to request the Canadian Section of the Military Co-operation Committee to bring to the attention of the U.S. Section the differences in the Canadian view.

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SECTION B

VISITE À WASHINGTON DU MINISTRE DE LA DÉFENSE NATIONALE
VISIT TO WASHINGTON BY MINISTER OF NATIONAL DEFENCE

964.

PCO/Vol. 244

Note du secrétaire du Comité de la défense du Cabinet

Memorandum by Secretary, Cabinet Defence Committee

TOP SECRET AND PERSONAL

Ottawa, January 7, 1948

OFFENCE VERSUS DEFENCE — U.S. POSITION

During initial discussions in the Canada-U.S. Military Cooperation Committee, when the Canada-U.S. Basic Security Plan was first under consideration, the Canadian Section questioned whether a defensive plan could be evolved without relating it to potential offensive measures. At that time, however, and subsequently during discussions, the U.S. representatives took the view that they were empowered only

to discuss measures for North American defence and that the Basic Security Plan must be confined to this field. It has, however, been generally recognized, in the preparation of detailed plans, that defensive measures should be kept to an absolute minimum. It has also been recognized that certain of the installations and facilities required for defence under the plan are equally useful for offensive purposes. This is particularly true of air navigation facilities, such as low frequency loran, and of air bases. It is quite obvious that the U.S. are very conscious of offensive potentialities when they express interest in air bases in Canadian territory and they wish to see these developed in such a manner as to be readily adaptable for this purpose.

2. The Canadian Chiefs of Staff like the United States Chiefs consider the most effective means of defence to be offensive strength which will include the ability to strike retaliatory blows and to destroy any potential enemy's ability to launch an effective attack against this Continent. The advent of the high-speed, long-range aircraft, coupled with more destructive offensive weapons such as the atomic bomb, has accelerated acceptance of this strategic concept.

3. Though these theories are held by the military authorities of both countries, Canada has as yet no detailed knowledge of American strategic plans, of how offensive and defensive plans are integrated, and in what proportions the effort is to be divided. Moreover, the United States have understandably shown reluctance to discuss their overall plans. Since, however, Canada provides the essential areas for the establishment of the military installations required by the United States for her ultimate security, it is important that the Canadian Government should have fuller knowledge of U.S. plans. The only way in which this can be obtained is orally and at a high level.

E. G[ILL]

965.

PCO/Vol. 244

Note du secrétaire du Comité de la défense du Cabinet

Memorandum by Secretary, Cabinet Defence Committee

TOP SECRET AND PERSONAL

Ottawa, January 7, 1948

RE CANADA—U.S. DEFENCE PLANNING

The Chiefs of Staff have delegated the responsibility for preparing draft plans to their planning officers, who, with their U.S. counterparts, service members of the Joint Defence Board, and civilian officials, comprise the Canada-U.S. Military Co-operation Committee.

2. The plans that are being developed consist of an appreciation and outline plan, with 12 appendices, (5 of which have been accepted for planning purposes by the Chiefs of Staff of both countries).

3. The basic document is a military war plan setting forth the resources required for continental defence in the event of an emergency. Preparatory measures which must be undertaken in peace time, if the plan is to be capable of implementation when required, are covered in annual "implementation programmes" which are

subject to government approval, thus providing government control over planning generally. These programmes have been of modest proportions — that for the coming fiscal year includes research and mapping on an accelerated scale, and the establishment of an experimental chain in the early warning and air interceptor system. Canada's share will cost in the neighbourhood of \$11,000,000. These programmes, however, will tend to become larger and will involve expenditures, both capital and recurring, on an increasing scale.

4. The status of the appendices to the Basic Security Plan is shown below.

(a) *Accepted by the Chiefs of Staff of both countries for further planning purposes:*

Meteorological; Hydrographic Survey, Mapping and Air Photography; Air Interceptor and Air Warning; Strategic Information; Anti-aircraft Ground Defence.

(b) *In course of preparation, or awaiting consideration by Chiefs of Staff:*

Strategic Air Reconnaissance; Air Navigation Aids; Sea Lines of Communication; Mobile Striking Force; Communications; Command Relations; Military Intelligence.

The most important from the standpoint of manpower and equipment requirements are:

(i) Air Interceptor and Air Warning, which envisages the installation and operation of some 44 radar stations in Canadian and Newfoundland territory;

(ii) Sea Lines of Communication, which does not state the force requirements because the U.S. planners could not agree. The number of escort and anti-submarine units in the planning paper was very large.

(iii) Communications, which envisages the establishment and operation of an extensive network of radio and cable communications in Canadian territory, designed to serve the military installations which are required under various parts of the Plan.

5. You may wish to discuss with Mr. Forrestal the rate of progress on planning; the type of plan that is being evolved; the implications of large peace time implementation programmes; and, whether a meeting of the Canadian and U.S. Chiefs of Staff, if this could be arranged without publicity, would be profitable.

E. G[ILL]

966.

CEW/Vol. 829

Note de l'ambassadeur aux États-Unis

Memorandum by Ambassador in United States

TOP SECRET

Washington, January 15, 1948

I accompanied Mr. Claxton when he called on President Truman at noon on January 14th. After the usual politenesses Mr. Claxton said that there were three questions which he would like to raise with Mr. Truman.

The first of these was the likelihood of the passage by Congress at this session of the bill authorizing the construction of the St. Lawrence Waterway. Mr. Truman

said that he hoped that the Senate would act on the bill soon, and that he intended once the Senate had acted to send a special message to the House of Representatives urging the passage of the bill by the House. It might have a difficult time there, but he proposed to do what he could to get it through. He added that he had been a strong supporter of the waterway since he had first listened to the arguments in 1935 shortly after he entered the Senate.

The second question was whether the Inter-American Defence Co-operation Bill was likely to be adopted shortly. The President did not appear to be as well informed about this measure as about the St. Lawrence Waterway, but he indicated that it was the intention of the Administration to continue to press its adoption on Congress.

The third question was the largest and most difficult. Mr. Claxton asked the President whether he thought that relations with the Soviet Union had so deteriorated as to lead to the danger of war in the fairly near future. The President, who seemed to have weighed this matter many times, answered immediately that he thought there was little early danger of war, adding that in his view the danger now was less acute than it had been some eighteen months ago during the troubles in Northern Iran. He went on to state his hope that in time some sort of settlement with the Soviet Union would be developed. He said that he was confident that the United Nations would and could succeed. It was necessary, of course, for the United States to remain strong and to collaborate with Canada and other countries.

After some general discussion of service matters and the co-operation in defence between the two countries we took our departure for a luncheon with Mr. Forrestal, the Secretaries of the three Services and the Joint Chiefs of Staff. While Mr. Claxton did not so far as I am aware repeat in the same form at this luncheon the third question that he had put to the President, it seemed to me from the general discussion at the table that those present were by no means as confident as Mr. Truman that war would be avoided.

967.

CEW/Vol. 829

*Note de l'ambassadeur aux États-Unis**Memorandum by Ambassador in United States*

TOP SECRET

Washington, January 16, 1948

Mr. Claxton and I were invited following the luncheon in Mr. Forrestal's office on January 14th to attend a "briefing" on joint defence arrangements with Canada in the office of the Secretary of the Air Force, Mr. Stuart Symington. There were present Mr. Symington, General Spaatz³⁶ and the members of the U.S. Section of the P.J.B.D. (except Mr. Acheson).

³⁶ Carl Spaatz, chef d'état-major, USAF.

Carl Spaatz, Chief of Staff, Air Force of United States.

Colonel Deerwester³⁷ produced a chart showing the P.J.B.D., the Military Co-operation Committee and its various subcommittees, together with the methods used by these bodies for reporting to the Authorities of each country. He then read a paper which briefly summed up the activities of the P.J.B.D. and the Military Co-operation Committee.

The only question of importance that was raised at this stage was when Colonel Deerwester quoted an extract from the instructions given some months ago to the subcommittees of the Military Co-operation Committee. This concluded as follows: "It is considered that planning should proceed on the basis that the entire plan is capable of execution with one month's notice, if required, by 1st July, 1957." Mr. Symington questioned both the date of 1957 and the suggestion that a plan that then took one month to put into execution would be adequate.

On the first point it appeared from his comments and those of one or two of the officers present that the "safe period" before a serious attack on the North American Continent might take place in process of being shortened so that it will end in 1955 instead of 1957. (I understand that the report of the President's Air Policy Commission, just published, suggests the date of 1953.) This question is being subjected to a thorough study by the Joint Chiefs of Staff, which is near completion. The shortening of the period would obviously increase the annual implementation programs needed to give effect to the basic security plan.

On the second point Mr. Symington rather angrily asked what use was, for instance, an early-warning system which would not come into operation until a month after the first guided missiles might have been directed at North America. He was told that the month's grace to bring the plan into operation would not apply to all its aspects but only to some of them, and that the early-warning system would be operating on a twenty-four hour a day basis. In any event for all aspects of the joint plan the month would not begin from the date of the first attack, but from the date at which it was judged that an attack might be impending.

Mr. Symington then sought to end the meeting without any further discussion, but Mr. Claxton asked that it should continue for a few minutes and explained briefly some of the difficulties of a political nature on the Canadian side. We had hoped that a longer discussion could take place, if possible with some other senior officers both civil and military, but Mr. Symington was summoned to give testimony before a committee of Congress and had to leave for the Capitol. The discussion was, however, continued the same evening after a dinner at Blair House.

This dinner was given by the U.S. Section of the P.J.B.D with Mr. Acheson presiding. In addition to him there were present Generals Arnold and O'Donnell, Admiral Styer,³⁸ and Mr. Norman Armour and Mr. Foster of the State Department. The discussion was resumed with this partially different group for about an hour, after the men had left the ladies.

³⁷ Le colonel C.H. Deerwester, groupe de liaison avec les forces étrangères, ministère de la Défense des États-Unis.

Colonel C.H. Deerwester, Foreign Liaison Section, Department of Defense of United States.

³⁸ Représentants de l'armée, de l'aviation et de la marine de la section américaine de la CPCAD. Respectively Army, Air and Navy Members, US Section, PJB.D.

It was not an orderly discussion, partly due to the persistence of Admiral Styer in pushing his views and in interrupting others. He did not make at all a good impression on Mr. Claxton and myself, and I think that some of his colleagues were also displeased. General O'Donnell, who has just joined the P.J.B.D. as the representative of the Air Force, did not say very much, but what he had to say was sensible and restrained. General Arnold likewise did not take an active part.

Mr. Claxton's main concern was to impress on the Americans the need for close and tactful discussion with the Canadian authorities in connection with all joint defence activities. He pointed out that because of the differences of scale between the forces and resources of the two countries something which might seem almost trivial in Washington would have a very different appearance in Ottawa. The proposed installations at Resolute Bay were cited as a case in point.

As a result of a conversation which at times became almost heated, the views put forward by Mr. Claxton appeared to be accepted by all those present with the possible exception of Admiral Styer. Mr. Acheson and his colleagues now have, I think, a clearer conception of the reasons for caution and for careful clearance in dealing with Canada on these matters. From this talk and others during Mr. Claxton's visit it is apparent that we shall be subjected to strong pressure to agree to annual implementation programs in the North which will constitute a very considerable drain on our budget and resources unless we permit the United States to assume a very large proportion of the cost.

Mr. Claxton will, I hope, revise and expand this brief record of an important part of the discussions during his visit in Washington.

968.

PCO/Vol. 244

*Extrait du procès-verbal de la réunion
du Comité de la défense du Cabinet*

*Extract from Minutes of Meeting
of Cabinet Defence Committee*

TOP SECRET

[Ottawa], January 27, 1948

CANADIAN—U.S. COLLABORATION IN DEFENCE; REPORT BY
MR. CLAXTON ON HIS RECENT VISIT TO WASHINGTON

1. *The Minister of National Defence* presented an oral report on his recent visit to Washington. While the main purpose had been to see the Canadian Joint Staff, the National War College and the U.S. Naval Academy, an opportunity had been afforded to exchange views with senior government and service officials on the world situation, and on Canadian-U.S. defence arrangements.

With regard to the international situation, General Eisenhower and others felt real apprehension about developments in the eastern Mediterranean. Two alternative courses appeared open to them at this time — to do nothing, in which case the Arabs would probably wipe out the Jews in Palestine; or to provide forces for the maintenance of peace in that area, in which case charges of anti-Semitism would

no doubt be raised in the United States and the antagonism of the Moslem world would be aroused. In either eventuality, it was not unlikely that the United States would lose control of their oil properties in the area. Furthermore, the provision of an international force, including Russian participation, might conceivably create a situation that would cause an accidental war to break out. It was of interest to observe that the United States were reviewing the eastern Mediterranean situation and assessing their responsibilities there in much the same way as the United Kingdom had done formerly.

With regard to Canada-U.S. defence arrangements, it was found that the United States point of view on some aspects differed materially from the Canadian. It was important that these differences be reconciled so as to eliminate the possibility of misunderstanding at a later date. Some of the points at issue were the result of the different methods of government in each country. For instance, it was apparent that once defence appropriations were approved by Congress, the services had a much greater margin of freedom in planning and carrying out their programmes than was the case in Canada. As a result, the Secretaries of the War Department were less familiar with details of Canada-U.S. planning than the Minister of National Defence or the government were here. Another factor was that Canada-U.S. planning represented a relatively small part of their whole strategic picture, while in Canada it naturally bulked much larger.

When these differences had been revealed, an opportunity had been taken to outline the Canadian position and to point out the different constitutional methods that prevailed, and also to explain that, although the arrangements were perhaps not of primary importance to them, they were of paramount importance to us, particularly since many of the joint projects would be undertaken in Canadian territory. One specific question brought out by these informal discussions was the extent to which the Canadian government was committed by the Chiefs of Staff being the approving authorities for the Basic Security Plan. While legally it was evident that the Canadian government were not committed to this plan, in practice it might prove very difficult to reject or modify implementation programmes on the basis that they were part of an "approved plan".

On his return, the Chiefs of Staff had been acquainted with this general situation, and they had been asked to report upon the role of the various agencies concerned with Canada-U.S. planning, and the implications of government and Chiefs of Staff decisions in connection therewith. It was proposed that the matter be then reviewed by the Cabinet Defence Committee which might, if they saw fit, ask the Chairman of the Canadian Section, P.J.B.D., to communicate a statement of the position to his colleagues, so that by this or some other appropriate means, it might be communicated to the United States Secretary for Defence. It was very important that this be done now, since joint defence measures were likely to increase, particularly if the recommendations contained in the *Finletter* Committee's report were acted upon. That committee had concluded that the United States should be prepared to defend themselves against large scale attack by January 1st, 1953, and to this end a large strategic Air Force should be ready to mount an attack against any country which broke the peace.

The President was perhaps more sanguine than his senior officials regarding the possibility of achieving a greater measure of co-operation with Russia.

2. *The Chief of the General Staff*, as Chairman of the Chiefs of Staff Committee, stated that their report on the questions raised by the Minister would be ready for consideration by the Cabinet Defence Committee within two weeks.

At first glance, it did not appear that any radical changes would be suggested in the organization for Canada-U.S. defence collaboration, but they would have some opinions to express on the interpretation to be placed on Canada accepting "plans" at the military level, and "implementation programmes" at the government level.

3. *The Committee*, after further discussion, noted with interest the Minister's report and approved arrangements made for an early review of Canada-U.S. defence collaboration.

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969.

DEA/14-D (S)

*Note du secrétaire de la section canadienne
de la Commission permanente canado-américaine de défense*

*Memorandum from Secretary, Canadian Section,
Permanent Joint Board on Defence*

TOP SECRET

[Ottawa], February 17, 1948

General McNaughton gave me a brief account of a long conversation which he had with Mr. Brooke Claxton this morning. They touched on the following topics:

(a) *Mr. Claxton's visit to Washington*

Mr. Claxton found that Mr. Forrestal and the Secretaries of each of the three Service Departments had little knowledge of the functions or role of the P.J.B.D. Mr. Claxton did not, however, propose to write direct to Mr. Forrestal as suggested by the Chiefs of Staff. He prefers to rely on the Canadian members of the P.J.B.D. to make our views known to the U.S. members of the P.J.B.D.

(b) *Implementation*

Mr. Claxton thought that the P.J.B.D. should not become involved in implementation programmes or formulas for the division of responsibility. The P.J.B.D. would, of course, make recommendations to the Cabinet if they thought that the rate of implementation was not sufficiently rapid.

(c) *Industrial mobilization*

The Minister and the General agreed that on industrial mobilization there might eventually be a joint committee similar to the M.C.C.

(d) *Arsenals*

Mr. Claxton is hopeful that Dominion Arsenals could obtain contracts from the U.S. for the manufacture and sale of guns and aircraft, etc.

[D.M. JOHNSON]

SECTION C

VISITE À OTTAWA DU SECRÉTAIRE DE LA DÉFENSE DES ÉTATS-UNIS
VISIT TO OTTAWA OF UNITED STATES SECRETARY OF DEFENSE

970.

DEA/7-DA (S)

*Note du secrétaire du Comité de la défense du Cabinet
pour le Comité de la défense du Cabinet**Memorandum from Secretary, Cabinet Defence Committee,
to Cabinet Defence Committee*

TOP SECRET

Ottawa, August 11, 1948

CANADA—U.S. DEFENCE COLLABORATION; JOINT PROJECTS
IN CANADIAN TERRITORY³⁹

Last year several joint projects were initiated in Canadian territory which were of importance for both defence and civilian purposes.

2. The current year's developments in connection with these projects are summarized below:

(a) Weather Station Programme

In the Arctic Archipelago, four weather stations are being operated jointly by the United States and Canada, two of which were established last year (Resolute and Eureka Sound) and two this spring (Ellef Rignes Island and Prince Patrick Island). This summer reconnaissance is being conducted for the sites of two more stations, one on North Ellesmere Island and another in the vicinity of Winter Harbour, Melville Island.

Two weather stations in the northeastern chain, Clyde River on Baffin Island and Mecatina, Quebec, are now being taken over from the United States Air Force by the Department of Transport, and this transfer will be completed next month. Plans provide that the station at Indian House Lake presently operated by the U.S.A.F. will be taken over by Canada in 1949.

A new weather station in northern Quebec will be in full operation this month and arrangements for the establishment of another are near completion. Operations at two stations on the Labrador Coast are being expanded to meet current requirements.

(b) Joint Experimental Station, Churchill

This station has operated for two winters as a Canadian-U.S. experimental and training establishment. At present a construction programme is underway to provide additional accommodation (capacity 825) including some married quarters. Next winter platoon training will be carried out and cold weather tests will be con-

³⁹ La note fut préparée pour la visite de Forrestal.
The memorandum was prepared for Forrestal's visit.

tinued on clothing, equipment, general and technical stores, and railway equipment. U.S. participation in these tests will involve the employment of about 250 men.

(c) *Mapping and Charting Programme*

The Royal Canadian Air Force, who are responsible for air photography in connection with the mapping and charting programme, have taken steps to speed up their operations by the acquisition of new equipment and training of personnel.

So far this year they have completed some 271,000 square miles of air photography required for medium and large scale maps and some 700,000 square miles of the reconnaissance photography suitable for small scale aeronautical charts. Field surveys, which are necessary before effective use can be made of this photography, have been initiated and it is anticipated that by next year the rate of photography and mapping will conform to programme requirements.

Complementary to this regular programme, the U.S. Air Force were authorized to carry out some air photography operations in the Canadian Archipelago and Newfoundland waters.

(d) *Loran Programme*

The experimental chain of five stations is now being used to train operators and technicians. It is scheduled to cease operations as a chain next October but three sites (Hamlin, Gimli and Regina) are to be retained temporarily for training purposes.

The main chain in northern Canada is now ready to undergo preliminary testing before it is declared operational. A team composed of Canadian and U.S. Air Force personnel is conducting the preliminary checking, using specially equipped aircraft (one B-29, one C-54 and one C-47). The data is being analysed by a civil agency and it is anticipated that the chain will be declared operative by November next.

A joint Canadian and U.S. Air Force survey party is now reconnoitring in north-eastern Canada for possible sites to be used in extending the LF Loran system. The siting and surveying of the sites is being done by two separate parties. The "siting party" performs air reconnaissance and subsequent preliminary ground reconnaissance, while the "survey party" follows up with a detailed survey of the sites selected, including mapping, core boring, etc. The air reconnaissance is about complete and surveys of the various sites will be advanced.

3. About 1,000 U.S. Service and civilian personnel are employed in these and other similar projects in Canada.

E.W.T. GILL

971.

DEA/7-DA (S)

*Note du secrétaire du Comité de la défense du Cabinet
pour le Comité de la défense du Cabinet*

*Memorandum from Secretary, Cabinet Defence Committee,
to Cabinet Defence Committee*

TOP SECRET

Ottawa, August 11, 1948

CANADA—U.S. DEFENCE COLLABORATION;
OTHER JOINT PROJECTS

In addition to the defence projects which are being undertaken jointly by the United States and Canada, arrangements exist for close co-operation between the Armed Services and research agencies of both countries.

2. The current year's developments are summarized below:

(a) *Defence Planning*

Canada-U.S. planning under the auspices of the Chiefs of Staff of each country has resulted in their acceptance, for planning purposes, of:

(i) An Appreciation of the requirements for Canadian-U.S. security.

(ii) A Basic Security Plan.

(iii) Some 9 out of 12 appendices to the Plan, covering various aspects of hemispheric defence.

Planning officers have drawn up programmes covering those measures which they recommend should be undertaken next year to implement the Plan. These will shortly be considered by the Canadian Chiefs of Staff and, when concurred in, submitted to the Cabinet Defence Committee.

Recently, the planning officers of both countries met to review the basic documents — the Appreciation and Plan — and any suggested revisions will be submitted to the U.S. and Canadian Chiefs of Staff in due course.

(b) *Defence Research*

Progress has been made in developing liaison arrangements between the Canadian Defence Research Board and U.S. defence research agencies. While mutually satisfactory arrangements have not been completed with all three Services in the United States, it is hoped that this will soon be achieved.

Several chemical warfare and biological warfare projects are underway with provision for exchange of personnel and information. Tests on Existence in the Arctic are being conducted at Churchill. Research in propellants, and explosives and armaments is being carried out on a tri-partite basis with the United Kingdom, United States and Canada participating. Collaboration on medical research, guided projectiles and electronics is now being initiated.

(c) *Exchange of Personnel on Courses and Attachment*

One hundred and nine Canadian Service personnel are reported to be undergoing training or taking courses in the United States, and about 5 U.S. personnel are similarly employed in Canada.

About 41 Canadian personnel are attached for duty to U.S. Services, against about 29 U.S. Service personnel similarly employed in Canada.

3. The general arrangements are subject to periodic review by the Canada-U.S. Permanent Joint Board on Defence.

E.W.T. GILL

972.

W.L.M.K./J4/Vol. 239

Procès-verbal de la réunion du Comité de la défense du Cabinet

Minutes of Meeting of Cabinet Defence Committee

TOP SECRET

Ottawa, August 31, 1948

A special meeting of the Cabinet Defence Committee with the U.S. Secretary of Defense was held in the Privy Council Chamber, East Block, Ottawa, Canada, on Monday, August 16th, 1948, at 10:30 a.m.

Present:

The U.S. Secretary of Defense (Mr. Forrestal),

The U.S. Ambassador to Canada (Mr. Atherton),

The Secretary of State for External Affairs and Acting Prime Minister (Mr. St. Laurent), in the chair,

The Minister of National Defence (Mr. Claxton),

The Minister of Trade and Commerce (Mr. Howe),

The Minister of Finance (Mr. Abbott).

The Secretary (Mr. Gill)

The Chief of the General Staff (Lieutenant General Foulkes),

The Chief of the Air Staff (Air Marshal Curtis),

The Chief of the Naval Staff (Vice Admiral Grant),

The Chairman, Defence Research Board (Dr. Solandt),

The Acting Secretary, Chiefs of Staff Committee (Lieutenant Colonel Rutherford),

The Secretary to the Cabinet (Mr. Heeney),

The Under Secretary of State for External Affairs (Mr. Pearson).

The Chairman, Canadian Section, Permanent Joint Board on Defence (General McNaughton)

1. *The Acting Prime Minister* welcomed Mr. Forrestal on behalf of the Canadian government. Informal visits between Washington and Ottawa such as Mr. Forrestal's, although they aroused interest and speculation in the press, afforded an opportunity for members and officials of the U.S. and Canadian governments to exchange views on mutual problems in a truly democratic and informal manner.

2. *The U.S. Secretary of Defence* recalled Mr. Claxton's visit to Washington earlier this year and expressed pleasure at being able to pay a return visit here. His association with Canada had always been an intimate one and because he was made to feel so much at home he would find it difficult to be anything but informal in Canada.

Meetings such as this were not only agreeable but were useful in developing joint solutions to current problems of defence. A full exchange "organizationally" between the two countries was to be encouraged.

I. GENERAL SITUATION

3. *The Minister of National Defence*, on being asked by the Acting Prime Minister to proceed with the business of the meeting, explained that the Cabinet Defence Committee (composed of the Prime Minister, the Secretary of State for External Affairs, the Minister of Trade and Commerce, the Minister of Finance and the Minister of National Defence), met on an average of about once a month to discuss defence problems.

In answer to inquiry by Mr. Forrestal, Mr. Claxton stated that the Cabinet Defence Committee was advisory to the Cabinet on all matters of important policy, but on problems involving no departure from settled policy it was customary for the Cabinet Defence Committee to make decisions for the government. Twice-yearly the Chiefs of Staff presented a joint appreciation of the military situation, one of which (usually presented in the autumn) was accompanied by proposed Service programmes for the ensuing fiscal year. These were reviewed by the Defence Committee as a preliminary to their consideration by the Cabinet and to Parliament being asked to vote the necessary funds to carry out the approved programmes.

The government's assessment of the international situation, which formed the basis of current defence planning should be summarized briefly so as to make sure that there was no important divergence in the general appreciations by Canada and the United States which were the basis of action in the two countries.

In our view, there were no limits to the aggressive intentions of the Soviet Union, but for the time being they would attempt to achieve them short of war. While war was not regarded as inevitable, it was prudent to plan as though it were. In the event of an accidental war in the near future, it was considered that it would not be the "push-button" type but rather that it would be fought with improved designs of the last war's weapons and that any attack against this continent would be diversionary in character.

Recently individual Chiefs of Staff had visited western European countries and had come to somewhat pessimistic conclusions as to their capabilities for effective resistance in the near future without substantial outside assistance. As was known, The Canadian government had, of late, taken a position in support of measures designed to strengthen Western Union.

4. *The U.S. Secretary of Defense* expressed himself as being in general agreement with the assessment of the international situation as outlined by Mr. Claxton. He would be inclined perhaps to attach greater importance to the atomic bomb and to the political reorientation of European countries. (Mr. Claxton said that in his reference to weapons he had intended to express the view that neither the possession nor the lack of the atomic bomb would be a determining factor in Russia going to war or not, with which Mr. Forrestal agreed.) Mr. Forrestal had been impressed with the way the Russians respected such countries as Finland and Turkey, who had shown a firm attitude towards the Soviet Union. If this attitude of firmness could be developed in Western European countries, it would be of incalculable benefit. One reason for the fact that Western European countries were not equipped with modern weapons was, in his view, the lack of planning during wartime for the post-war disposal of surplus war equipment.

5. *The Minister of National Defence*, referring to Canadian Armed Forces, said it was realized that Canada could not maintain in being forces of a sufficient size to act as a deterrent to war. It was the objective, therefore, to maintain, in addition to relatively small forces in being for local defence, efficient and up-to-date nucleus organizations (with a balanced relationship between the three Services) which could be expanded readily if the need arose. The main roles of the Canadian Services were likely to be:

Navy—the provision of an escort fleet to work in co-operation with the United Kingdom and United States navies in the North Atlantic;

Army—the provision of a highly mobile brigade group to deal with isolated raids on Canada and the build up of the reserve units initially to two divisions in the event of war;

Air Force—the provision of first-line fighter forces for interception and of other well balanced forces for training and for use in conjunction with those of other countries.

As part of the Air Force programme a jet-propelled two-seater fighter having long-range and special navigational features was being developed and if this proved successful it would be hoped that the plane would be useful to the United States and the United Kingdom.

Canada had demobilized somewhat faster than some of her allies and had at a relatively early date organized her Services on a post-war basis. The post-war organization provided for a considerable degree of unification and included provision for officer training at two joint service colleges — Royal Roads on the West Coast, and Royal Military College at Kingston as well as in the universities with well developed officer training programmes in successful operation. In addition staff training was provided at army and air force staff colleges and at National Defence College.

In reply to an enquiry from Mr. Forrestal, Mr. Claxton indicated that the present strength of the Active Forces was in the neighbourhood of 37,000, and the Reserve Forces (similar to the U.S. National Guard) about 35,000.

6. *The U.S. Secretary of Defense* said that the very large requirements for defence in the United States under present conditions placed a strain on the country's economy. There were two possible solutions to the problem — either a falling off of the civilian demand for goods which would permit larger allocations to the Services, or, alternatively, an improvement in the international situation which would permit a reduction in defence expenditures.

7. *The meeting* took note of these remarks.

II. CANADA-U.S. COLLABORATION IN DEFENCE; JOINT PROJECTS IN CANADIAN TERRITORY

8. *The Minister of National Defence* outlined briefly the current position in respect of joint projects in Canadian territory.

Within the approved meteorological programme, four weather stations were now being operated jointly in the Canadian Arctic and the sites of two more were being reconnoitred. Replacement of U.S. by Canadian staffs in the northeastern chain had

been initiated, and responsibility for manning two of these stations would be transferred this year.

The installations at Churchill, which had been constructed by the United States during the last war, had been purchased by the Canadian government in 1945. Since then these facilities had been operated as an experimental and training establishment with the U.S. Services participating. Some 600 Canadian and 200 U.S. personnel would be stationed there next winter and would continue various cold weather tests on clothing, equipment and ionospheric data. The co-operation between the Services of both countries at this station was impressive and might serve as a model for all joint activities.

With regard to the Loran programme, the five station experimental chain in western Canada would be discontinued but three stations would probably be retained temporarily for training purposes. The main chain in northern Canada would shortly become operational. Canadian-U.S. parties were presently reconnoitring sites for additional stations in northeastern Canada.

Some 1,000 U.S. Service personnel were employed on all projects in Canada.

An explanatory note had been circulated.

(The Secretary's memorandum, August 11th, 1948 — Cabinet Document D188).

9. *The Chairman, Canadian Section, Permanent Joint Board on Defence* spoke of the problem that had been created through the assignment of frequencies by international agreement at the world telecommunications conferences last year. This had resulted in a reallocation from 180 kilocycles to 100 kilocycles for Loran purposes and this necessitated the use of 1200 feet towers instead of 600 feet.

At the instigation of the Permanent Joint Board on Defence, the appropriate agencies in both countries were exploring the possibility of negotiating a different arrangement.

10. *The U.S. Ambassador to Canada* asked if developments in aircraft and the construction of a chain of air bases in northern United States would reduce the strategic importance of air bases in Newfoundland and Labrador.

11. *The U.S. Secretary of Defense* indicated that while it would be feasible to operate from bases in northern United States, adequate air coverage was conditioned by distance and, in his opinion, the development and operation of air bases in Newfoundland and Labrador would continue to be strategically important.

12. *The Minister of National Defence* referred to the importance of some bases for anti-subversive activities.

13. *The meeting*, after further discussion, noted these remarks.

III. CANADA-U.S. COLLABORATION IN DEFENCE; ORGANIZATION AND GENERAL ARRANGEMENTS

14. *The Minister of National Defence* reviewed, with the aid of charts, the organization developed to promote Canadian-U.S. collaboration in defence. The keystone of this was, of course, the Permanent Joint Board on Defence, which, though it possessed no executive functions and was not responsible for planning per se, kept

under review and advised the respective governments on general arrangements for defence co-operation between the two countries.

Defence planning, which was under the auspices of the Chiefs of Staff of each country, had so far resulted in the preparation and acceptance for planning purposes by the Chiefs of Staff of each country of an Appreciation, a Basic Security Plan, and some 9 out of 12 appendices to the Plan. The Canadian government had not considered the individual appendices. The implementation programmes for each year were subject to express government approval. Steps had been taken to ensure that the Canadian officers engaged in this planning reflected the views of their Chiefs of Staff and were aware of government policy.

In the important field of defence research, close liaison arrangements had been established between Dr. Solandt and Dr. Bush,⁴⁰ and between the interested agencies of both countries.

In the exchange of service personnel, considerable progress had been made. At present there were some 41 Canadian officers attached for duty to the U.S. Services and 29 U.S. officers similarly employed in Canada. In addition, there were over 100 Canadian Service personnel undergoing training or taking courses in the United States, against 5 U.S. personnel in Canada. With the establishment of the National Defence College and other training establishments, some increase was looked for in the latter figure.

An explanatory note had been circulated.

(The Secretary's memorandum, August 11th, 1948 — Cabinet Document D189).

15. *The meeting* noted these remarks.

IV. INDUSTRIAL CO-OPERATION; STANDARDIZATION; PROCUREMENT BY CANADA OF U.S.-TYPE WEAPONS AND STORES

16. *The Chief of the General Staff*, at the request of the Minister of National Defence, outlined briefly the progress made in standardization. Initially the problem had been approached on a joint service basis between the United States, United Kingdom and Canada, but it was now proceeding on an individual Service basis.

Fair progress could be reported in standardizing operational and logistical techniques but progress on material had been slow. It was important to realize that unless a common equipment policy was evolved the strategical plans which were being made might be incapable of effective implementation.

In the Canadian Army military equipment was now being classified in three groups — those items normally manufactured in Canada; those which could be manufactured here by conversion of existing facilities; and, those which must be procured outside. Great importance was attached by the Chiefs of Staff to the completion of arrangements for the procurement by Canada of certain items of U.S. equipment.

17. *The Chief of the Air Staff* pointed out that prior to June 30th last Canada had been able to procure military equipment from the United States, if it had been

⁴⁰ Vannevar Bush.

declared surplus, but on that date Public Law No. 862 had been signed prohibiting this. Unless some means were found for Canadian Services to procure equipment from U.S. Services, the related objectives of standardization and joint defence co-operation would be seriously handicapped.

18. *The Minister of National Defence* observed this matter was one of immediate concern. For example, the Canadian government had recently made sales of small arms ammunition to Greece and Turkey, financed by the United States. If further sales of this kind could be made and stocks replenished with .300 Rimless, an important step towards standardization would have been taken.

19. *The Minister of Trade and Commerce* suggested that the objective was the revival of wartime arrangements for rationalizing war production of both countries. This would permit war equipment to be made available on a trading basis. Such an arrangement would not cause a drain on Canada's reserve of U.S. dollars and would not aggravate shortages of steel and other strategic materials in the United States.

20. *The U.S. Secretary of Defense* agreed that the solution of this problem should be found jointly by the United States and Canada. It should be given further study with this end in view.

21. *The Chairman, Canadian Section, Permanent Joint Board on Defence* reported that one of the most important achievements of the Board since the war had been the impetus it had given to the standardization of screw threads between the United Kingdom, the United States and Canada. This development, which was regarded as the key to the standardization problem, would be brought to a successful conclusion this autumn.

22. *The meeting* were in general agreement that the problem described by the Chiefs of Staff should be examined further on a joint basis.

V. STOCKPILING

23. *The Minister of Trade and Commerce* mentioned that some thought had been given to the question of stockpiling strategic materials. In a few cases contracts had been made between Canadian producers and the U.S. government under which sales were being made for stockpiling purposes. Canada had not yet taken similar action but the productive capacity of non-ferrous metals had been greatly increased and might be further expanded in an emergency. Co-ordinated or joint action in the stockpiling of strategic metals would be facilitated by the recent U.S. decision to discontinue their tariffs on base metals and thus permit sales of these materials from Canada to the United States.

24. *The U.S. Secretary of Defense* observed that joint action in this field appeared to offer the best solution.

25. *The meeting* were in general agreement that this subject should be further explored jointly by the United States and Canada.

VI. ST. LAWRENCE SEAWAY

26. *The Minister of Trade and Commerce* brought up the question of the likelihood of Congress approving the St. Lawrence waterways scheme (both power and navigation) at their next session.

If the Ontario and State of New York power authorities were granted permission to proceed with the power portion of the project as they had applied to do, the navigation part of the project might be jeopardized. An important strategic consideration in support of the navigation scheme was the means it would provide for transporting iron ore from the Labrador deposits to the upper lake region.

27. *The Chief of the Naval Staff* added that the deepening of the St. Lawrence waterway would increase building facilities for both war and merchant ships by permitting the use of the dockyards in the upper lakes.

28. *The meeting* took note of these remarks.

VII. U.S. BASES IN NEWFOUNDLAND

29. *The U.S. Secretary of Defense* asked whether Newfoundland's entry into confederation with Canada would involve a renegotiation of the bases Agreement. If any discussions were contemplated, would they be conducted between the United Kingdom and the United States, or Canada and the United States.

30. *The Minister of National Defence* indicated that any talks on this subject would properly be between Canada and the United States. It was hoped and expected that these talks would result in satisfactory arrangements being reached.

31. *The meeting* noted these remarks.

E.W.T. GILL

973.

DEA/52-N (S)

*Le secrétaire de la Défense des États-Unis
au ministre de la Défense nationale*

*Secretary of Defense of United States
to Minister of National Defence*

[Washington], August 31, 1948

My dear Brooke [Claxton]:

This is an informal letter, copies of which I am not putting into my official records.

The three subjects which remain in my mind as the matters of principal substance in our conversations this month in Ottawa are:

- (1) The St. Lawrence Seaway.
- (2) Standardization of procurement, which will enable reciprocal orders to be placed across the border.
- (3) The American bases in Newfoundland.

There is a fourth subject — the question of the radar screen for the North — but technical considerations, particularly the question of whether or not we now know the advanced forms of apparatus which we should buy probably make this subject one for exploration rather than any joint action. I am having a presentation on 9 September which deals with this subject and while strategic considerations enter

into it, its principal aspect is the question of the rate at which production will reflect new technical, and even some basic scientific, developments.

I am reciting these matters because I thought it would be useful if we both had in mind the objectives toward which policy and actions might be directed.

Sincerely yours,

JAMES FORRESTAL

974.

DEA/325 (S)

*Le ministre de la Défense nationale
au secrétaire de la Défense des États-Unis*

*Minister of National Defence
to Secretary of Defence of United States*

Ottawa, September 9, 1948

Dear Jim [Forrestal],

Thanks very much for your letter of 31st August, 1948, which I was glad to get. You put very well the points brought out in our discussion.

I had the Secretary of the Cabinet Defence Committee prepare a note of the discussion as if our meeting had been a regular meeting of the Cabinet Defence Committee, which in point of fact it was. This note is being sent to Hume Wrong for transmission to you. You will see that the three points you mention are dealt with there.

It strikes me that a step of primary importance which should be taken just as soon as possible is to work out arrangements whereby orders for equipment on the same designs can be placed on both sides of the border so as to develop in peace the same rationalization of the industrial strength of the two nations that we had following the Hyde Park Declaration of April, 1941.

This involves,

(1) the enactment of legislation by Congress along the lines of the bill introduced at its last session;

(2) the adoption of common patterns, a matter on which the armies of the two countries have made very great progress and our army is ready to present complete schedules once the question of policy has been settled;

(3) the development of a procedure for handling orders for equipment, so that a Canadian order would be added to one made by your services and vice versa.

You will recall our discussing in passing the possibility of our shipping to friendly European countries equipment we now have of British designs and replacing this with equipment of American patterns. Unless some such procedure could be followed it would take years for us to get over to American designs.

Under our system the subject of procurement is the direct responsibility of Mr. Howe as Minister of Trade and Commerce, acting through the agency of Canadian

Commercial Corporation which does all the purchasing for the services. It occurred to me that it would be desirable that the useful talks we had here should be followed up by Mr. Howe or some of his officers discussing with you or the appropriate officials in Washington what further steps should now be taken along the lines raised here.

Mr. Howe has to go to Washington fairly soon on other business and it might be possible that this could also be dealt with without raising in the press the kind of excited speculation which is so common these days.

I have discussed this with Mr. Howe and he agrees that it would probably be the best course to follow. If you concur, he would proceed to make the necessary arrangements.

Meanwhile, as you know, representatives of your National Security Resources Board and Munitions Board have met with representatives of our Industrial Defence Board and they have recommended the formation of a committee consisting of the chairmen of the three boards to plan cooperation in industrial organization. This suggestion is still under consideration here. It may be that some such committee would be useful for long term and general planning, whereas specific questions of standardization and procurement should be dealt with directly between the services and their purchasing agencies. Our Cabinet Defence Committee is meeting officers of the Industrial Defence Board here next Tuesday to discuss this. It would be of great assistance if you could let me know what your own view is on this.

Yours sincerely,
BROOKE CLAXTON

SECTION D

COOPÉRATION CANADO-AMÉRICAIN EN MATIÈRE DE PRODUCTION
ET D'APPROVISIONNEMENT MILITAIRES
CANADIAN-AMERICAN COOPERATION IN DEFENCE PRODUCTION
AND SUPPLY

975.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], April 19, 1948

INDUSTRIAL DEFENCE BOARD

14. *The Minister of National Defence* reported that the Cabinet Defence Committee had considered and decided to recommend to Cabinet the establishment of an advisory body on industrial defence.

The functions of the board would be to advise the government on matters relating to industrial war potential, to plan for production in the event of emergency, to ensure adequate coordination with agencies interested, to encourage standardization, and generally to go into such related matters as the government or the Minister might request.

The board would consist of a chairman, a vice-chairman and members chosen from within the government service and from industry.

(Departmental memorandum, Industrial Defence Board, undated;† Cabinet Defence Committee minutes, Apr. 15, 1948, paras. 26-30)†

15. *Mr. Claxton* submitted recommendations for the officers and members of the Board if and when its establishment were approved by the Cabinet.

16. *The Cabinet*, after discussion:

(a) agreed to the establishment of an advisory board to be known as "The Industrial Defence Board" along the lines indicated by the Minister and as recommended by the Cabinet Defence Committee; an Order in Council to that effect to be passed forthwith; and,

(b) approved the Minister's recommendation for the appointment of officers and members of the Board and agreed that an Order in Council be passed accordingly.

976.

DEA/50006-40

*L'ambassadeur aux États-Unis
au sous-secrétaire d'État aux Affaires extérieures
Ambassador in United States
to Under-Secretary of State for External Affairs*

SECRET

Washington, July 14, 1948

Dear Mr. Pearson:

During your absence in the West I wrote to Mr. Johnson on June 17th† concerning the visit to Washington earlier last month of the Executive Committee of the Industrial Defence Board. In the course of this letter I mentioned a proposal which had been tentatively agreed on between those directly concerned, that a small, high level committee be established to co-ordinate the planning of industrial mobilization in the United States and Canada. The suggestion was that the committee should consist of the Chairman of the I.D.B. and the Chairmen of the Munitions Board and National Security Resources Board here.

A few days ago Colonel Denney, the Executive Secretary of the I.D.B. asked my advice, on Mr. Carmichael's request, about clearing the proposal for the establishment of this committee. I said that I thought that it should receive governmental sanction on both sides, probably by a Cabinet decision in Ottawa and perhaps by agreement between the Secretaries of Defence and State in Washington. In view of the probability of a change of Administration here, it would be desirable to have high-level sanction for the committee's activities. If the proposal is approved, the

terms of reference might be set out in an exchange of notes or in an agreed press statement at the appropriate time.

We have just forwarded to Mr. Johnson a letter from the Secretary of the U.S. Section of the P.J.B.D. on this subject.† (See Mr. Magann's letter to Mr. Johnson of July 13th).† This encloses a proposal emanating from the staff of the National Security Resources Board, and sets forth a number of comments and criticisms of this proposal put forward by the U.S. Section of the P.J.B.D.

As we get deeply into the planning of industrial and economic mobilization, we shall, I think, find that the activities of the responsible planning agencies in both countries touch on the functions of almost every branch of government, and also that there is an ever present need in many fields for co-ordinating planning between Canada and the United States. In the event of war Canada would be saved a lot of trouble, anxiety and hard work if joint plans prepared in advance which would look after our interests were promptly applied. I therefore favour close and continuous liaison.

The main planning agencies in both countries — the N.S.R.B. and the I.D.B. — are newly created and have still to get themselves established fully. There has already been some controversy here about the extent of the mandate claimed by the Chairman of the N.S.R.B., and the relationship between that Board and the Munitions Board is not clearly defined.

The U.S. Section of the P.J.B.D. is proposing that the P.J.B.D. should discuss the problem at its August meeting in New York. They suggest, as I understand Mr. Foster's letter to Mr. Magann of July 9th, that instead of the high-level committee of the three Chairmen there should be a lower level committee which would exercise in the field of industrial mobilization functions comparable to those of the Military Co-operation Committee in the military field. The P.J.B.D. would be left with over-all responsibility for supervising joint defence planning in both its military and its civil aspects.

I am not sure that I like this proposal, but the subject is extremely complex and I have no pat suggestion to offer in its place. It seems to me to need a good deal of thought before we commit ourselves to a form of organization, and it would be desirable that the matter should be considered in Ottawa before the August meeting of the P.J.B.D. so that the Canadian Section could then take a positive line. Some Ministerial guidance might be sought when the Cabinet Defence Committee meets later this month.

Both the N.S.R.B. here and the I.D.B. in Canada have wide terms of reference. Those of the N.S.R.B. are more explicit in that they specify its responsibility for planning the protection of the needs of the civil economy in matters such as manpower, allocation of materials, rationing, fiscal policies and so on. There is, however, a basket clause in the I.D.B.'s terms of reference which would permit them to explore these subjects if it is so desired although they are not charged directly with this responsibility.

One aspect to be considered in relation to the problem is the planning of civil defence in both countries. This is just beginning to get under way. Mr. R.J. Hopley has recently been designated to head the newly formed Civil Defence Authority in

Washington, and the Department of National Defence in Ottawa is beginning to work on this subject. Dr. Solandt had some discussions on this matter during his recent visit to Washington. As planning of civil defence includes such questions as the dispersal of utilities, town and city planning and the organization of emergency services, it clearly cannot be separated from the planning of industrial mobilization.

Yours sincerely,
H.H. WRONG

977.

DEA/50014-40

*L'ambassadeur aux États-Unis
au secrétaire du Cabinet*

*Ambassador in United States
to Secretary to Cabinet*

SECRET

Washington, July 16, 1948

Dear Mr. Heeney:

I have read with interest the conclusions enclosed with your letter of July 7th of the meeting held on July 2nd to discuss economic defence planning.⁴¹ Just before your letter reached me I had despatched a letter to Mr. Pearson commenting on a proposal for the establishment of a high-level co-ordinating committee made up of the Chairman of the Canadian Industrial Defence Board and the Chairmen of the U.S. National Security Resources Board and Munitions Board. I expect that a copy of this letter will have gone to you. If not, I hope you will secure one together with a copy of the comments on the proposal of the U.S. Section of the P.J.B.D. which were forwarded with Mr. Magann's letter to Mr. D.M. Johnson of July 13th.† You will note that it is intended that the question of co-ordinating the planning of industrial mobilization in the two countries is to be discussed by the P.J.B.D. in a month's time.

It seems to me that it would be desirable as one result of the examination this summer in Ottawa of economic defence planning that the functions of the Industrial Defence Board should be more exactly defined. In doing this, it should be borne in mind that the National Security Resources Board here covers the whole field of economic defence planning in its activities, not only the planning of indus-

⁴¹ Le but principal de cette réunion avait été de donner un briefing au Dr. W.A. Macintosh de l'université Queen's (qui avait travaillé aux ministères des Finances et de la Reconstruction et des Approvisionnements) avant qu'il ne commence à écrire les parties économiques du nouveau livre de guerre du gouvernement ainsi qu'à préparer un rapport sur l'organisation et le contrôle des ressources économiques en temps de guerre. Un rapport détaillé de cette réunion se trouve sur DEA/50014-40.

The main purpose of that meeting had been to brief Dr. W.A. Macintosh of Queen's University (who had served in the Departments of Finance and of Reconstruction and Supply) before he commenced work on the economic sections of a new Government War Book as well as the preparation of a report on organization and control of economic resources in wartime. There is a detailed record of this meeting on DEA/50014-40.

trial mobilization — a function which it shares with the Munitions Board. I notice from the conclusions of the meeting of July 2nd (page 6) that primary responsibility for planning in Ottawa in a number of very important fields which are here covered by the N.S.R.B. has been allocated to various civil departments. Many of these subjects are interlocked with the problems of industrial mobilization, which is the responsibility of the I.D.B.

In paragraph 23 of the conclusions of the meeting of July 2nd it is said that Dr. Mackintosh understood that I wished inquiries on U.S. planning to be funnelled through External Affairs rather than to be taken up directly with U.S. agencies. I do not recall ever having expressed such an opinion. Dr. Mackintosh's impression may have been based on my message WA-1817 of June 22nd† which concluded with the observation, "I am sure that we should settle our channels of communication and define more exactly what we need before approaching the U.S. authorities." As the context showed, what I had in mind was that, in view of the liaison established between the I.D.B. and the N.S.R.B., we ought not to approach the civilian departments concerned in Washington or make a series of unrelated approaches to the N.S.R.B. until we had settled our own plans more firmly. I doubt that it would be practicable to put all inquiries through a single channel. Indeed, the representative here of the Defence Research Board has recently been in contact with N.S.R.B. on certain questions concerning civil defence. Various aspects of economic defence planning also fall within the general responsibilities of the Joint Staff Mission.

Economic defence planning is an untidy subject because it touches on all phases of economic activities. By establishing the N.S.R.B. the United States Government has created what looks like a tidy plan for dealing with it, but we can be sure that in this untidy system of government it will not work out that way. I hope that Dr. Mackintosh will be able to develop this summer a Canadian method of operation which will be both tidy and efficient.

Yours sincerely,
H.H. WRONG

978.

DEA/50014-40

*Le secrétaire du Cabinet
au ministre de la Défense nationale*

*Secretary to Cabinet
to Minister of National Defence*

SECRET AND PERSONAL

Ottawa, July 19, 1948

Dear Brooke [Claxton]:

This is a purely personal letter.

I was disturbed last week to learn first from Max Mackenzie and then from others that members of the executive and staff of the Industrial Defence Board were taking into the Board's territory almost every conceivable function which might be

described as economic and that they were putting up to you a most elaborate plan for the purpose.

Mackenzie told me that the Board's secretary (who has recently returned from a course in the United States) had been working over-time to produce a scheme based on the American model which divided up under the Board everything from munitions production to manpower.

In view of the responsibility which had been put upon Mackintosh and the steps taken since the meeting in your office, I felt quite sure that this conception of the Board's functions was quite wrong, and that, if it were not corrected at an early stage, confusion all round and soreness in several quarters would be the inevitable result.

In a brief conversation with Harry Carmichael⁴² and Geoff. Notman⁴³ before the Board meeting, I intimated to them tactfully that, in my view, it was important that the Board's plans should be related pretty closely to those of the principal departments concerned. I suggested (and Carmichael at once agreed) that it would be useful if Mackintosh and Gill were to attend the Board's meeting so that what was being done by others could be explained. Fortunately, Mackintosh was in town and did attend and I understand from Gill that, as you would expect, he handled the situation with great finesse. I gather that there were a number of the members of the Board who were very sceptical of the plan produced by the secretariat and put forward by the executive. The decision, I think, was to put forward the scheme to you in order that you might indicate clearly the government's intentions.

My concern is added to this morning by a letter which I have from Hume Wrong referring to the "high level coordinating committee" (of which Carmichael told me) to be made up of the Chairman of the Industrial Defence Board and the Chairmen of the U.S. National Security Resources Board and Munitions Board. No doubt this is a good idea and much can be accomplished by early coordination on this level between Canadian and U.S. industry. But the Americans have got themselves into a state of complicated duplication of organization and it seems to me very important that, before the government agree to this new high-powered mechanism, definitions of function should be precise and Carmichael should know just what is expected of his Board.

In this whole business I have vivid recollections of the difficulties we had in the last war because of the gap between those responsible for war production on one hand and those responsible for civilian supply and manpower on the other, to say nothing of the difficulty of coordinating the former group with the requirements of the Armed Services. Before the war was over, fairly satisfactory arrangements were

⁴² H.G. Carmichael, vice-président de la compagnie Conroy Manufacturing de St. Catherines en Ontario, et Président de l'IBD (Commission sur la défense industrielle).

H.G. Carmichael, Vice-President of Conroy Manufacturing Company of St. Catherines, Ontario, and Chairman, IDB.

⁴³ J.G. Notman, directeur général de Dominion Engineering Works Ltd. de Montréal et membre de l'IDB.

J.G. Notman, General Manager of Dominion Engineering Works Ltd. of Montreal and Member, IDB.

hammered out by direct contacts between controllers, administrators and the rest. But next time we should try hard to anticipate the difficulty and provide against it in our planning.

I realize that it is of the greatest practical importance to retain and extend to the maximum measure the interest and support of industrialists. But I believe this can be accomplished without friction and without duplication and inefficiency in organization provided that all of the key people are brought along together and step by step. This is a difficult process, requiring constant attention and a number of good people. Mackintosh is very widely experienced on both sides and can be of great value.

Perhaps we could have a chat on the subject before you deal with the Board's report. Afterwards, I think it would be profitable for you to see Max Mackenzie, Mackintosh and one or two others. There is plenty of experience available and it should be tapped to the full.

I am enclosing a memorandum which I dictated last week in the hope that it might be of some help to you. I am also enclosing a copy of the letter from Hume Wrong to which I refer above.

Yours ever,

A.D.P. HEENEY

979.

DEA/50014-40

*Note du secrétaire du Cabinet
pour le ministre de la Défense nationale*

*Memorandum from Secretary to Cabinet
to Minister of National Defence*

SECRET

Ottawa, July 19, 1948

RE INDUSTRIAL AND ECONOMIC PLANNING FOR DEFENCE

You will be receiving shortly after you return a report from the Industrial Defence Board who have been meeting in Ottawa this week. Their report will include an elaborate scheme for the organization of defence planning in all sectors of the industrial and economic life of the nation.

2. Planning responsibility has already been assigned tentatively in fields other than that of war industry as a result of the meeting which you arranged under Cabinet Defence Committee auspices between Dr. Mackintosh and senior officials of External Affairs, Finance, Trade and Commerce, Labour, Agriculture and other departments. Departments and agencies of government are now actively coordinating plans in consultation with him. A preliminary report will be available in the early autumn.

3. The Industrial Defence Board has a small permanent staff, but it differs essentially from the agencies referred to in the preceding paragraph. The latter form part of the regular machinery of government and, in each case, would have immediate administrative responsibility in the event of their plans having to be put into effect.

4. There is confusion in many quarters concerning the extent and nature of the Industrial Defence Board's responsibility. It became evident at this week's meetings that some members of the Board conceive this task to be no less than the preparation of emergency plans for the whole economy; others have in mind the more limited field of advice on the planning of war production.

5. It is not too late to settle this question without serious friction. An occasion arises immediately for precise definition and delimitation of the Board's functions upon submission of their current report which, I understand, will ask for direction in this respect.

6. The Board consists for the most part of industrialists whose good-will, experience, enthusiasm and advice are of great importance to the government against an emergency. The "non-official" members of the Board can themselves be of great assistance in the event of war and they are capable of inducing a most desirable element of cooperation on the part of industry as a whole. For this reason, determination of the Board's functions will have to be made tactfully as well as precisely.

7. The aim should be to bring the Board's planning at once into direct and effective relationship to the coordinated planning being done by departments and agencies under the Cabinet Defence Committee. This can be accomplished by a precise definition of the Board's functions and assisted by some changes in the Board's executive committee and readjustment of the Board's permanent staff.

8. The problem is a complicated one and it will almost certainly require continuing attention. The following are suggested first steps:

(a) An interpretation of the Board's terms of reference by letter from the Minister to the Chairman as relating to organization and methods of industrial production for war; the Board should be asked to relate their recommendations in this field directly to planning of the Armed Services and the government agencies responsible for civilian supply, manpower, food production and so on.

(b) The Board might be asked to collaborate with government officials in the drafting of a satisfactory interpretation of functions; for this purpose the Board's executive committee might be asked to meet with Dr. Mackintosh and four or five of the senior officers of the principal departments concerned.

(c) Definitions are not in themselves enough. The addition to the Board's executive committee of the Deputy Minister of Trade and Commerce might help materially. This department is responsible for the Canadian Commercial Corporation which is the probable nucleus of a future Department of Munitions and Supply.

(d) A strengthening of the Board's permanent staff is probably necessary and their direct relationship to the Cabinet Defence Committee and the Department of Trade and Commerce is essential.

A.D.P. H[EENEY]

980.

DEA/50006-40

*Le secrétaire du Cabinet
à l'ambassadeur aux États-Unis*

*Secretary to Cabinet
to Ambassador in United States*

SECRET

Ottawa, July 22, 1948

Dear Mr. Wrong:

I was interested to get your letter of July 16th, commenting upon the record which we sent you of the meeting held on July 2nd to consider economic defence planning. At that time, I had been unaware of the extent and precise nature of the proposal which is to come before the P.J.B.D. at their August meeting for the establishment of a high level Canada-U.S. committee for the coordination of industrial mobilization in the two countries.

There is no question that the functions of our Industrial Defence Board should be defined precisely at the earliest possible moment. I heard before their meetings last week that they would have before them an ambitious scheme prepared by the Secretary of the Board (Mr. Denney) which, from all accounts, seemed to take in the organization of the whole economy of the country for war. I had an opportunity of speaking to Carmichael before the full Board met and arranged for Mackintosh to attend the meeting in order that members of the Board might be aware of what economic planning was being done by various branches of the government. I am not sure that all members of the Board were satisfied that the Board's functions should be confined to the planning of war production, but I think that the atmosphere was prepared for an appropriate delimitation of the Board's responsibility.

When the Minister of National Defence returned on Monday, I drew the matter to his attention and suggested that the occasion of the Board's report should be taken for an interpretation of the Board's terms of reference in the more limited sense. I suggested that the Board should be asked to relate their recommendations in their own field to planning of the Armed Services and to the planning of government agencies responsible for civilian supply, manpower, food production, and so on. I am hopeful that, before long, the situation will be satisfactorily clarified.

With respect to the proposal for a Canada-U.S. coordinating committee, you will have heard that the U.S. Section of the P.J.B.D. have distinct reservations. For our part, we are inclined to think that the Cabinet Defence Committee should examine the proposal pretty carefully before any decision is taken. The proposal seems to have been conceived on the basis of U.S. organization and confusion of function, and it appears to me to be related directly to the elaborate Industrial Defence Board's plans to which I have referred, without much regard to the fact that the Cabinet is at the centre of the Canadian system of government.

In the matter of channels of communication, this must be a constant source of concern to you. I well remember the difficulties which we ran into in Washington during the last war particularly. However, there is not much that we can do to

straighten this out in the economic defence fields until, as you say, our own situation is a good deal clearer.

I will try to keep you in touch with developments.

Yours sincerely,

A.D.P. HEENEY

P.S. Since this hurried letter was dictated, it has been arranged that the proposal for the high level Canada-U.S. committee will not be discussed by the P.J.B.D. at their next meeting. With the approval of the Minister of National Defence it will be examined first by the Cabinet Defence Committee.

Incidentally, I was talking to Mr. Claxton this morning and he intends to settle the Industrial Defence Board's functions on the pattern of the old Department of Munitions and Supply. This, I think, will be satisfactory and will have the advantage of giving familiar precedents to members of the I.D.B.

A.D.P. H[EEENEY]

981.

PCO/Vol. 246

*Extrait du procès-verbal de la réunion
du Comité de la défense du Cabinet*

*Extract from Minutes of Meeting
of Cabinet Defence Committee*

TOP SECRET

[Ottawa], July 29, 1948

II. PROPOSED ARRANGEMENTS FOR LIAISON WITH THE UNITED STATES ON INDUSTRIAL DEFENCE MATTERS

5. *The Minister of National Defence* reported that at a recent meeting between representatives of the Canadian Industrial Defence Board and the U.S. National Security Resources Board and the Munitions Board, it had been agreed that joint committees be established to promote the exchange of information between the two governments and co-ordinate their activities in connection with industrial mobilization planning. The senior committee would consist of the Chairmen of the three Boards mentioned.

This proposal was scheduled to be discussed at the August meeting of the Permanent Joint Board on Defence. According to reports, the U.S. Section of the Board had some reservations about the desirability of setting up a high level committee such as that contemplated. From the Canadian point of view, it was questionable whether liaison should be established through the medium of the Industrial Defence Board, whose functions were purely advisory.

An explanatory note had been circulated.

(The Secretary's memorandum, 26th July, 1948 — Cabinet Document D183)†

6. *The Secretary to the Cabinet* suggested that a decision on this matter might be deferred pending the outcome of current planning in the economic defence field. This, it would be recalled, was proceeding under the guidance of Dr. W.A. Mackin-

tosh, and a report could be expected in early September. This report, it was hoped, would lead to a more precise definition of responsibilities and functions as between the government departments and agencies concerned.

7. *The Committee*, after further discussion, agreed that, while it was desirable to have the maximum exchange of information and co-operation with the United States in industrial mobilization planning and for this purpose to develop appropriate joint arrangements, decision as to the nature of such joint arrangements be deferred pending consideration by the Committee of preliminary plans for economic defence planning generally and decision upon allocation of responsibilities in this field to departments and agencies of the Canadian government; Canadian representatives on the Permanent Joint Board on Defence to be instructed to indicate the government's attitude in this sense.

...

982.

DEA/50014-40

*Le secrétaire du Cabinet
au ministre de la Défense nationale*

*Secretary to Cabinet
to Minister of National Defence*

PERSONAL AND CONFIDENTIAL

Ottawa, September 13, 1948

Dear Mr. Claxton:

RE INDUSTRIAL DEFENCE BOARD; FUNCTIONS

The Executive Committee of the Industrial Defence Board are submitting to Cabinet Defence Committee, tomorrow proposals for:

- (a) "Organization and Industrial Preparedness Planning; and
- (b) "A Joint Canadian-U.S. Committee on Industrial Mobilization."

In this connection there has been circulated a memorandum setting out their proposals in some detail.

The "Organization" proposed by the officers of the Board (as will be seen from the chart attached thereto)† is elaborate and, superficially at least, complicated. The submission in support of it gives no clear indication of how the Board would be fitted into the ordinary machinery of government. There is no mention of the planning being done by other agencies of government in the economic field. There is confusion between executive and advisory functions.

It seems to me that it would be a mistake for the Cabinet Defence Committee to approve this plan at this stage — whatever the merits of the plan may be. Economic emergency planning in other sectors is proceeding in connection with the preparation of the government War Book and these plans are being brought together later this month at a meeting with Dr. Mackintosh. Arrangements for industrial mobilization planning should be coordinated with this work.

It seems to me that there is confusion as to the functions of the Industrial Defence Board and that a clear understanding of the nature of the Board is essential to its effective operation. I suggest that its primary functions are four-fold:

(1) *Statistical*

Surely the Board's first duty is to compile detailed statements of the war requirements of our own Services and relate these to existing and potential industrial capacity. This is a large job in itself, requiring competent and adequate staff and authority to obtain information from all departments of government and from industry.

(2) *Planning*

On the basis of the statistical data obtained and analyzed by the Board, plans will have to be made in co-operation with industrialists with a view to having the industrial mechanism prepared to undertake the production which will be demanded upon an emergency. This again is a large undertaking but it requires no "executive authority".

(3) *Information*

The Board should be the government's contact with industry and on the basis of the statistics compiled and the plans made it should be their duty to keep industry informed of the nation's emergency requirements, the methods and so on by which these requirements can best be met and the sources from which materials, etc., can be drawn.

(4) *Advice*

Finally, the Board is essentially advisory and not executive — no matter what it is called. It cannot be otherwise unless Parliament clothes it with executive powers. Here again there is a wide field which it can till. It can advise the government upon preparatory measures in relation to industrial mobilization. It can advise industry, on the other hand, as to the nature of the facilities which they should try to have on hand against an emergency. The Board can take the initiative in advising and it can act upon specific references from the government.

Altogether, there is quite enough for a very active and able organization to do along the lines indicated above, without their having to take in the whole field of the nation's economy.

If the Board is to operate effectively it must recognize these realities and in the second place it must devise a continuing link with the government which can prevent it getting out of step with other agencies who are engaged in planning and preparations.

I would suggest that action by the Cabinet Defence Committee upon the Board's proposals be deferred, that the Board's primary tasks be emphasized somewhat as indicated above and that the Board's secretariat be integrated with the Defence section of the Cabinet Secretariat at once so that the Board's work may fit in with what is being done in production of the government War Book.

Yours sincerely,

A.D.P. HEENEY

983.

DEA/302 (S)

*Résumé du procès-verbal de la réunion
du Comité de la défense du Cabinet*

*Summary of Minutes of Meeting
of Cabinet Defence Committee*

TOP SECRET

[Ottawa], September 14, 1948

INDUSTRIAL ORGANIZATION FOR DEFENCE

At a meeting of the Cabinet Defence Committee on September 14, the Minister of National Defence reported that, under the Order-in-Council by which it was set up, the Industrial Defence Board had been formed and had held its inaugural meeting on 5th May, 1948. Subsequently the Executive Committee had met on 15th July and had carried plans for organization a stage further. The Executive Committee had also visited Washington and had established liaison with U.S. agencies in this field.

The Board had now put forward proposals for its organization.⁴⁴

Insofar as the Department of National Defence was concerned, the fundamental importance of industry and industrial organization in any plans for war mobilization was fully appreciated. This importance had, of course, also been recognized by the government in the formation of the Board. The Services were presently preparing schedules of deficiencies against supply and equipment requirements for the first year of a possible war. These requirements were based on the needs of the forces which it was thought could be organized during that period. At present large stocks of equipment were held in certain items and the Services were deficient in others. It was hoped that the Industrial Defence Board would review the schedules of requirements and advise the government on such matters as the feasibility of producing these materials in Canada, the capital equipment which would be needed for this production, the materials which would need to be stock-piled in advance and the special skills and manpower required for the purpose.

It was hoped that the Armed Forces could soon give some indication of the equipment requirements of other countries.

The Chairman, Industrial Defence Board, explained the proposals submitted by the Board, stressing the importance to the country of plans for industrial organization and citing the recognition which had been given to this importance in other countries, such as the United States. If the country generally were kept informed of the facts, there would be no lack of widespread and enthusiastic support for any sound programme in the national interests, including adequate plans for industrial mobilization.

⁴⁴ PCO/vol. 60: Commission sur la défense industrielle, 'Note du 14 septembre pour le Comité de la défense du Cabinet relative à la préparation de la mobilisation industrielle.'

PCO/Vol. 60: Industrial Defence Board, 'Memorandum for the Cabinet Defence Committee on Industrial Mobilization Planning,' September 14.

The Board was convinced that the task was of such a magnitude that it could not be handled on a purely voluntary basis. A permanent staff was therefore proposed, to be under the executive direction of the Board. In addition, there would be industrial preparedness committees working on a voluntary basis, many of which had already been formed, under the auspices of the Canadian Ordnance Association. These committees represented specialized groups of industries in various fields, and additional committees would be formed as the need arose.

It was essential that there be a single industrial mobilization planning agency and that this have necessary executive powers beyond purely advisory functions in order that the planning might be successfully carried out. The establishment of overlapping and conflicting agencies should be avoided.

The basis of any industrial mobilization plan must be to meet the requirements of the Armed Forces and essential civilian needs, together with the requirements of our Allies. It was proposed therefore that the Board, through liaison with the United Kingdom and the U.S.A., assist in estimating possible requirements from these sources. Accordingly it was recommended that a joint U.S.-Canadian Industrial Mobilization Committee be formed. It was understood that U.S. approval had already been obtained for this joint committee and that Canadian approval only was now required.

In conjunction with its planning, the Board was giving careful consideration to the stock-piling of certain strategic materials. Plans in this respect were now being discussed with industry. Recognised critical materials included manganese, chrome, tin, antimony, quartz crystal and rubber. Eventually specific recommendations would be put forward.

It was estimated that \$100,000.00 would be required to cover the Board's operating expenses up to the end of the present fiscal year.

In view of the importance of labour in any programme of industrial preparedness, it was proposed that the Deputy Minister of Labour be made a member of the Board. As and when still broader representation was required, this would be recommended.

Mr. Notman dealt in some detail with the proposed organization of the Board and of the industrial preparedness committees. He had recently had the opportunity of studying the economic and fiscal sections of the preliminary draft of the Government War Book. This was helpful in attempting to establish the place of the Industrial Defence Board in the overall government war plan.

In this connection the organization and responsibilities of the relevant government departments were of great importance. In the past war, the Department of Munitions and Supply had operated very successfully and presumably the organization of a similar department would be required in any future war. However, in the early stages of its operation in the past war, the Department of Munitions and Supply had been hampered and delayed by the lack of any prepared plan or statement of requirements. This could be avoided in future by the preparation of detailed industrial mobilization plans by the Industrial Defence Board. If this concept were correct, the allocation of certain responsibilities in the draft War Book would seem to require re-examination. In his view, the Industrial Defence Board would do the

necessary industrial planning required in peacetime, but implementation in the event of an emergency would be the responsibility of a Department of Munitions and Supply. In this event, many of the key personnel for a wartime Department could be found from the organization of the Industrial Defence Board, including the industrial preparedness committees.

The permanent staff proposed was required to collect and co-ordinate for the Board all the necessary information, both from the various departments and agencies of government and from the specialized groups of industries represented in the industrial preparedness committees. This staff would provide continuing liaison with all agencies concerned. A co-ordinator would be appointed in each major field of activity.

The Secretary to the Cabinet pointed out that the Government War Book was still in the preliminary draft stage and would not be ready for submission to the Committee for some time. Nevertheless primary responsibility for the production of plans to meet an emergency had been accepted in the different fields by various agencies and departments of government. These included subjects related directly to industrial planning and involved all phases of economic mobilization. The draft sections dealing with economic and fiscal measures had been sent to Mr. Carmichael and Mr. Notman so that they might be aware of what was being done.

The method followed in preparing the War Book had been to assign primary planning responsibility to the department or agency having the largest interest; it in turn was expected to consult with other departments and agencies having related responsibilities so that a co-ordinated result could be achieved.

The War Book had been prepared on an interim emergency basis and departmental planning responsibilities were in general assigned as in the last war. Dr. Mackintosh was advising the Minister on the economic side with the object of co-ordinating the work done in different quarters. The officers of the Industrial Defence Board would undoubtedly find that the discussions upon revision of the economic sections of the War Book would be of direct interest to them. Mr. Claxton and Dr. Mackintosh were to meet shortly with senior officials having responsibilities for economic planning and it was hoped Mr. Carmichael and Mr. Notman could attend this meeting. These draft sections of the War Book would then be reviewed in some detail and there would be opportunity for fitting in with the overall plan the work of the Board in planning industrial preparedness. It was important that all planning in the economic field be co-ordinated continuously so that overlapping could be avoided and maximum efficiency achieved.

Mr. Claxton observed that the War Book was primarily designed to outline the measures which the government would need to take in time of an emergency of war. It was not intended to provide the detailed machinery for wartime government organization.

Insofar as the joint Canada-U.S. Industrial Mobilization Committee was concerned, his information was that this matter had been considered in the United States only by the U.S. Section of the Canada-U.S. Permanent Joint Board on Defence and that no U.S. approval had been given. In fact, it was not known what

the U.S. view was, and he had written Mr. Forrestal to ask his opinion on the way in which the matter should be handled.

The Minister of Trade and Commerce observed that industrial mobilization planning along the lines indicated by the Chairman of the Industrial Defence Board would be an important step in preparedness for war. However any planning for increased industrial production would be meaningless unless provision were made initially for an increase in pig iron and steel production. At the present time there was insufficient steel for all civilian needs; these demands and added defence requirements could certainly not be met within capacity. If the government were to decide that additional equipment was required by the Armed Services, corresponding reductions would have to be made in supplies produced for civilian purposes. The scope of the Industrial Defence Board's proposals might be somewhat more extensive than necessary at present. However, undoubtedly, the preparation of advance plans for wartime industrial mobilization would be useful and should be proceeded with.

The Minister of Finance queried the use of the word "executive" in connection with the authority of the Board. It must be understood that executive powers could be exercised only by the government and through the Ministers of the Crown. Insofar as the funds required for the current year's operations were concerned, this amount seemed reasonable in relation to overall expenditures for defence and having regard for the importance of industrial mobilization planning.

Mr. Carmichael pointed out that any necessity for increased steel production would undoubtedly emerge from the Board's plans. It would then be for the government to decide what should be done.

Insofar as the expression "executive" was concerned, what was intended was that the Board be given sufficient authority to carry out its planning function. This meant, for instance, that it must be able to go to other government departments and agencies and obtain from them the information essential to the preparation of plans. It was not intended that the Board should be executive in the sense of having authority to implement its plans. Any implementation would be a matter for a regular department of government such as the wartime Department of Munitions and Supply.

Mr. Claxton suggested that, when the schedule of Service requirements was passed to the Industrial Defence Board through the Canadian Commercial Corporation, it might be useful to have Service Officers concerned with various aspects of the requirements available for discussion as to possible substitutions, etc.

The Acting Prime Minister expressed the appreciation of the Committee and of the government for the time and energy which had been and was being expended by Mr. Carmichael, Mr. Notman and their associates in the Industrial Defence Board and the Canadian Ordnance Association. The government was impressed and gratified by the widespread response of industry.

The Committee, after further discussion:

(a) noted the recommendations submitted by the executive of the Industrial Defence Board; and

(b) agreed:

- (i) that industrial mobilization planning proceed along the general lines indicated in the memorandum submitted and in close co-ordination with the emergency planning in the economic field being done by other government departments and agencies;
- (ii) that submission be made to the Treasury Board for the necessary funds for the Industrial Defence Board's requirements for the current fiscal year;
- (iii) to recommend to the Cabinet the addition to the Board of the Deputy Minister of Labour;

(c) noted that officers of Industrial Defence Board would discuss with officials concerned the detailed relationship of the Board and other departments and agencies in the preparation of emergency plans in the economic and industrial field; and

(d) deferred decision as to the formation of the Joint Canada-U.S. Industrial Mobilization Committee pending further advice as to U.S. views.

984.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], November 24, 1948

CANADA—U.S. INDUSTRIAL DEFENCE COOPERATION

12. *The Minister of Trade and Commerce* reported upon his recent visit to Washington where he had discussed with the U.S. Secretary of Defence and others problems of industrial defence co-operation, particularly in relation to the manufacture of military aircraft and other equipment.

The requirements of the Canadian forces, in particular the R.C.A.F., had been explained and the potentialities of Canadian industry described. Generally speaking, U.S. authorities had shown a willingness to cooperate in this field. Negotiations would now be carried on with U.S. aircraft manufacturers concerning manufacture in Canada of U.S. types for the R.C.A.F. and possibly for the U.S.A.F.

13. *Mr. Howe* said that, with respect to the proposed Canada-U.S. Joint Committee on Industrial Mobilization Planning, it was felt that this should be related more directly to the government than had been contemplated when the Cabinet Defence Committee had considered the proposal.

This result would be accomplished at once by appointing government representatives on the Joint Committee and on all of its sub-committees. Mr. Forrestal had agreed to this and officers of the Industrial Defence Board were also satisfied. For the present, it was proposed that the Deputy Minister of Trade and Commerce, with possibly two officers of the Industrial Defence Board, would constitute the Canadian side of the Joint Committee. Appropriate government representatives would

also be named to the sub-committees on specific items. The sub-committees would get to work immediately.

14. *Mr. Howe* added that the possibility of further U.S. military orders in Canada was being explored. The U.S. government's attitude was sympathetic but it would take time before any substantial volume could be expected.⁴⁵

15. *The Cabinet*, after discussion, noted with approval the Minister's report and approved constitution of a Canada-U.S. Joint Committee on Industrial Mobilization Planning with membership as proposed by Mr. Howe.

...

985.

DEA/50006-40

*Note du secrétaire du Comité de la défense du Cabinet
pour le Comité de la défense du Cabinet*

*Memorandum from Secretary, Cabinet Defence Committee
to Cabinet Defence Committee*

SECRET

Ottawa, December 8, 1948

CANADA—U.S. CO-OPERATION IN INDUSTRIAL MOBILIZATION

The establishment of liaison with the U.S. government in the planning of industrial mobilization has been the subject of recent consideration by both Cabinet Defence Committee and Cabinet.

2. On October 8th, the formation of a joint committee for this purpose was approved in principle by Cabinet Defence Committee, on the understanding that the terms of reference, composition, etc. would be subject to further consideration.

3. The Minister of Trade and Commerce took the opportunity on his recent visit to Washington to review with U.S. authorities the proposals which had been put forward, and on November 24th he reported to the Cabinet that, in his view, the Joint Committee should be related more closely to the government than had originally been contemplated. This, he said could be accomplished by making provision for government representation on the main committee and on any sub-committees which were formed. It was agreed by Cabinet that the Deputy Minister of Trade and Commerce should be added to the membership of the main committee. (The original proposal had been that this committee be composed of the Chairmen of the Canadian Industrial Defence Board and the U.S. National Security Resources Board and Munitions Board). The Minister also reported that he had made prelimi-

⁴⁵ Lors d'une réunion du Comité du CDC le 14 décembre, Howe rapporta également qu'il

At a meeting of CDC on December 14, Howe also reported that he had gained the impression that the United States might be interested in purchasing the all-weather jet fighter aircraft now under development in Canada, if and when it was available, and of purchasing any U.S. types manufactured in Canada if satisfactory arrangements were completed to this end.

PCO/vol. 244: Compte-rendu du Comité de la défense du Cabinet, le 14 décembre, paragraphe 8.†
PCO/Vol. 244: Cabinet Defence Committee, Minutes, December 14, paragraph 8.†

nary arrangements for informal meetings of sub-committees or working groups (organized by industry) to be held early in the new year, pending conclusion of an agreement between the two governments as to the formal establishment of the Joint Committee.

4. The Canadian Ambassador in Washington recently received a communication from the U.S. State Department containing proposals which are modified somewhat from the original, and he has indicated that in their present form they are acceptable to the various agencies of the U.S. government concerned with this matter. These proposals are as follows:

(1) That the proximity and mutual objectives of Canada and the United States, and the complementary characteristics of their resources — human, natural, and industrial — clearly indicate the advantages of coordination and the exchange of information in connection with industrial mobilization.

(2) That the present existence in Canada of the Industrial Defence Board, and in the United States of the National Security Resources Board and the Munitions Board, suggests the use of those presently constituted Boards for the co-ordination of United States-Canadian industrial mobilization planning.

(3) Be it therefore agreed, by the United States and Canadian Governments:

(a) That the two governments will exchange information with a view to the coordination of their activities in connection with industrial mobilization planning;

(b) that for this purpose, the following United States Canadian Committees are hereby constituted:

(i) A *Joint United States-Canadian Industrial Mobilization Committee* consisting of the Chairman of the Canadian Industrial Defence Board, the Chairman of the National Security Resources Board, and the Chairman of the Munitions Board;

(ii) A *Steering Committee* of the Joint United States-Canadian Industrial Mobilization Committee, consisting of appropriate planning representatives from the United States and Canadian member boards, to direct and review for the principal committee the specific activities of such *Ad-hoc Working Groups*, to be appointed by the Steering Committee, as may be required in the exchange of information and coordination of activities in connection with industrial mobilization planning.

(c) That the above Principal Committee and its Steering Committee be considered as permanent committees;

(d) That the Principal Committee meet at least semi-annually and that the Steering Committee and Ad-hoc Working Groups meet as often as may be necessary in the performance of their duties;

(e) That the Principal Committee be responsible for appropriate coordination with the Joint Canadian-United States Defence Board.

5. In asking the Canadian government to consider the foregoing proposals, the U.S. State Department raised the question as to the most appropriate way of con-

firming the arrangement. In their view this might be done informally by an exchange of letters or in a more formal fashion by diplomatic notes. Which of these courses is adopted depends to some extent on the Canadian government's view regarding the publicity which should be given to the arrangements. On this question, the U.S. government agencies concerned see no objection to the issuance of a press release at the proper time announcing the Committee's establishment and defining its terms of reference. If the Canadian government hold the same view, an exchange of notes would seem feasible. If, on the other hand, the desire is to avoid publicity, a suitable working basis could be provided by an informal exchange of letters. Either of these procedures would be acceptable to the U.S. government.

6. In the light of recent discussions on this subject in Cabinet and Cabinet Defence Committee, it would appear that the U.S. proposals are acceptable, subject to the following modifications:

(a) that the Deputy Minister of Trade and Commerce be added to the membership of the Joint U.S.-Canadian Industrial Mobilization Committee, and that para. (2) of the U.S. proposal be deleted and para. (3)(b)(i) be amended accordingly;

(b) that a representative of the Department of Trade and Commerce be added to the membership of the Steering Committee, and that the relevant section of the U.S. proposal be amended to read: "A Steering Committee of the Joint U.S.-Canadian Industrial Mobilization Committee consisting of appropriate planning representatives from the U.S. and Canadian agencies represented thereon to direct and review"

(c) that the Canadian government be represented directly on any Ad-hoc Working Groups which are set up by the Steering Committee.

7. It is understood that if liaison is established along the lines indicated, the Canadian representatives on the principal committee will be instructed to keep the Canadian Ambassador in Washington and the Department of External Affairs fully informed of the committee's proceedings. It is understood, too, that any Canadian staff employed for Joint Committee purposes in Washington would be brought into close relationship with the Canadian Embassy there. (Mr. Wrong, in forwarding the proposals of the U.S. State Department, has drawn attention to the importance he attaches to tying closely the planning of industrial mobilization with the day-to-day activities of the regular departments of government.)

8. This matter is referred to the Cabinet Defence Committee for decision as to how the Canadian Ambassador in Washington should reply to the proposals made by the U.S. State Department.⁴⁶

E.W.T. GILL

⁴⁶ À sa réunion du 14 décembre, le CDC réaffirma son accord de principe pour constituer des comités mixtes sur la planification de la mobilisation industrielle; référa les mandats de tels comités pour approbation à Pearson et Howe; et fut d'accord que la meilleure façon de mettre en place ces arrangements serait de procéder à un échange de notes avec publicité adéquate. (voir extrait: DEA/50006-40)

At its meeting of December 14, CDC reaffirmed their approval in principle of joint committees for industrial mobilization planning; referred the terms of reference of such committees for approval to Pearson and Howe; and agreed that an exchange of notes, with appropriate publicity, would be the most satisfactory way to conclude such arrangements. (See extract on DEA/50006-40)

986.

PCO/Vol. 82

*Note du secrétaire de la section canadienne
de la Commission permanente canado-américaine de défense*

*Memorandum by Secretary, Canadian Section,
Permanent Joint Board on Defence*

SECRET

Ottawa, December 10, 1948

PROCUREMENT IN THE UNITED STATES BY THE
CANADIAN ARMED FORCES

At its meeting on June 3-4, 1948, the Board recorded its "unanimous and strong conviction that the difficulties preventing Canada from procuring weapons, munitions and material from the United States constitute the greatest single obstacle obstructing satisfactory progress in the implementation of U.S.-Canada defence arrangements." The Board, therefore, "recommended that no effort should be spared to ensure, with the minimum delay, that the barriers to the procurement by the Canadian Services of weapons, munitions and materiel from the United States are removed."

2. At its meeting on August 19-20, the Board recalled this recommendation, reiterated the unanimous conviction that had led to its being made and decided that its members should study the problem further with a view to considering, at its next meeting, the formulation of a recommendation to the United States Government urging the early enactment of the necessary legislation. To this end the Canadian Section agreed to prepare a statement setting forth the reasons why it is imperative that the Canadian Government should be enabled to procure weapons, munitions and materiel from the United States Government and the reasons why it is impracticable, in this matter, to deal directly with manufacturers in the United States.

3. In accordance with this undertaking, a statement of the Canadian position is given in paragraphs 4 to 10 below.

4. From the time of the recent war, up to the signing of U.S. Public Law 462 on 30th June, 1948, the Armed Forces of Canada were able to procure military equipment from the U.S. Services whenever the latter declared such equipment surplus to their requirements. With the passing of the above Law, however, this source of supply has been cut off.

5. At the present time United States legislation prevents the procurement by Canada of any military equipment from the United States except by direct negotiation with commercial firms — and then only for ordinary stores.

6. On the one hand, very considerable progress has been made by the United States and Canada in the planning of measures for full co-operation in the defence of North America. These arrangements envisage the need for our respective Armed Forces to work closely together and to have maximum interchangeability in employment and equipment.

7. On the other hand, the inability of Canada to procure military equipment of types used by the U.S. Armed Forces is the greatest single obstacle to satisfactory

implementation of our joint plans. Standardization of equipment is being hampered and the vital need for the Canadian Armed Forces to become familiar with, and trained in, the use of U.S.-type equipment is not being met. Also, the maintenance of certain important equipments obtained by Canada from the United States immediately after the war is now becoming impossible because spares can no longer be purchased. These various difficulties are having an adverse effect on the efficiency and development of the Canadian Armed Forces and are creating some doubt as to the practicability of carrying our mutual defence arrangements into effect in peacetime.

8. There is no similar Canadian restriction preventing the United States Armed Forces from obtaining military equipment from Canada. It is realized that our contribution in this regard is at present not as important to the U.S. Armed Forces although, since the war, there have been several instances of Canadian equipment being provided to the U.S. Armed Forces without difficulty.

9. In some instances the United States is the only available source of supply for certain specialized Service equipment. Where this is the case, purchase through U.S. Government sources is necessary for the following reasons:

(a) Where the equipment is manufactured in arsenals or workshops of the U.S. Services, the U.S. Government is the only possible channel of supply.

(b) It would frequently be impossible for Canadian requirements to be met by direct purchase from the U.S. manufacturer until the full requirements of the U.S. Services had been met. This would seriously affect any standardization of training or operations considered necessary by the PJBD.

(c) In the case of direct purchase from the manufacturer, the latest modifications required by the U.S. Armed Forces would not necessarily be known to the Canadian authorities or applied to Canadian orders. As a result, Canada might frequently obtain equipment that is already obsolescent or below the standards used by the U.S. Services. This, again, would seriously affect the program of standardization.

(d) There is the added possibility that, in view of later developments, a manufacturer might cease production of equipment or parts on short notice. Under direct purchase, there might be a considerable time-lag before the new production would be available for the Canadian Forces.

Purchase through U.S. Government sources would have the following additional advantages:

(a) Integration of Canadian requirements with those of the U.S. under one contract would result in somewhat larger orders being placed. The unit cost might be accordingly reduced in some cases to mutual advantage.

(b) Inspection would be carried out by U.S. Government inspectors, ensuring an equal standard.

(c) Modifications would be automatically applied to all equipment, again ensuring a standard and interchangeable product.

10. Thus, if the United States proposes to change its legislation to enable Canada to procure military equipment in that country, it is very important that the main procurement channel be through the U.S. Department of Defence rather than direct

to industry. Otherwise, much unnecessary duplication of effort as well as confusion, and even interference with U.S. Armed Forces procurement, might occur.⁴⁷

SECTION E
VOIES DE COMMUNICATION
CHANNELS OF COMMUNICATION

987.

DEA/5475-AR-1-40

Note
Memorandum

CONFIDENTIAL

Ottawa, April 1, 1948

POLICY WITH RESPECT TO PUBLICITY ON CANADA—UNITED STATES
DEFENCE ARRANGEMENTS

(*Note:* As the Department of Reconstruction & Supply is at present responsible for the Arctic Weather Station Programme, the references in this memorandum to the Department of Transport should be construed as applying to the first-mentioned Department until further notice.)

The following policy for handling publicity on plans, training and operations jointly conducted by Canada and the United States, or conducted by either country in the territory of the other, has been approved by the Minister of National Defence, the Minister of Transport and the Secretary of State for External Affairs, and is in line with a directive which was issued in the United States, on November 28th, 1947, by the Secretary of Defence and the Secretary of State.

Directive

1. As undue secrecy has led in the past to highly speculative and sensational stories in the press which have been embarrassing to the two Governments and harmful to the defence programme, it is considered a fundamental principle that Canada-United States defence arrangements should always be publicized in so far as the requirements of Government policy, military security and the international political situation permit. Moreover, secrecy is counter to the traditions of the

⁴⁷ À sa réunion des 16 et 17 décembre, la CPCAD examina ce rapport et fit les recommandations suivantes :

At its meeting of December 16-17, the PJBD considered this report and made the following recommendations:

That long-term arrangements be effected which will:

(1) Permit the military services of Canada to purchase military supplies, arms, equipment and weapons of war direct from or through the U.S. Armed Services at cost price if the item is new and at an agreed depreciated value if used.

(2) Provide that funds in payment of such supplies, arms, equipment of weapons of war so purchased revert to the appropriations of the U.S. Services concerned.

(Voir copie du journal de la CPCAD dans les archives de C.D. Howe, volume 54)

(See copy of PJBD Journal in Howe Papers, Volume 54)

United States and of Canada and the desired objective is to reach the position where the press and public alike recognize that joint undertakings in Canada, and particularly in northern Canada, are normal and sensible developments.

2. Each project must therefore be examined on its own merits in so far as press publicity is concerned, and a brief statement of a factual nature will be issued at an early stage in the development of each project to the extent that military security, the international political situation and Government policy permit. Every opportunity will be taken to emphasize to the press the importance of their quoting releases verbatim rather than publishing stories based on these statements.

3. The primary responsibility for such public announcements rests with the country whose territory is utilized in connection with the projects in question. Such announcements must always have the approval of the United States Government, as well as that of the Canadian authorities referred to in paragraphs 4 and 5 below.

4. To implement the foregoing policy and procedure, the Departments of National Defence and External Affairs will work closely together in matters concerning the defence projects and exercises of the two countries. Except as provided in paragraph 5 below, the Department of National Defence is responsible for drafting press releases and its drafts will be submitted to the Department of External Affairs through the Public Relations Staffs of the two Departments. If the Department of External Affairs is satisfied that a release should be issued in connection with a project, and agrees with the terms of the relevant draft statement, the latter will be passed by the Canadian Embassy in Washington to the Department of State through the Secretary of the United States Section of the Permanent Joint Board on Defence. The appropriate United States authorities will then come to a decision both on the policy involved and the text of the statement. When a final text is agreed upon by both Governments, the release will be issued in Canada by the Minister of National Defence or the Secretary of State for External Affairs, as may be desired.

5. As the Department of Transport bears the principal responsibility for the Arctic Weather Station Programme, it will prepare and issue the press releases relating to that programme. The Department of Transport will, of course, issue them only after clearances have been obtained from the Departments of National Defence and External Affairs and after the latter Department has obtained the approval of the United States authorities.

6. Whenever publicity is contemplated in connection with Canada-United States defence projects in the Northwest Territories or the Yukon, the Department of Mines and Resources will be kept advised, by the drafting Department, of the nature of the statements under preparation.

7. Any other publicity matters concerning Canada-United States defence arrangements (e.g. visits of newspaper men to the Far North, the furnishing of "background" information to the press, etc.) will also be handled in accordance with the procedure outlined in paragraphs 4 to 6 above. This procedure will, of course, not be followed when there is only a question of giving the press or other enquirers details already officially released by the competent Canadian or United States authorities.

8. The only personnel of the Departments of National Defence, Transport and External Affairs who, without special authority from their respective Minister or Deputy Minister, as the case may be, may deal directly with the representatives of the press in connection with any matters of publicity relating to Canada-United States defence arrangements, are the Public Relations Staffs of those Departments.

9. Up to the present time, the releases and statements made by the Canadian and United States authorities on Canada-United States defence matters have, for security reasons, contained a minimum of detail. At the same time, extensive and accurate reports on these joint developments have appeared in the Canadian and foreign press from time to time. A wide range of details have thus been made public without either Government acknowledging their accuracy. In the circumstances, and in order to avoid all possible confusion, the procedure outlined in paragraphs 4 and 5 above, for obtaining approval for the release of information, must be followed with respect to all details of defence projects that it may be desired to release in any manner but which have not already been made public in *official* releases or statements of the competent Canadian and United States authorities. Arrangements will be made with the Canadian Embassy in Washington to ensure that, as in the past, the Canadian and United States authorities receive the texts of official releases and statements made in the United States and Canada.

10. The foregoing paragraphs look, primarily, to the preparation and ultimate issue of unilateral releases or statements by the Canadian authorities mentioned. Steps will be taken to ensure that, in cases where it is desirable for the Canadian and United States authorities to issue simultaneous releases or statements on the matters referred to, the publicity will be issued in both countries at *exactly the same hour* on all such occasions. In each instance of this kind the Department of External Affairs will work out with the appropriate United States authorities the arrangements necessary to ensure appropriate timing of simultaneous releases.

11. Whenever the United States authorities submit proposed publicity on Canada-United States defence activities to the Department of External Affairs for the consideration of the competent authorities in Ottawa, the Department of External Affairs will transmit the proposed publicity to the Department of National Defence for approval. The United States authorities will be advised that their draft statements are acceptable only after they have been approved by the Departments of National Defence and External Affairs. If, however, the proposed United States publicity relates to the Arctic Weather Station Programme, the Department of External Affairs will submit the draft statements to the Department of Transport (in addition to the Department of National Defence) for approval. The Department of External Affairs will also be responsible for keeping the Department of Mines and Resources informed of the character of proposed United States publicity on Canada-United States defence activities in the Northwest Territories and the Yukon.

988.

W.L.M.K./J4/Vol. 318

*Appendice 3 du journal de la Commission permanente canado-américaine de
défense*

Appendix 3, Journal of Permanent Joint Board on Defence

CONFIDENTIAL

[Ottawa], June 3-4, 1948

RECOMMENDED RULES CONCERNING CHANNELS OF COMMUNICATIONS BETWEEN
THE U.S. AND CANADIAN GOVERNMENTS IN CONNECTION
WITH DEFENCE MATTERS⁴⁸

The subject matter of the communication determines the channels.

2. If the subject matter relates primarily to the detailed administrative or technical implementation of plans or policies previously agreed upon, or exploratory discussions, the service-to-service channel may be utilized. In this case, however, interested officers in other agencies should be informed.

3. The Department of External Affairs-State Department channel should be used whenever the subject matter involves:

- (a) The determination of government policy;
- (b) Proposed *U.S.* projects or exercises in Canada or the extension or modification to a significant degree of such projects or exercises already authorized;
- (c) Proposed *Canadian-United States* projects or exercises or extension or modification to a significant degree of such projects or exercises already authorized;
- (d) International or third-country aspects;
- (e) The United Nations;
- (f) Public relations as prescribed by the publicity directives in effect in both countries;
- (g) Clearance with other agencies and especially other civilian agencies;
- (h) Notification to other interested officers or agencies.

⁴⁸ Ce texte fut approuvé par la CPCAD à sa réunion des 3 et 4 juin et par le CDC au nom du gouvernement à sa réunion du 29 juillet.

This text was agreed upon by PJBD at its meeting of June 3-4 and approved by CDC on behalf of the government at its meeting of July 29.

SECTION F

UTILISATION AU CANADA PAR LES ÉTATS-UNIS DE MILITAIRES
DE RACE NOIRE
USE OF BLACK TROOPS BY UNITED STATES IN CANADA

989.

DEA/11681-40

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

SECRET

Ottawa, April 30, 1948

As you know, Cabinet Defence Committee has authorized the U.S. authorities to perform the necessary maintenance work at certain eastern airfields and weather stations that they are still using temporarily.

2. Recently, a request was received from the U.S. authorities for permission to use negro Engineer troops temporarily for this work, during the period May 1-October 1, 1948, since it is not expected that white troops will be available.

3. The localities and numbers involved are as follows:

	<i>Officers</i>	<i>Enlisted Men</i>
River Clyde, Baffin I., N.W.T.	2	35
Frobisher Bay, Baffin I., N.W.T.	6	146
Fort Chimo, in the extreme north of Quebec	6	146
Mingan, P.Q., on the St. Lawrence opposite Anticosti I.	3	100

4. The N.W.T. Administration, who are interested in the Eskimos at the first three of these stations, are agreeable to the proposal provided we request the U.S. Government to ensure that the personnel selected have no contagious diseases and that they have adequate medical supervision. The Directorate of the Department of National Health and Welfare concerned with the health of Eskimos have also been consulted. They are agreeable if the troops concerned are medically examined before they are sent to these posts and if they are periodically inspected afterwards.

5. Mr. Claxton, to whom the request has also been referred, has approved it except as regards Mingan. I assume that he feels that there might be criticism if negro troops were introduced to the lower St. Lawrence.

6. In view of the fact that it is desired to send the necessary personnel to the locations mentioned in the very near future, the U.S. authorities are anxious to have a decision as soon as possible. I should be grateful if you would let me know whether you are in agreement with Mr. Claxton that we may inform the U.S. Government that their proposal is authorized as far as River Clyde, Frobisher Bay, and Chimo are concerned but not as regards Mingan. If you approve this proposal, we will, of course, inform the U.S. authorities of the medical requirements referred to above. My own view is that the request *not* to use coloured troops at Mingan should also extend to Chimo, as both these places are in the province of Quebec, where the presence of U.S. coloured troops in peace-time might be misunderstood

and misrepresented.⁴⁹ The danger would not apply to posts in the Northwest Territories, which is under Federal jurisdiction.

7. Attached is a map† showing the stations in question.⁵⁰

L.B. P[EARSON]

990.

DEA/11681-40

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs
to Ambassador in United States*

TELEGRAM EX-1206

Ottawa, May 4, 1948

SECRET. IMPORTANT.

Please transmit, at your earliest convenience, following message to [A.R.] Foster of the State Department from Johnson, Begins: I should like to refer to your letter of March 31† and my acknowledgment of April 5,† regarding the possibility of posting coloured U.S. Engineer troops at Frobisher Bay and River Clyde, N.W.T., and at Fort Chimo and Mingan, P.Q., during the period May 1 to October 1, 1948.

This proposal has now been considered by the appropriate Canadian authorities and I am authorized to inform you that there will be no objection to it, in so far as it relates to Frobisher Bay and River Clyde, provided the troops in question are found to be free of contagious diseases before embarking for the latter stations and are examined periodically during their stay in the north.

I regret that the proposal is not acceptable in so far as Fort Chimo and Mingan are concerned as it is felt the posting of U.S. coloured troops to those stations in peacetime might be misunderstood in the Province of Quebec. Ends.

2. It should be explained to Foster orally that our conditions regarding medical examinations are dictated by the fact that the native population in the north is very susceptible to white men's diseases and the incidence of venereal disease in the Mackenzie District, N.W.T., following the assignment of coloured troops to the Canol project, was very discouraging.

⁴⁹ Note marginale :/Marginal note:

I agree. St. L[aurant]

⁵⁰ Note marginale :/Marginal note:

I fully agree that the presence of coloured troops of U.S. in any part of Quebec would expose us to undesirable criticism especially in the light of present relations between us and the government of Quebec. St. L[aurant] 3-5-48

991.

DEA/703-K-40

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-1369

Washington, May 6, 1948

SECRET

Your EX-1206 of May 4th, employment of coloured troops in the Canadian North.

The Department of State has accepted a letter containing the message quoted in the first paragraph of your teletype under reference and is transmitting it to the appropriate Air Force authorities. In doing so, however, they raised with us the question of the desirability of avoiding confusion of channels of communications.

A most unhappy situation has arisen as a result of such confusion in this particular instance. We have been informed that A.V.M. Morphee⁵¹ about three weeks ago, after a meeting in Ottawa, telephoned direct to Colonel [C.H.] Deerwester of the Foreign Liaison Section in the United States Department of Defence to say that there would be no objection to the employment of coloured troops in Northern Canada except at Mingan, P.Q. On the basis of this conversation, the Air Force authorities went ahead with the proposal for the employment of coloured troops at Frobisher Bay, River Clyde and Fort Chimo. These plans had gone a long way towards completion by the time our letter to Foster containing your message reached the State Department. The State Department has suggested to us, and I am sure you will agree with the suggestion, that in future it would be well to ensure that communications on matters of policy should pass through civilian channels only and that any conversations between military officials in Ottawa and military officials in Washington should be confined to technical details designed to implement the policy decisions.

From our own point of view, we should much prefer that communications between yourself and Mr. Foster should be handled as was your message in EX-1206. We take this view for the reason that it greatly assists in keeping us informed of what is happening without infringing upon the freedom of the secretaries of the respective sections of the Permanent Joint Board on Defence to communicate one with another. It ensures that we shall automatically have a copy of all correspondence and thereby allows us, when we receive enquiries from the State Department, to lend assistance without the need for trying to brief ourselves before-hand especially for the occasion or, in the alternative, to work in the dark.

I should be grateful to learn whether you agree with the suggestions contained in this message that the armed forces should confine their conversations to non-policy matters and that, wherever possible, exchanges of correspondence in relation to

⁵¹ Représentant des Forces aériennes, section canadienne, CPCAD.
Air Member, Canadian Section, PJBD.

defence matters between secretaries of the respective sections of the P.J.B.D. should pass through this Embassy.

992.

CH/Vol. 2154

*Le ministre de la Défense nationale
à l'ambassadeur aux États-Unis*

*Minister of National Defence
to Ambassador in United States*

PERSONAL

Ottawa, May 13, 1948

Dear Hume [Wrong],

Dick Wright showed me your letter of 12th May.⁵² I appreciate what you say about the necessity for keeping to proper channels of communication. I doubt, however, that the difficulty here is in any way due to a failure in this regard.

What happened was that the Air Force asked me if I had any objection to the use of coloured engineers at the four places involved. I spoke to Mr. St. Laurent and he agreed with me that they certainly should not be put at Mingan. He saw no objection to the other places. I communicated this to the Air Force and they passed on the word to their opposite numbers at Washington.

Later, Mike spoke to Mr. St. Laurent about the possibility of Chimo being in the same category as Mingan. Mr. St. Laurent spoke to me and I told the Air Force to add Chimo to the restricted list.

Of course in the meantime they had acted on my first word.

You will appreciate that there are many matters of a routine character which should be cleared at the Service level. There are questions of movements of personnel, delivery of equipment and the like.

I assume that any operation involving considerable troop movements or construction operations in Canada should be cleared through External. Once, however, the operation is agreed to, is it necessary that details should be cleared in the same way? I should think that this was a border-line case.

Anyway it is only fair to say that the confusion was not due to the Service people on either side, but to the fact that upon reconsideration your Minister added Chimo to Mingan.

Perhaps I had better send Mike a copy of this so that when the matter comes up at the P.J.B.D. his people have a note of it.

...

Yours sincerely,

BROOKE CLAXTON

⁵² Comme l'explique le document suivant, Claxton a confondu une note pour Saint-Laurent de Pearson transmettant l'opinion de Wrong, avec une lettre de Wrong.

As the next document explains, Claxton confused a memorandum for St. Laurent from Pearson conveying Wrong's views, with a letter from Wrong.

993.

DEA/703-K-40

*Le sous-secrétaire d'État aux Affaires extérieures
au ministre de la Défense nationale*

*Under-Secretary of State for External Affairs
to Minister of National Defence*

Ottawa, May 24, 1948

Dear Mr. Claxton:

Thank you for your letter of May 13, enclosing a copy of your letter to Hume Wrong of the same date, on the general question of the channels of communication to be used in informing the United States Services of policy decisions arrived at in Ottawa with regard to joint defence matters.

Dick Wright will have explained to you that the paper sent to you on May 12 was a copy of my memorandum of May 8 to Mr. St. Laurent under cover of a note from Hume Wright of my office, rather than a letter from Wrong. We have told the latter that we were considering your letter to him as a reply to me. I am sorry that we did not make the situation clearer when my memorandum went forward to you on May 12.

I am grateful to you for clearing up the question of the United States negro troops who are going to the Northeastern stations. I had, of course, not known that Mr. St. Laurent had originally agreed with you that the United States request regarding these men should be accepted except in the case of Mingan, P.Q.

I think that, with a view to avoiding any complications, the State Department, who raised the points mentioned in my memorandum of May 8, would welcome it if we were now to reply to them that the following classes of United States requests for Canadian authorization or approval should come forward and be answered through civilian channels:

(a) Requests regarding proposed new *U.S.* defence projects and exercises in Canada, Labrador and Newfoundland or with regard to the extension or significant modification of already authorized or approved projects and exercises in those areas;

(b) Requests regarding new *joint* Canadian-United States projects and exercises in Canada or anywhere else, or with regard to the extension or significant modification of joint projects and exercises already authorized.

(In addition to seeking the Canadian Government's authorization for projects in Canada, the United States authorities also ask for Ottawa's approval of proposed United States activities in Labrador and Newfoundland.)

The procedure outlined has, of course, long been normal practice, and it is therefore really only a question of confirming that we feel that it should be continued. It would not prejudice direct communications between the Canadian and the United States Services, for the purpose of detailed implementation of approved projects and exercises or of preliminary discussion of proposed projects before requests for

their authorization are put forward to the Canadian Government. I gather from your letter to Hume Wrong that you would be agreeable to our sending a reply to the State Department along the above lines but, before I do so, I should appreciate your confirming that it will be satisfactory to you and the Canadian Services.

Yours sincerely,

L.B. PEARSON

SECTION G

DÉFENSE DU CANAL ET DES ÉCLUSES DE SAULT STE. MARIE
DEFENCE OF SAULT STE. MARIE CANAL AND LOCKS

994.

DEA/50196-40

*Chef adjoint de la Direction du Commonwealth
du département d'État des États-Unis
au conseiller à l'ambassade aux États-Unis*

*Assistant Chief, Commonwealth Division,
Department of State of United States
to Counsellor, Embassy in United States*

TOP SECRET

Washington, September 23, 1948

Dear Mr. Magann:

I should like to bring to your attention for the informal consideration of the Canadian Government a question related to the defense of the Sault Ste. Marie Canal and Locks.

The vital importance of this waterway to the industrial structure of the continent, and hence to our joint strategic planning in defense of the continent, is I believe quite fully appreciated on both sides of the border. Even if all of the Sault installations were situated in Canada, or in the United States, any threat to their unhampered operation would be of direct concern to both countries, but the fact that they actually straddle the border makes our joint interest even more obvious.

The Department of the Army (General Staff) has recently completed a staff study on the defense of the Sault, emphasizing its significance, analyzing its vulnerability, and pointing up various conclusions from the military point of view. Based upon that study, the Secretary of the Army, Mr. Royall, has suggested to the Department that informal conversations might be begun with the Canadian Government looking toward prior authorization for United States Federal or National Guard troops to enter and operate upon Canadian soil in the vicinity of the canal and locks if, in a war emergency, such action should become necessary for the prevention of damage to these installations. The proposed arrangement would, of course, be reciprocal, so that Canadian forces would have the same privilege in regard to the American side.

My first reaction to the problem was that it should come before the Permanent Joint Board on Defense, and that it could not as appropriately be taken up in any other way. It has been pointed out to me, however, that the next regular Board meeting is not until December 1948, and that a firm decision or recommendation would probably not be forthcoming from the Board until the next meeting after that, say in March or April 1949. Considering the importance of the issue, and the disturbed state of world affairs at this time, it has therefore seemed best to make the proposal now. At the next Defense Board meeting, it should be possible not only to discuss the matter, but to hear a report of progress as well.

As the staff study I have referred to goes far to confirm, the most immediate and probable threat to the Sault is deemed to be sabotage. It might take any one of various forms; there would be little or no warning; and it could happen at almost any time. If it should occur, any troops on the site or which might hurriedly be brought there, whether American or Canadian, would need to be able to move as freely and quickly as possible in the vicinity to be effective in the performance of their duty. There might also be duly accredited civilian guards at some future time who would need to have the same freedom of motion in the event of emergency.

Army officers have told me that four of the locks are distinctly on the American side of the line, whereas the fifth lock is in Canadian territory. This fact, if taken by itself, might lead to the conclusion that with sufficient U.S. troops posted on our side, and Canadian troops on yours, there would be no compelling need for either to cross over. That argument is nullified, in my opinion, by the way in which the regulatory works run across the frontier in one piece, as well as a nearby railroad trestle which does likewise. On broader grounds, any such lack of flexibility in the defense plan would be a hazardous condition, and in view of the cordiality of U.S.-Canadian relations, an unnecessary one.

A possible way of handling the problem might be this: to have the appropriate military officer commanding the Sault area on each side of the border empowered to issue orders permitting his troops and/or other accredited guard personnel to cross over during an emergency if requested to do so by the other side, for the specific purpose, of course, of preventing damage to the waterway. If that were agreed to and concurrent orders gotten out, it should be a relatively easy matter for the two nearest local commanders (U.S. and Canadian) to arrange the working details between themselves. One side should not, it seems to me, have to await an engraved invitation via Washington and Ottawa from the other in order to move a short distance across the line if an emergency started to develop or seemed imminent.

If you should desire any further information regarding the Sault defense, such as for example a description of World War II defense arrangements, or an estimate of the joint military strength required to protect the waterway under various conditions, I feel sure that the Department of the Army would be glad to cooperate in making it available to us.

Awaiting your reply with great interest, I am,

Very truly yours,

WILLIAM P. SNOW

995.

DEA/50196-40

*Le secrétaire du Comité des chefs d'état-major
au secrétaire du Comité mixte de planification*

*Secretary, Chiefs of Staff Committee,
to Secretary, Joint Planning Committee*

TOP SECRET

[Ottawa], November 29, 1948

PROTECTION OF VITAL POINTS; SAULT STE MARIE

At the 433rd meeting of the Chiefs of Staff Committee held on October 4th, 1948, consideration was given to a proposal received from the U.S. State Department (on behalf of the U.S. Department of Army) that informal conversations be held between representatives of the two governments with a view to giving prior authorization for U.S. Federal or National Guard Troops to enter and operate upon Canadian soil in the vicinity of Sault Ste Marie in a state of emergency or war.

2. The Committee agreed to recommend to the Cabinet Defence Committee that representatives of the Chiefs of Staff enter into the proposed discussions on the understanding that the wider problem involved would be considered at the same time.

3. As no convenient opportunity presented itself to place this matter on the agenda of the Cabinet Defence Committee, it was referred by the Secretary of that Committee to the Minister of National Defence. The Minister has signified that he has no objections to Canadian officers participating with U.S. officers in a general discussion of the plans which should govern arrangements for the protection of important installations on the international boundary provided the specific question raised by the U.S. authorities in connection with Sault Ste Marie is not dealt with individually but only as a part of the broader question. The Minister also signified that he is in agreement with the military proposals whereby these arrangements should be reciprocal in order to ensure that each country has similar rights.

4. The Chiefs of Staff have been advised concerning the above. I am advising the Acting Under-Secretary of State for External Affairs along the lines of this memorandum. No doubt in the near future your Committee will be contacted by U.S. military authorities concerning the proposed conversations. In any discussions which may take place, your Committee will be guided by the provisos of the Minister of National Defence outlined in para. 3 above.

J.D.B. SMITH

996.

DEA/50196-40

*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-3066

Washington, December 2, 1948

TOP SECRET

Your EX-2757 of November 30th[†], protection of installations on the international boundary.

I think there would be some advantage in postponing an approach to the State Department until we have got a little further into the question of the extent of the jurisdiction to be exercised by the United States in the Newfoundland bases. If, as is likely, we are going to have difficulty in securing any modification of United States rights after the Union of Newfoundland with Canada takes place, there may be some tactical advantage in delaying discussions about the position at Sault Ste. Marie and related matters touching on the possible use of United States forces within Canadian territory. In a week or two we should know better what the chances are of securing agreement about the Newfoundland bases. Do you agree that it is desirable to delay the beginning of discussions between United States and Canadian officers for the time being? Ends.

997.

DEA/50196-40

*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-3123

Washington, December 9, 1948

TOP SECRET

My WA-3066 of December 2nd concerning protection of installations near the international boundary.

I note that the United States Section has placed on the agenda of next week's meeting of the P.J.B.D. the protection of the canals at Sault Ste. Marie. I suggest, therefore, that the proposals contained in your EX-2757 of November 30th⁵³ should be discussed at that meeting rather than taken up with the State Department separately before the meeting.

2. You might consider whether it would be appropriate for the Canadian Section to mention in this connection that the prospect of the Union of Newfoundland with Canada introduces new considerations affecting the activities of United States

⁵³ Voir le document 995./See Document 995.

forces in Canadian territory, and that these considerations had already been the subject of preliminary discussions with the Department of State. Although the P.J.B.D. is not an appropriate agency to consider the problems of the Newfoundland bases, there would be some advantage in relating to these problems of protection of installations along the international boundary. I should hope, however, that the Canadian Section would indicate that they were not in a position to discuss the Newfoundland position if the United States Section sought to go into the matter.

998.

DEA/50196-40

*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-2837

Ottawa, December 10, 1948

TOP SECRET. IMPORTANT.

Following from Reid. Reference your teletypes WA-3066 of December 2 and WA-3123 of December 9 regarding proposed discussions with the U.S. Army on the protection of Sault Ste. Marie and other vital points along the international boundary.

2. Our feeling is that, if we were to withhold our reply regarding the proposed discussions on these important installations, we might be inviting criticism and might not be acting in our own interests since a not-too-distant decision regarding protection of border vital points is, of course, of as great interest to Canada as to the U.S. We also consider that a security problem of this kind should be fully explored by the competent experts before being discussed at any length by such a high-ranking body as the PJBD. Further, the discussions would probably not start for a fortnight at least and the conclusions reached would not commit Canada in any sense and, when put forward to Chiefs of Staff, can be considered in the light of the bases problem.

3. In the circumstances, we feel that communication of a reply through diplomatic channels at the present time would (a) not prejudice the possibility of linking the matter to the bases question, and (b) should appreciably reduce U.S. discussion of border vital points at the PJBD at a time when the experts have not formulated any proposals for cooperation in this field.

4. I would be grateful if you would let me know how the foregoing suggestions appeal to you.⁵⁴

⁵⁴ Note marginale :/Marginal note:

Note U.S. Sec[retar]y, PJBD, at the Board's Dec. 16-17 meeting, indicated the Embassy had informed State Dep[artmen]t of our reply (in EX-2757 of Nov 30). C. Eberts

999.

C.D.H./Vol. 54

*Extrait du journal de la Commission permanente canado-américaine de défense**Extract from Journal of Permanent Joint Board on Defence*

TOP SECRET

[Ottawa], December 16-17, 1948

...
4. *Defence of Sault Ste. Marie Canal and Locks.* The U.S. Army member reported that, in connection with defence planning, it had been deemed of the greatest importance to make timely and adequate provision for the defence of such key installations as the Sault waterway. In consequence, the U.S. Military Establishment had proposed in September that the Canadian Government be approached in regard to joint security planning for the Sault system.

The Secretary of the U.S. Section stated that a proposal had accordingly been submitted to the Canadian Government in this sense and that the latter's reply had recently been received. The U.S. proposal had envisioned authorization of an informal arrangement whereby local commanders on each side of the border would be authorized to enter into liaison and to cross the line in the event of emergency at the invitation of the commanding officer on the other side. The Canadian reply had expressed a willingness to discuss the question, but on the basis of a general discussion looking to the joint protection of important installations along the entire frontier rather than the Sault waterway alone.

After some discussion, the Board came to the conclusion that defence of the Sault was so vital to continental security as to warrant early and special consideration. Consequently, while it was agreed that the proposed discussion of the general problem was highly desirable, the Board expressed the hope that planning for the defence of the Sault would be given high priority.

...

3^e PARTIE/PART 3DÉVELOPPEMENT DES RESSOURCES ET DE TRANSPORT
DEVELOPMENT OF RESOURCES AND TRANSPORTATION

SECTION A

PÊCHERIES
FISHERIES

1000.

DEA/5134-A-40

*Note**Memorandum*

CONFIDENTIAL

[Ottawa], May 19, 1948

INTER-DEPARTMENTAL MEETING TO DISCUSS A UNITED STATES DRAFT
CONVENTION FOR THE CONSERVATION OF FISHERIES IN THE
NORTHWEST ATLANTIC, HELD IN THE OFFICE OF THE DEPUTY
MINISTER OF FISHERIES, 2.30 P.M., MAY 19, 1948

The meeting was held to discuss the draft Convention† which was submitted with the United States Embassy's letter of March 19,† and a subsequent proposal that a preliminary technical meeting should be held between representatives of Canada, Newfoundland and the United States in St. John's Newfoundland, some-time in June. There were present:

Fisheries:

Dr. Bates, Deputy Minister
Dr. Neelder, Assistant Deputy Minister
Mr. Ozere, Solicitor

External:

Mr. Johnson, Chief, American & Far Eastern Division
Mr. Eberts
Mr. Cook

2. Dr. Bates opened the discussion by making the following points:

(a) The Department of Fisheries considers that there is *no immediate need for conservation* measures. In fact, the areas fished by Canadians are under-exploited rather than depleted.

(b) It is possible that conservation measures may be required in the next 15-25 years, but the emphasis at present should be placed on *scientific investigation*.

(c) The banks off the New England Coast, which are fished almost exclusively by U.S. fishermen, are depleted — and for this reason the United States may be pressing their proposal in order to secure their position in the other areas.

(d) Halibut stocks are decreasing throughout the whole area, but the necessary conservation measures would interfere with the cod fisheries, (cod gear catches small halibut) and, as the latter are more important commercially, it would be undesirable to do anything about halibut.

3. In view of the above, it was agreed that the main purpose of the U.S. proposal is probably to ensure the U.S. position on the Canadian and Newfoundland banks by attempting to establish the principle that the North American countries, because of contiguity to the area, have a special claim to, and responsibility for, the development and conservation of the fisheries in the Northwest Atlantic. Dr. Bates stated that his Department also would like to see this principle adopted, and that they would be unwilling to join in the establishment of any Northwest Atlantic Fisheries organization in which the influence of the North American countries was outweighed by that of Europe.

4. It was recognized that the U.S. draft would constitute implementation of the policy outlined in the Presidential Declaration of September 28, 1945 — regarding the establishment of conservation zones in the high seas, and agreed that further consideration should be given to the need for making a similar Canadian declaration (agreed to by Cabinet on May 9, 1947) as a preliminary step to negotiation, some years hence, of an agreement giving regulatory powers to the Commission. In other words, if Canada followed the U.S. lead in the near future and made a similar Declaration regarding conservation zones the European countries might come to accept the special position of Canada and the U.S. in the Northwest Atlantic fisheries and be more prepared to accept, ultimately, the idea of a regulatory Commission in which our position would be predominant. For that matter a Declaration prior to negotiations for an investigational Commission might make the latter more acceptable to Europe.

5. With regard to the proposed technical meeting it was agreed that, as the need for comprehensive conservation measures has not been proven, the *discussion should be confined to the broad principles involved*, and that, for the present, it should be our aim to press for consideration of all possible methods of securing international cooperation for scientific research. It was suggested that the U.S. reaction to a proposal that an organization be established with investigational, but not regulatory, powers might indicate whether they are really concerned with conservation or primarily interested in establishing a predominant position in the control of the Northwest fisheries.

6. If it is decided that an organization should be set up in the near future — which would assure the North American countries the balance of power over participating European countries — the Department of Fisheries would be willing to include, in addition to investigational powers, the regulation of mesh sizes as a token power for an International Commission. In addition, although omitted in the United States draft, it was felt that provision should be made in any agreement for (a) rules of navigation to be observed by all fishing vessels in the area — and, (b) for the welfare of fishermen.

7. When necessary at a later date the contracting parties could reshape the International Commission so as to give it regulatory powers for conservation, based on the results of its investigations. Dr. Bates pointed out that, while the U.S. Government can readily be in favour of giving power to an international fisheries organization, since that only entails a loss of power by the individual States, in Canada the Department of Fisheries is loath to transfer powers which it possesses to an

international organization. For this and other reasons, *it is considered undesirable that any international Commission should have power to make regulations, such as outlined in the United States draft, without subsequent approval of the contracting Governments.*

8. The possible effect of the forthcoming election in Newfoundland on the proposed technical meeting at St. John's and the implications of Newfoundland joining Canada were then discussed and agreement reached on the following points:

(a) Dr. Bates would inform Mr. Gushue (Newfoundland) that the Canadian representatives would be pleased to meet in St. John's or Ottawa, or Washington during the third week in June. This should give us sufficient time to reconsider the time and place for a meeting if Newfoundland votes clearly for Confederation.

(b) In the event of Newfoundland becoming part of Canada it would be necessary to reconsider the basis of representation and voting power in view of the greatly increased area which would be contiguous to Canadian shores. Under the U.S. proposal, the disappearance of Newfoundland as a voting member would shift the balance of power to the European countries. In addition, it was suggested that the Gulf of St. Lawrence might, in that event, be considered territorial waters — or at least an area developed and maintained exclusively by Canadian nationals within the meaning of the U.S. Declaration of September 28, 1945. (The U.S. have not been fishing in the Gulf for some time).

(c) As the meeting would be preliminary and technical, it would not be necessary for a representative from External to attend, although the Acting High Commissioner might be asked to sit in on the discussions.

9. Following the above general discussion and conclusions, the U.S. draft was considered section by section and the following additional points covered:

(a) In general the United States paper would require a number of textual clarifications as to intent and in order to avoid ambiguity;

(b) *Permanent Panel Membership on the Basis of Contiguity (Art. IV)* — there is no clear indication as to whether the United States, Canada and Newfoundland are considered contiguous to all the sub-areas, or whether Denmark and France would be given a permanent seat on the appropriate Panels, because of the contiguity of Greenland to sub-area 1 and of St. Pierre and Miquelon to sub-area 2.

(c) *Voting Procedure (Art. III & IV)* — it was questioned whether the proposed voting procedure would adequately protect North American interests, since the test proposed is the number of votes actually cast. In theory, a measure might be approved by one man if everyone else abstained. However, if regulations were made subject to subsequent approval by the contracting Governments, this objection would have less weight.

(d) *Finances (Art. III)* — It was agreed that it would be unfair to those countries deriving only small benefits from the fisheries if joint administrative expenses were to be divided equally between all members, and it was felt that costs should be apportioned according to each member country's share of the catch.

(e) *Advisory Committees (Art. V)* — In view of the recent problem over immigration regulations in connection with "Communist" members of the Pacific

Salmon Advisory Committee, it was agreed that it would be wise to insert a qualifying clause to the effect that the right of the members of the Advisory bodies to attend meetings of the Commission and panels does not imply a waiver of the immigration laws of the host country.

(f) *Regulatory Powers (Arts. 11 and 12)* — It was agreed that there is a conflict between the residual powers of the Commission and the Panels. They could not both have the same possible range of powers.

(g) *Violations by Non-member Countries (Art. 14)* — It was agreed that that clarification of the term "appropriate action" would have to be sought — since, under International law, it would be impossible actually to compel non-participating countries to comply with regulations if adopted by the member countries for areas in the high seas.

(h) *Relationship to Other International Organizations* — This would require clarification.

1001.

DEA/5134-A-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*

CONFIDENTIAL

[Ottawa], June 8, 1948

Dear Sir,

ATTENTION MR. D.M. JOHNSON

In answer to your letter of June 4th† regarding the proposed technical meeting of Canadian, United States and Newfoundland fisheries officials, this Department will be represented by Dr. A.W.H. Needler, Assistant Deputy Minister, and myself. It is understood that the expenses will be covered by this Department. We have no definite information regarding the representatives of the United States and Newfoundland but expect that Mr. R. Gushue, Chairman of the Newfoundland Fisheries Board and that Dr. Florry and Mr. Tyson of the United States State Department will be present. I understand Mr. Bridle, or someone from our High Commissioner's office may also be present to represent Canada.

We plan to leave Ottawa on the morning of June 11th, arriving in St. John's in the early morning of June 12th. It is realized, however, that air travel to Newfoundland is somewhat uncertain at this time of year.

I am returning copy of your memorandum on the discussions held recently on the United States proposal for the conservation of fisheries in the Northwestern Atlantic with suggested corrections.

As a background for the proposed technical discussions in which, of course, no commitments can be made, the Canadian position is understood to include the following points:

(1) It is not considered to be in the Canadian interest to establish a commission which would have regulatory powers without further authority from the participating governments. No need is seen for the immediate regulation or restriction of fishing, although serious need might arise in the early future.

(2) It is, on the other hand, important to bring about international cooperation in scientific investigations of the fisheries of the northwestern Atlantic area, in order to make such investigations more effective, and to recognize the need for regulatory measures, should it arise, and to provide a sound basis for formulating such measures.

(3) It is also desirable to take steps in the immediate future to provide through international agreement, a mechanism for a settlement of differences between fishermen of different nationalities, arising from destruction of gear or interference with fishing.

Various means have been proposed for achieving international cooperation in scientific investigation of international fisheries. In the present instance it is believed desirable to consider at this meeting a formula close to those of the International Council for the Exploration of the Sea in Europe and of the regional councils of FAO. In these instances the participating countries agree to form a council, and, through it, to the full exchange of scientific investigation of the fisheries concerned, and to the common planning of fisheries investigations. The actual investigational work is carried out by research agencies of the participating countries to which various parts of a common program are allotted. Provision is made for investigations by the council, if found to be necessary, but subject to further approval by the participating countries.

I trust that this conception of Canada's position outlined above agrees with your own. If there is any difference of view, please call me for discussion on Wednesday or Thursday.

Yours very truly,

STEWART BATES

1002.

DEA/5134-A-40

*Le sous-ministre des Pêcheries
au chef de la Direction de l'Amérique et l'Extrême-Orient*

*Deputy Minister of Fisheries
to Head, American and Far Eastern Division*

CONFIDENTIAL

[Ottawa], June 18, 1948

Dear Mr. Johnson,

RE DISCUSSIONS IN NEWFOUNDLAND

I returned this morning from Newfoundland and for your information I am enclosing a very short memo prepared for our Minister covering the discussions held there between United States, Newfoundland and Canadian officials on the proposed treaty for the Northwest Atlantic.

The discussions were, I think, fully satisfactory from Canada's point of view since basic changes were made in the draft along the lines we had discussed with you at Ottawa during the past month. The enclosed memo outlines this.

You will be receiving a fuller report from our Acting High Commissioner in Newfoundland who was present at all the sessions and I think became conversant with the whole problem.

During my few days in St. Johns I became greatly aware of the volume of European fishing. There were there sixty Portuguese vessels with 3,000 fishermen, which means that country will take much more fish in the Western Atlantic than we do and almost half that of Newfoundland. Yesterday morning in St. Johns, an Italian trawler arrived, the first since 1938. The volume of foreign fishing and the problem of securing due weight to North American control is therefore somewhat more acute than it appeared, and if Newfoundland enters Confederation serious consideration may have to be given to our representation. I have discussed that matter fully with Mr. Bridle.

My attention was directed also to the fact that this current fishing is taking place quite largely on the west coast of Greenland inside the Davis Straits. Defence considerations may have to be taken into account in the final formulation of the treaty since many European countries are entering this fishery. The problem of policing the convention had apparently received inadequate consideration by the United States. But I think we may have to consider the rights of boarding European craft not merely from a convention point of view but perhaps from others and possibly some thought might be given to the policing provisions since defence as well as fisheries conservation may be a factor to be borne in mind.

Yours very truly,

STEWART BATES

[PIÈCE JOINTE/ENCLOSURE]

*Note du sous-ministre des Pêcheries
pour le ministre des Pêcheries*

*Memorandum from Deputy Minister of Fisheries
to Minister of Fisheries*

Ottawa, June 18, 1948

RE DISCUSSION IN NEWFOUNDLAND (14—17 JUNE) ON ATLANTIC TREATY

A treaty for the conservation of certain species of fish in the North-West Atlantic (from Greenland, south to Long Island, New York and West of 42° meridian) has been under discussion for some time. The United States government has prepared such a treaty, and intends to have a conference with the North American and European countries interested in these fisheries, probably in October, 1948. But as a preliminary, the United States asked Canada and Newfoundland to review the

draft, as to acceptability. This was the reason for the Newfoundland conference between officials of the three countries.

The proposed treaty was extensive in its powers, and in original form not acceptable to Canada, nor as it turned out, to Newfoundland. Our objections to the draft were

(a) that the proposed International Commission was to have powers of regulation *without* reference back to the governments: in short we were being asked to transfer to an international body the powers to regulate our vessels on all waters except territorial — regulation of nets, catch, departure for fishing grounds, etc.

(b) that the proposed Commission would have too much discretion over scientific investigation and research, Canada preferring to retain a significant part of her research mechanism, but being ready to co-operate with other countries on joint investigational programmes.

(c) that the proposed Convention took no cognizance of the need for international agreement on the conduct of fishing — rules of the road, prevention of destruction of Canadian set-gear by foreign trawlers, etc. — a matter of annual concern with the Portuguese and Spanish trawlers.

The whole draft treaty was reviewed against this background, and the above changes were incorporated — that is the Commission may propose regulations but the government will legislate and administer them — that research will proceed by joint investigation wherever possible, and not through the establishment of any extensive research mechanism under an international commission — and that the rules of the road adopted for Europe should be incorporated in the treaty. In short the draft was modified along the lines thought to be in our interest, and will probably be submitted to all governments concerned by the United States in the new form.

Should Newfoundland vote (22 July) for Confederation, and should they be accepted by our government, we should then have to review our representation on the International Commission, since North America would then lose one vote on the panels (i.e. groups recommending action in the 4 sub-areas into which the Western Atlantic has been divided), and might be outweighed by European influence.

1003.

DEA/5251-40

Note du ministère des Pêcheries
Memorandum by Department of Fisheries

[Ottawa], June 23, 1948

RE INFORMAL MEETING BETWEEN REPRESENTATIVES OF THE UNITED STATES
AND CANADIAN GOVERNMENTS AND THE INTERNATIONAL FISHERIES
COMMISSION — OTTAWA, JUNE 23RD, 1948

Following are the various proposals submitted by the International Fisheries Commission to the two Governments which were discussed at the informal meeting held in Ottawa on June 23rd, the comments and decisions respecting each proposal following the listing in each case.

Present at the meeting were the following:

- Mr. G.W. Nickerson, Member, International Fisheries Commission.
- Mr. M.C. James, Member, International Fisheries Commission.
- Mr. E.W. Allen, Member, International Fisheries Commission.
- Mr. H.A. Dunlop, Director, International Fisheries Commission.
- Mr. Wm. Flory, United States State Department.
- Dr. W.M. Chapman, United States State Department.
- Dr. H.J. Deason, United States Fish and Wildlife Service.
- Mr. Wm. M. Dale, United States Embassy.
- Mr. C.C. Eberts, Department of External Affairs.
- Mr. S.V. Ozere, Department of Fisheries.
- Mr. G.R. Clark, Department of Fisheries.

Proposal No. 1

To make regulations for the control of the rate of landings of halibut and to establish a Control Board to administer such regulations.

Decision: In commenting on this proposal Mr. Dunlop suggested changing the word "landings" to "catch". During the discussion it was pointed out by the representatives of the United States State Department and the Canadian Government that this was a legal question and the legal authorities would have to be consulted to ascertain whether or not the Commission presently has the required powers under the existing Treaty. It was agreed that the Commission should draft a sample regulation so it could be examined to see if the Commission presently has the power to implement this particular proposal.

Proposal No. 2

To divide the fishing season in any area into two or three open periods and to assign a portion of the area's annual catch limit to each open period.

Decision: Here again this involves the matter of legal interpretation of the terms of the present Treaty and it was the feeling of the representatives of the United States State Department that the Commission presently has the necessary powers if it wants to use them. The Canadian representatives advised they would be prepared to

have a sample regulation prepared by the Commission submitted to the Department of Justice for a ruling.

Proposal No. 3

To control the landings of the halibut caught by vessels fishing primarily for other species during the open season, as well as during the closed season.

Decision: It was agreed that the Commission would prepare and submit a sample regulation on this point in order for both Governments to obtain legal rulings.

Proposal No. 4

To determine the amount of halibut allowed to be landed by vessels fishing for other species on such basis as the Commission determines proper and not inconsistent with the conservation objective.

Decision: Following a discussion the Commission agreed to delete this proposal in view of the fact that it could not be justified on the grounds of conservation.

Proposal No. 5

To apply control of the landings of halibut caught by vessels fishing primarily for other species by regulatory areas or parts of regulatory areas.

Decision: This proposal is in effect a supplement to No. 3 above and the Commission agreed to submit a sample regulation.

Proposal No. 6

To prohibit on closed halibut nursery grounds fishing with types of gear whose use for the capture of other species of fish the Commission shall determine to be destructive of small halibut.

Decision: It was felt that this point is not covered by the present Treaty, but in the case of Canada it could be covered under the Fisheries Act and by the United States within the three mile limit and possibly beyond. The Commission stated that this particular point was not of sufficient importance to amend the Treaty, but if the other items required Treaty amendment then this proposal should be included. It was decided that Mr. Dunlop should give further consideration and review to this point to see if there is some way in which the present Treaty could be stretched to take care of the proposal. It was agreed that in developing this point the Commission should be certain it was based on scientific justification. Also a statement as to what areas would be involved. It was, therefore, decided that Mr. Dunlop would submit a brief on this point including whatever scientific evidence is available.

Proposal No. 7

To make such regulations for the licensing of dealers, of vessels and of fishermen and for the suspension and cancellation of such licenses as it shall find necessary to carry out the terms of the Treaty and to make effective any regulation adopted thereunder.

Decision: The Commission claimed that this was an enforcement regulation and the representatives of the United States State Department suggested the possibility of a conference with the enforcement authorities. It was the view of the representatives of both Governments that this proposal would have to be fully explored since it

appeared to be entering into an entirely different field than that contemplated by the Treaty. The United States State Department representative stated that if the Commission insists on the proposal his Department would consider the matter and give an answer as soon as possible, but that he would like to see the Commission take the matter up with the enforcement agencies.

The Commission representatives stated that the situation with respect to enforcement of the regulations was much better now on the Canadian side as a result of increased Department of Fisheries personnel and that violations were now chiefly on the United States side. It was suggested by the United States State Department representative that a meeting of the United States Commissioners and the Director of the Commission might be held in Washington for the purpose of discussing enforcement methods with the Customs Department and the State Department. It was agreed that Mr. Dunlop should develop the matter of methods of enforcement of the regulations insofar as the United States side is concerned and that the Commission, through Mr. Dunlop, would make representations to Canada with respect to enforcement of the regulations under the present Canadian agencies.

Proposal (a)

That the Commission be enlarged to six members, one of whom should be a representative of the American halibut fleet and one from the Canadian fleet.

Decision: Following discussion it was the opinion of the Commission that this proposal would not add to the efficiency of the Commission and accordingly the point was set aside.

Proposal (b)

That the Commission be authorized to undertake the regulation and preservation of all bottom fish in the north Pacific.

Decision: After reviewing this point at length it was agreed to delete it due to the difficulties involved in attempting to give effect to the proposal.

1004.

DEA/5134-A-40

*Note du chef de la Direction de l'Amérique et l'Extrême-Orient
pour la Direction économique*

*Memorandum from Head, American and Far Eastern Division,
to Economic Division*

Ottawa, October 6, 1948

Earlier this year the United States Government submitted for our consideration a draft of a proposed "Northwest Atlantic Fisheries Convention." In June representatives of the Canadian, United States and Newfoundland Governments met at St. John's for a preliminary meeting, prior to a general meeting of all countries concerned which will probably be held in Washington some time in January, 1949. At the St. John's meeting the draft convention was discussed and a number of amend-

ments were suggested. I attach a copy of the original draft as amended by the meeting at St. John's.†

2. The draft convention deals with questions of conservation only. The United States Government propose that the convention shall be considered as an "inter-governmental commodity agreement" as defined by Article 57(d) of the Havana Charter.⁵⁵ However, Article 70(d) would appear to exempt the proposed convention from the provisions of the Havana Charter dealing with "inter-governmental commodity agreements." I should be grateful if you would examine the draft convention and let me have your advice on the following points:

(a) If the convention is, in your opinion, an "inter-governmental commodity agreement" as defined by Article 57(d) of the Havana Charter.

(b) In the event that you do *not* consider it to be an "inter-governmental commodity agreement," and therefore not *required* to register with the I.T.O., do you think any useful purpose is served in bringing the projected "North-west Atlantic Fisheries Commission" into relation with the I.T.O.

3. For your information, there is another aspect which must be considered by this Division and it is essentially political. Recently we received an informal enquiry from the United States Embassy here concerning Canada's reaction if Spain were to be officially invited to attend the conference in Washington. We have replied that there would be no objection on our part to Spain receiving an invitation but, if Article XV of the draft were incorporated into the final form of the convention — Article XV provides for a relationship between the projected Northwest Atlantic Fisheries Commission and the I.T.O. — Spain would either (a) have to refrain from signing the convention, or (b) sign the convention and be put out when the commission actually was brought into relationship with the I.T.O.

4. However, the Department of Fisheries considers it desirable that Spain should be a signatory because Spanish fishermen come to the Northwest Atlantic in considerable numbers and, since their fishing manners are none too good, they should be governed by the same rules as fishermen of other nations.

DAVID M. JOHNSON

⁵⁵ Un projet révisé de la convention proposée par les États-Unis évitait toute référence à la Charte de La Havane ou à l'Organisation internationale du Commerce, et de ce fait les complications évoquées dans les paragraphes 2 et 3 de la note ne se posèrent pas.

A subsequent redraft of the proposed convention by the United States omitted any reference to the Havana Charter or the International Trade Organization, so the complications outlined in paragraphs 2 and 3 of the memorandum did not arise.

1005.

DEA/5134-A-40

*Le ministre de l'ambassade des États-Unis
au secrétaire d'État aux Affaires extérieures*

*Minister, Embassy of United States,
to Secretary of State for External Affairs*

NOTE NO. 331

Ottawa, November 3, 1948

Excellency:

I have the honor to inform Your Excellency that the United States Government is planning to convene an International Northwest Atlantic Fisheries Conference to be held at Washington beginning January 26, 1949. This Conference is being called in view of the evidence of current and potential depletion of certain commercially important species of fish in the Northwest Atlantic Ocean, and since international recognition has been given to the desirability of special treatment for this area. It is hoped that the Conference will provide a means for continuous international cooperation in the investigation and, where necessary, conservation and development of species of international interest in the area in question.

I am directed by my Government to extend an invitation to the Canadian Government to participate in the Conference. There are enclosed four copies of a Background Summary† which may be found of interest, and also four copies of a Draft of an International Convention† which it is proposed to submit to the Conference. It has come informally to the attention of my Government that as a result of recent incidents involving such questions as right-of-way and protection of lines and nets when fishing operations are being conducted, the question may arise at the Conference of the desirability of including in the proposed convention a provision concerning rules of the road.

It is expected that a draft of the agenda of the Conference and a draft of the rules of procedure will be received shortly and they will be submitted to you at once. My Government ventures to hope that the Canadian Government will be represented by delegates having full powers to sign the Convention, should it be adopted.

In the event the Canadian Government should care to be represented at the Conference I should be grateful if the names and designations of the Canadian representatives could be made known to me as well as the probable date of their arrival at Washington. I would also be glad to be informed should any of them plan to be accompanied by members of their families. My Government states that it would much facilitate the arrangements for accommodation, transportation and entertainment if the information about the numbers of the delegations to the Conference could be received as soon as may be practicable.

Invitations are also being extended by the United States Government to the Governments of Denmark, France, Great Britain, Iceland, Newfoundland, Norway, Portugal and Spain.

Please accept, etc.

JULIAN F. HARRINGTON

1006.

DEA/5134-A-40

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur des États-Unis*

*Secretary of State for External Affairs
to Ambassador of United States*

NOTE NO. 356

Ottawa, December 15, 1948

Excellency,

I have the honour to refer to your note no. 331 of November 3rd wherein you were good enough to inform me that your Government was planning to convene an international Northwest Atlantic Fisheries Conference to be held in Washington beginning January 26, 1949. At the same time you kindly extended an invitation to the Canadian Government to participate in this Conference.

Under the terms of the draft forwarded with your note under reference, it is proposed that the Convention will come into force when it has been ratified by four signatory powers, one of which must be Newfoundland. As you know, it is expected that Newfoundland will be united with Canada on March 31, 1949. If the Conference were to be held in January as planned and the convention signed at that time, Newfoundland could participate but might have ceased to exist as a High Contracting Party before it could ratify.

The Canadian Government also considers that it will take a considerable time after union has been effected before the appropriate Canadian authorities will have acquired a sufficient knowledge of the fishery problems of the areas around Newfoundland to be able to participate effectively in a conference designed to set up an international commission for these areas which are vital to the economy of Canada and particularly to that of the Maritime Provinces.

For the above reasons the Canadian Government requests that the conference be postponed for at least a year. I should be grateful if you would ask your Government to give sympathetic consideration to this request.

Please accept, etc.

ESCOTT REID
for Secretary of State
for External Affairs

SECTION B

DÉTOURNEMENT DE LA RIVIÈRE NIAGARA
NIAGARA RIVER DIVERSION

1007.

PCO/Vol. 59

*Extrait du procès-verbal du Comité du Cabinet
chargé du développement économique et industriel*

*Extract from Minutes of Cabinet Committee
on Economic and Industrial Development*

TOP SECRET

[Ottawa], August 4, 1948

II. NIAGARA RIVER; POWER DIVERSIONS; ONTARIO HYDRO REQUEST

5. *The Secretary* submitted a report from the Department of External Affairs on proposals from the Ontario Hydro Commission for water diversions from the Niagara River.

A number of temporary diversions in favour of both Canada and the United States had been authorized during the recent war, one of which at least had no firm legal basis. The Ontario Hydro had suggested a permanent arrangement based on 40,000 c.f.s.⁵⁶ to each country.

These arrangements appeared satisfactory from the point of view of the federal government nor did the matter appear to require any ruling by the International Joint Commission. Any formal agreement with the United States covering the diversions, however, would probably have to take the form of a convention or treaty.

As a first step it was proposed that the Ontario Hydro Commission seek to reach agreement with the principle agency on the United States side, the Niagara Hudson Power Corporation. Meanwhile no action by the Canadian government would be necessary.

An explanatory document had been circulated.

(Memorandum, Secretary of State for External Affairs, July 26, 1948, CCEID Document No. 19)†

6. *The Committee*, after discussion, noted with approval the report submitted.

⁵⁶ cubic feet per second.

1008.

DEA/1268-K-40

*Note du sous-secrétaire d'État par intérim aux Affaires extérieures
pour le secrétaire d'État par intérim aux Affaires extérieures*

*Memorandum from Acting Under-Secretary of State for External Affairs
to Acting Secretary of State for External Affairs*

Ottawa, November 9, 1948

RE ONTARIO HYDRO STATEMENT ON NIAGARA POWER DEVELOPMENT.

You will recall that I spoke to you on November 6 about a misleading report which had appeared in the press, purporting to be an account of an announcement by Robert H. Saunders, Chairman of the Ontario Hydro-Electric Power Commission. Briefly, the report indicated that the Hydro planned a \$150,000,000 development at Niagara; that a treaty with the United States would be required; that Saunders had talked with the Acting Prime Minister and with External Affairs and had been told to "go ahead"; that the Hydro had to complete talks with the Niagara-Hudson Power Company, and that the "resulting agreement" would then "be forwarded to Ottawa and Washington for ratification by treaty between the two countries." You agreed that Mr. Saunders should be approached with the suggestion that he make a further statement to the press setting the record straight.

2. Mr. Saunders was reached by telephone on Saturday evening, November 6. He believed his statement to the press had been accurate and regretted that there had been any misunderstanding. He did not propose to make any further statement to the press but had no objections to our doing so. The attached brief statement was then read to him, and he agreed that it set out the true story.

3. You may wish to have this statement for your press conference tomorrow.

In March, 1948, Mr. Saunders called on Mr. St. Laurent, then Secretary of State for External Affairs, with proposals for a permanent settlement between Canada and the U.S. regarding diversions from the Niagara River for power purposes. Mr. St. Laurent told him that Government officials would do what they could to cooperate with his organization in this regard.

2. Mr. Saunders discussed the Hydro proposals with other Government officials. It was agreed that the first step should be an informal understanding between the interested agencies on both sides, and that the Hydro would seek to reach such an understanding with the U.S. agencies concerned — the Niagara-Hudson Power Corporation, the New York Power Authority and the Federal Power Commission. The next step would be for the Canadian Government to seek a formal treaty with the U.S. Government.

3. To date, we are not aware that any informal understanding has been reached between the Hydro and the U.S. agencies.

E[SCOTT] R[EID]

1009.

DEA/1268-K-40

*Note du sous-secrétaire d'État par intérim aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Acting Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

[Ottawa], December 20, 1948

RE NIAGARA DIVERSIONS

You may wish to bring the following information, in connection with Niagara diversions, to the attention of Cabinet at tomorrow's meeting.

On November 11, 1948, Robert H. Saunders, Chairman of the Ontario Hydro, addressed a letter to Mr. Claxton, requesting that arrangements be completed to permit Hydro to take an additional diversion of 2,500 cubic feet of water per second through the Welland Canal for the generation of power at the Commission's DeCew Falls plant near St. Catharines, during the closed navigation season. The Department of Transport had already indicated that it was prepared to permit the additional quantity of water to be taken through the Canal. Mr. Saunders subsequently discussed the question with Mr. Claxton and Mr. St. Laurent, both of whom informed him that the Canadian Government would regard the proposal favourably if United States approval could be obtained for an increase in total Canadian diversions from boundary waters in the Niagara area, and the proposal was also cleared with Mr. Howe, who was then in Washington.

The proposal was transmitted to the State Department by the Embassy, and Mr. Saunders discussed it personally with State Department and Federal Power Commission authorities. The State Department undertook to prepare a draft exchange of notes which would authorize the additional diversion.

On December 17, the Embassy forwarded the State Department's draft by teletype. The draft, which is annexed to this memorandum,† was promptly cleared with the officials concerned in the Departments of Mines and Resources and of Transport.

Hydro has been taking an additional 2,500 c.f.s. through the Welland Canal since navigation closed last week, while making a corresponding reduction at a plant at Niagara Falls itself. Mr. Saunders has only been restrained with great difficulty from announcing this fact to the press, and from stating that an exchange of notes was about to be signed. Since a premature announcement by Mr. Saunders would be embarrassing to the Canadian Government and disturbing to the U.S. Government, the Acting Secretary of State for External Affairs emphasized on December 18, when authorizing Mr. Wrong to sign the Note on behalf of Canada, that it would be desirable for the exchange to be completed and the official announcement made by both Federal Governments at the earliest possible date. It is expected that the exchange of notes will be concluded and the announcement made on Tuesday or Wednesday of this week.

You will notice that the exchange refers to a diversion of 4,000 c.f.s. arranged by exchange of notes in 1944. This exchange was subject to Senate approval which was never given, but the diversion has nevertheless been used ever since by tacit agreement between the two Governments. This fact made it somewhat difficult for the State Department to deal with the request for an additional 2,500 c.f.s. diversion. The State Department officials concluded that the only solution was to include both diversions in the present exchange, making them both subject to Senate approval.

You will also note that the authorization for the diversions will terminate on April 15, 1951. It is anticipated that a permanent Niagara treaty, embodying the temporary diversions authorized as emergency measures during and since the war, will be concluded before that date.

E[SCOTT] R[EID]

SECTION C

PROJET DE VOIE MARITIME ET DE CENTRALES HYDRO-ÉLECTRIQUES
DU SAINT-LAURENT
ST. LAWRENCE SEAWAY AND POWER PROJECT

1010.

CEW/Vol. 2126

*Le directeur du Bureau des affaires européennes
du Département d'État des États-Unis
à l'ambassadeur aux États-Unis*

*Director, Office of European Affairs,
United States Department of State,
to Ambassador in United States*

Washington, January 8, 1948

My dear Mr. Ambassador:

I refer to discussions during recent months between officers of the Department and the Embassy concerning the developments in connection with the St. Lawrence Seaway and Power Project. As you know, the joint resolution approving the project is likely to be brought up on the floor of the Senate at the end of January, having been favorably reported by the Senate Committee on Foreign Relations. Proponents of the project feel that the chances for favorable action by the Senate at this session are better than they have ever been. Meanwhile, Chairman Dondero of the House Public Works Committee plans to resume late in January the hearings on the joint resolution which were adjourned last July. There is some uncertainty about the prospects for the resolution in the House, but it is likely that it will be brought up in the House also during this session.

There are several aspects of the project which, I know you agree should be the subject of exchange of information and discussion between the two Governments

at this stage. It is not suggested that there should be formal negotiations or anything of the sort. That would come, as I see it, when the resolution is considerably further along. Meanwhile, however, the proponents of the project feel that they should be better informed concerning the Canadian point of view about various phases of the project and Canadian facts and figures relating to costs, traffic, tolls, et cetera. There is no doubt that questions will be asked on the floor of the Senate and also in the House Public Works Committee concerning the Canadian point of view and the Canadian facts and figures.

In the above connection I believe you may have transmitted to Ottawa copies of the study by the Department of Commerce entitled "An Economic Appraisal of the St. Lawrence Seaway Project" in the series headed "Industry Report: Domestic Transportation" for August-November 1947. As you know, this study examines the potential traffic of the seaway, particularly in terms of iron ore, grain, bituminous coal, and petroleum, and touches briefly upon the capacity of the seaway and the possible revenues to be obtained from tolls. The comments of your people on this study would be of particular value to us, and we feel that the study should offer your people a useful basis of approach to the traffic, capacity, and revenue aspects of the problem. I think the same thing might be said of the report of the Subcommittee of the Senate Committee on Foreign Relations on Senate Joint Resolution 111, which followed the Subcommittee hearings of last May and June. This report, as you recall, contains a good deal of detailed information concerning costs and traffic and tolls. I should mention particularly in connection with the Senate report that our people brought the Canadian cost figures up to date on a somewhat rule-of-thumb basis in order that they should compare realistically with the up-to-date U.S. figures. I believe your people may wish to review this aspect and send us any corrections which ought to be made.

The following general questions are intended as of possible assistance to your people in Ottawa in developing the sort of information which would be useful to us here. The questions are not all-inclusive and I realize that it would be impossible to give an exact answer to everyone of them:

- (1) What are the present Canadian estimates for the Canadian share of construction costs and on what date are these estimates based?
- (2) What are the Canadian estimates for the traffic capacity of the waterway, especially, of course, from Lake Erie to Montreal?
- (3) What is the Canadian estimate of the traffic capacity of the Welland Canal for toll-paying traffic, bearing in mind the continued utilization of the Welland Canal by smaller toll-free vessels?
- (4) What are the present Canadian estimates concerning the nature and volume of the traffic utilizing the projected seaway?
- (5) Do the Canadian officials concerned with this problem have any comments or suggestions concerning the traffic estimates made in the above-mentioned study by the Department of Commerce and in the above-mentioned report of the Subcommittee of the Senate Foreign Relations Committee?
- (6) Do the Canadian officials in question have any comments or suggestions concerning the U.S. estimates relating to the potential Labrador iron ore deposits?

(7) Are there any Canadian comments concerning the conclusion in the above-mentioned Department of Commerce report to the effect that wheat would be brought eastward over the waterway in lake vessels and transshipped at Montreal into ocean-going vessels for export?

(8) Have the Canadian officials any comments or suggestions in connection with the tolls aspects of the project as outlined in the Senate report and the Department of Commerce study?

(9) Do the U.S. toll estimates appear realistic? Are the rates for individual commodities fair? Does it appear to the Canadian officials that the rates suggested and the revenues anticipated therefrom would make the project self-liquidating? (We fully appreciate at this end that while your Government has agreed in principle to the imposition of tolls, providing arrangements can be made satisfactory to both Governments, it would be premature to expect any formal and definitive statements in answer to this question. Nevertheless we are hopeful that your people may find it possible to give an indication whether we are proceeding in the right direction and whether our estimates are generally well founded.)

In view of the imminence of the consideration of the project on the Senate floor and by the House Public Works Committee, we should be very grateful if you could get word from Ottawa for us at the earliest possible moment.⁵⁷

Sincerely yours,

JOHN D. HICKERSON

1011.

DEA/1268-D-40

Procès-verbal d'une réunion

Minutes of a Meeting

Ottawa, January 16, 1948

INFORMAL MEETING TO DISCUSS THE ST. LAWRENCE
SEAWAY PROJECT

Present:

Chairman

Mr. Léon Mayrand, Legal Division.

Mr. Homer S. Fox, Associate Economic Counsellor, United States Embassy.

Mr. R.A.C. Henry, Chairman, Air Transport Board.

Mr. Guy A. Lindsay, Engineer in Charge, General Engineering Branch,
Department of Transport.

Mr. Norman Marr, Assistant Controller and Assistant Chief Engineer,
Department of Mines and Resources.

Mr. Alex Skelton, Director General of Economic Research,
Department of Reconstruction and Supply.

⁵⁷ La réunion non officielle rapportée dans le document suivant immédiatement a été substituée à une réponse détaillée écrite, parce que les études canadiennes requises n'étaient pas encore terminées. The informal meeting recorded in the immediately following document was substituted for a detailed written reply, as the appropriate Canadian studies were not yet complete.

Mr. W.B. Timm, Director of Mines, Forests and Scientific Services,
Department of Mines and Resources.

Mr. W.J. Fisher, Director of Transportation and Communications Division,
Department of Trade and Commerce.

Mr. D.M. Johnson, Director of American and Far Eastern Division.

Acting Secretary

Mr. I.C. Pollack, Legal Division.

The Chairman explained that the purpose of the meeting was two-fold:

(1) To permit Mr. Homer S. Fox, Associate Economic Counsellor, United States Embassy, to check some of the United States data concerning Canada with the Canadian experts present at the meeting.

(2) To obtain an expression of opinion from the competent Canadian authorities that their views are generally in agreement with those of the United States administration.

The Chairman observed that as regards the latter, only personal views could be expressed, and these views could not be considered those of the Canadian Government as we were still preparing reports in this connection for their consideration.

2. The Chairman proposed that the questions contained in the letter from Mr. Hickerson of the State Department to the Canadian Ambassador in Washington, of January 8, 1948, be answered in the order submitted.

3. Mr. Homer S. Fox thanked the Chairman for making possible this meeting and expressed his concurrence to proceed in the manner suggested.

Question 1

What are the present Canadian estimates for the Canadian share of construction costs and on what date are these estimates based?

Mr. R.A.C. Henry, Chairman of the Air Transport Board, replied that as regards the Lachine section, the estimate was still under investigation and a figure could not be given before March. Mr. Guy Lindsay, Engineer in Charge, General Engineering Branch, Department of Transport, said that there was an estimate for the Soulange-Lake St. Francis section as of November-December, 1946. It was pointed out that the method utilized by the American authorities to calculate costs as of May, 1947, by increasing the 1941 figure by some 53 or 54%, was not feasible since the estimate of 1941 is no longer applicable in view of the fact that the Canadian part of the St. Lawrence Seaway project has changed since 1941.

In part, the present scheme would call for a decrease in costs, but the amount is relatively higher because of increased construction costs. Mr. Henry and Mr. Lindsay were of the opinion that, as an outside figure, they would consider that the cost would not exceed the estimate made by General Wheeler in the study prepared by the Department of Commerce. The 1946 estimate for the Soulange-St. Francis section is 31 or 32 million dollars which is less than General Wheeler's estimate. His estimate of 84 million dollars for the Lachine section could also be considered a maximum figure. The Canadian estimate for the international section is not as high as the one prepared by American authorities. It was confirmed to Mr. Fox that the power project costs are not included in the estimates given in the discussion. It was also appreciated that the cost of power projects could be liquidated more quickly

than the cost for the seaway project. However, if the power project only was undertaken in the International section, it would cost more than if progressed jointly with a Seaway Project.

Question 2

What are the Canadian estimates for the traffic capacity of the waterway, especially, of course, from Lake Erie to Montreal?

Mr. Lindsay estimated the practical traffic capacity of the waterway to be 30- to 35 million tons on the basis of present-day economic conditions and size of ships, which would utilize the seaway provided. It was pointed out that ships running east to west are very often without cargo. If iron ore should be shipped westward, the practical traffic capacity could be estimated at 70 million tons. He did not believe that the Welland Ship Canal would be a bottle-neck. Mr. Henry was of the opinion that the traffic capacity would be about 40 million tons, in view of the increased tonnage of the ships that would use the waterway. The term "practical" is considered to mean what ships are carrying in the light of present conditions, and not the theoretical maximum capacity which they could carry.

Question 3

What is the Canadian estimate of the traffic capacity of the Welland Canal for toll-paying traffic, bearing in mind the continued utilization of the Welland Canal by smaller toll-free vessels?

Mr. Henry agrees with the estimate contained in the report of the United States Department of Commerce. In his opinion 2500-ton boats would not be able to compete economically with the 20,000-ton ships and in the course of time would discontinue their operations. Therefore, the traffic would not be reduced below the estimate of 40 million tons which is the practical traffic capacity estimated for the project in general.

Question 4

What are the present Canadian estimates concerning the nature and volume of the traffic utilizing the projected seaway?

The volume of traffic in this case is considered to mean combined United States and Canadian traffic. Mr. Henry estimates the volume to be about 30 million tons. As for the nature of the traffic, the carriage of iron ore is an important consideration. He believes there would be a considerable increase in the volume of petroleum products and also cement, as far as Canadian shipping is concerned.

Question 5

Do the Canadian officials concerned with this problem have any comments or suggestions concerning the traffic estimates made in the above-mentioned study by the Department of Commerce and in the above-mentioned report of the Subcommittee of the Senate Foreign Relations Committee?

Mr. A. Skelton, Director General of Economic Research, Department of Reconstruction and Supply, said that in the light of present information, he had no quarrel to make with the estimates contained in the American studies. Mr. Henry also said that he concurred generally in the American estimates. As regards grain, the esti-

mate is perhaps a little too low, in view of present European requirements, but probably correct, having regard to normal traffic. The estimate for iron ore is probably a little on the high side, but considering that 60% of the iron products in the United States depend on ore carried through the waterway and that it is estimated that 51- to 80 million tons of ore are required yearly, perhaps the estimate is not too high, if the capacity of the canal will permit the traffic.

Question 6

Do the Canadian officials in question have any comments or suggestions concerning the United States estimates relating to the potential Labrador iron ore deposits?

Mr. Henry said that in the United States report, the estimate is that 5- to 10 million tons a year can be obtained from the Labrador deposits but that other people in the United States do not believe there is as much as all that.

Mr. W.B. Timm, Director of Mines, Forests and Scientific Services, Department of Mines and Resources, informed the meeting that he could not really state the extent of the deposits in Labrador, but that the drilling to date shows 150- to 250 million tons of proven ore and that the hope is that by the end of 1948 the amount will have been increased to 300 million tons. It can be affirmed that extensive reserves of high-grade iron ore exists. It is calculated that at least 10 million tons of iron ore must be mined yearly for an efficient and economical operation to be maintained, and that proven ore deposits of 300 million tons must be established to warrant the construction of a railway. It will be 1951 or 1952 before any iron ore is shipped out of Labrador, at which time the canal will also be ready if the seaway project is approved by the United States and Canada. Mr. Timm considers that the United States estimate of iron ore reserves in Labrador is reasonable.

Question 7

Are there any Canadian comments concerning the conclusion in the above-mentioned Department of Commerce report to the effect that wheat would be brought eastward over the waterway in lake vessels and trans-shipped at Montreal into ocean-going vessels for export?

Mr. W.J. Fisher, Director of Transportation and Communications Division, Department of Trade and Commerce, believes that wheat would be continued to be brought eastward over the waterway in lake vessels, and that trans-shipment for export would be made at Montreal, or perhaps at some point lower in the St. Lawrence. The reason for carriage by lake vessel as opposed to ocean going vessels, is that the former costs much less to construct and operate. There is also a considerable amount of wheat which is not carried to Europe in tramp steamers, but is shipped in small lots in liners. Liner requirements for New York would still go through Buffalo if this traffic was warranted, on the basis of rates. So long as it did not cost more to ship via New York as from Montreal, and New York was interested to get this traffic, wheat would be shipped through Buffalo. Liners were interested in carrying wheat as dead weight ballast. Mr. Henry and Mr. Fisher did not believe that ocean vessels would go up the seaway. A very small number of Nor-

wegian and Greek ships did so and traded in the Lakes, but this traffic in 1946 was only ½ million tons.

Question 8

Have the Canadian officials any comments or suggestions in connection with the tolls aspect of the project as outlined in the Senate report and the Department of Commerce study?

In Mr. Henry's opinion tolls should not be based on the total cost of the waterways because part of the costs are actually improvements which cannot be depreciated and therefore should not be amortised, e.g. foundations. With regard to the tolls themselves, he considers them to be slightly unbalanced if one compares the tolls for iron ore and grain.

The value of a ton of iron ore is about \$6.00 and the value of a ton of wheat is about \$33.00. However, the tolls are respectively 50¢ and 25¢; in other words, twice as much for iron ore whose cost is five times less. In his opinion it would be more appropriate to charge 12½¢ per ton for iron ore if the toll for grain is to be 25¢. Provision will have to be made for petroleum products for which no toll is included and for cement which might be 50¢ a ton.

Mr. Henry furthermore considers that tolls should be based on:

- (1) Cost of operation (maintenance)
- (2) Depreciation of items entering into costs.
- (3) Interest, if it is to be included at all.

Generally speaking, the tolls are acceptable and the over-all estimate of 21- to 27 millions is very much in line with Mr. Henry's estimate of 20 million.

Question 9

Do the United States toll estimates appear realistic? Are the rates for individual commodities fair? Does it appear to the Canadian officials that the rates suggested and the revenues anticipated therefrom would make the project self-liquidation[sic]?

Subject to reasonable agreement on what should be included in the estimate of costs, as for example, interest, the tolls should make the project self-liquidating. The toll for coal, is perhaps a little too high. Mr. Fisher pointed out that Canada was a potential market for anthracite coal from the United Kingdom. If English coal costs could ever be brought into line with American costs, the volume of traffic of coal would be considerably increased. Mr. Lindsay was of the opinion that the figure for annual charges might be a little too high. Mr. Henry observed that the defence value of the seaway project was a very important factor in favour of the project.

Having answered all the nine questions contained in Mr. Hickerson's letter, the Chairman asked Mr. Fox whether there were any further questions he would like answered. Mr. Fox did not propose asking anything else at the present time.

Mr. Skelton, however, brought up the subject of power and whether the increase in power would find a ready market. Mr. Henry was of the opinion that there was no question that the territories concerned required this additional electrical power, and would utilize it over a relatively short period of time.

Before closing the meeting the Chairman thanked the representatives for attending and agreed to provide Minutes of the Meeting as soon as possible.

1012.

DEA/1268-D-40

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

TELEGRAM WA-622

Washington, February 27, 1948

ST. LAWRENCE SEAWAY

After a month's intermittent but occasionally heated debate, the Senate by a vote of 57 to 30 recommitted this afternoon to the Foreign Relations Committee the Resolution authorizing the construction of the seaway. This method of dealing with the seaway, as I mentioned in my WA-417 of February 7th, 1948,† tends to remove the political consequences of its defeat as a national issue. It also appealed both to those who entertained sincere doubts about certain aspects of the seaway as presented, as well as to those who might have wished to vote against it for other reasons but could not do so without some risk. Without doubt the seaway will not be approved by the present Congress.

2. Apart from such basic arguments used by the opponents that the seaway proposal should have been submitted to Congress as a Treaty rather than an Agreement, that it will be ice-bound four months of the year, that the 27 foot depth as proposed is too shallow, genuine sentiment exists that certain aspects of the seaway require further study and clarification. These include disputed contentions as to anticipated traffic, capacity, cost and self-liquidation. The debate showed that widely varied estimates on these matters can be supported which are very difficult to prove conclusively in either extreme. Clearly, many contentions about the seaway are matters of judgment rather than fact which cannot be established until after the seaway is completed and used. On the other hand, a certain portion of the Congress will continue to vote against the seaway no matter how exhaustive and minute a study of all considerations connected with it is undertaken. Nevertheless a need does seem to exist for a basic and up-to-date study of such matters as traffic potential, cost, tolls, capacity and depth for modern shipping. According to the State Department, it is too early to be definite about what steps will be taken. Andrew Foster, however, says that further studies will probably be undertaken this year possibly with a view to reintroducing the Bill at the next session of Congress.

3. Many supporters of the Bill are convinced that the main and collateral considerations introduced by the opponents were merely a device to defeat the measure, which is in reality opposed for underlying and unsaid reasons and not through objective analysis of its merits and faults as proposed. Thus they state that the opposition springs from port, coal, railway, lake carrier and power interests.

4. Senator Barkley in the closing stages of the debate said that he supposed Hancock was right when he said that the tariff is a local issue. Mr. Barkley said that he thought that description applied to the seaway. Senator Barkley said, however, that he was as sure that the seaway would ultimately be completed as he was that the sun will rise tomorrow morning. Amongst the welter of debate, confusion, conflicting estimates and clashing interests which harry this proposal, Mr. Barkley's conclusions stand out as being apt.

5. One of the weaknesses in the case for the seaway was the vagueness of the toll proposal. The conclusion of an International Agreement providing for the toll arrangements in detail may be considered necessary before the proposal is submitted to Congress again.

6. I will, of course, keep you informed of further developments.

1013.

DEA/1268-U-40

*Note du président du Comité interministériel
sur le projet de voie maritime du Saint-Laurent
pour le Comité du Cabinet chargé du développement
économique et industriel*

*Memorandum from Chairman, Interdepartmental Committee
on St. Lawrence Waterway Project,
to Cabinet Committee on Economic and Industrial Development*

SECRET

[Ottawa], May 8, 1948

THE ST. LAWRENCE WATERWAY AND POWER PROJECT

The Interdepartmental Committee on the St. Lawrence Waterway and Power Project has been giving consideration to the situation existing as a result of:

(a) The action of the U.S. Senate in recommitting Senate Joint Resolution 111 — which would approve most of the Seaway and Power Agreement of 1941 — to its Foreign Relations Committee;

(b) Indications that the Governments of Ontario and New York State will press for action enabling them to proceed at an early date with the development — independently of the navigation scheme — of the power resources in the International Section of the St. Lawrence River.

Present Status of 1941 Agreement

2. The above-mentioned action of the U.S. Senate appears to have been taken not because the opponents of the seaway were believed to be definitely in the majority but in view of the fact that many Senators considered it inadvisable to vote for or against the seaway project in an election year. The effect, however, will be that of

preventing final acceptance or rejection of the 1941 Agreement during the life of the present Congress. It is, nevertheless, not unreasonable to assume that the question will be considered by the next Congress, possibly within twelve months' time, and that there is still a possibility that the 1941 Agreement, incorporating both navigation and power development features, may receive the necessary approval.

Desirability of the Waterway

3. The navigation features of the 1941 Agreement are of as much importance to Canada as the power proposals. Since the beginnings of our history, transportation, in relation to the area and population to be served, has been the basic Canadian economic problem. The great natural advantage of the St. Lawrence-Great Lakes waterway system has done much to overcome our other handicaps and high costs in this field. This waterway system has been the basis of our historical economic development from the days of the fur trade and the timber trade to the 20th century integration of the grain-exporting west with the industrial east. There is every indication that the role of an improved St. Lawrence-Great Lakes system can be equally important in the future in view of the apparent potentialities of the Labrador-Quebec iron ore deposits and the rapid progress to industrial maturity of the contributory area. The Province of Ontario would be a major beneficiary of further improvement of its main transportation artery. The continued industrial development of the St. Lawrence-Great Lakes area has, of course, strategic as well as economic aspects.

4. Whatever can be done to eliminate bottlenecks and reduce costs of transportation for bulky, relatively low-valued commodities which must be moved long distances to markets, will be of particular advantage to Canada. Canada has a particular interest in pressing the navigation features of the seaway and in tying them in with the power development aspects in which the United States is now especially interested, and the financial arrangements embodied in the 1941 Agreement are admirably adapted to promote and protect Canada's interest.

Feasibility and Advantages of Separate Power Development

5. Separate development of power, as envisaged by Ontario and New York State, could be carried out in such a way as not to hinder eventual development for navigation. Also, it is arguable that, if the next Congress rejected the 1941 Agreement at an early date or delayed its approval for a further lengthy period, and the International Joint Commission decided in favour of separate power development within a reasonable length of time, such development could bring Canada in the near future an additional million horse-power for its present needs and for possible defence requirements. (Further comments are made below on the time factors involved.) Nor is it clear that the total cost to Canada and the United States would be substantially greater, if power were developed first and navigation subsequently. On the other hand, as will be shown in the following paragraphs, the financial loss to Canada — including Ontario — would be considerable, and it is in fact doubtful that the development of the waterway could be realized at all in the foreseeable future.

Financial Advantages of the 1941 Agreement

6. The 1941 Agreement was advantageous from the financial point of view in that it attempted, as far as possible, to divide the over-all cost of the proposed 27-foot waterway, from Montreal to the Upper Lakes, almost equally between Canada and the United States. To this end, under the Agreement, the United States undertook to bear the entire cost of the improvements in the Upper Lakes, and the cost of both the power and navigation works in the International Section with the exception of the land damage on the Canadian side, the rehabilitation of some of the displaced communities, and the installation of the electrical machinery for power production on the Canadian side, which were to be the responsibility of Canada. Canada also agreed to bear the expense of deepening the Welland Canal to 27 feet, and of the works in Lake St. Francis, the Soulange Section and the Lachine Section.

7. It was contemplated by both Canada and the United States that the former would make an arrangement with Ontario and the latter would make one with the State of New York, regarding the amounts which Ontario and New York would pay for the power works. The Canadian Government did in fact enter into an agreement with Ontario regarding the power works in the International Section. It was recognized that some of the works in the International Section were for navigation alone, some for power alone, and some were necessary for both navigation and power. According to the 1941 arrangement, Ontario was to pay the Federal Government for the power works, and for part of the cost of the combined navigation and power works.

8. The following table shows the financial arrangements under the 1941 Agreements with the United States and with Ontario, from which may be calculated the net cost to the Federal Government of the entire 27-foot waterway. The estimates, in round figures, are given both at 1941 prices and at 1948 prices. It may be noted, however, that the 1948 estimates are based on the assumption that a new agreement could be negotiated with Ontario on the same basis as the 1941 Agreement.

COST TO FEDERAL GOVERNMENT — 1941 ARRANGEMENTS

	<u>1941 Prices</u>	<u>1948 Prices</u>
Total cost to Federal Government (deepening of Welland Canal; all developments in purely Canadian Sections, i.e. Lake St. Francis, Soulange, and Lachine; land damage and rehabilitation costs in International Section)	\$106,000,000	\$160,000,000
To be recovered from Ontario (value of all of Canada's share of works in International Section for power alone, and part of value of works for both power and navigation —virtually all to be constructed at U.S. expense)	\$ 64,000,000	\$ 95,000,000
Net cost to Federal Government for entire 27-foot waterway	\$ 42,000,000	\$ 65,000,000

9. The following table shows the cost to Ontario for full power development under the 1941 arrangements, the figures, being given, as above, at 1941 prices and at 1948 prices.

COST TO ONTARIO — 1941 ARRANGEMENTS

	<u>1941 Prices</u>	<u>1948 Prices</u>
Payment to Federal Government (see above)	\$ 64,000,000	\$ 95,000,000
Additional expenditures necessary for power machinery, etc.	\$ 26,000,000	\$ 40,000,000
Total cost to Ontario for development of a million horse-power	\$ 90,000,000	\$135,000,000

Disadvantages of Separate Power Development

10. The total cost to Ontario of power development under the 1941 arrangements, as shown above, would be \$135,000,000 at 1948 prices. If, however, Ontario proceeded, in cooperation with New York State, with separate power development, Ontario would have to pay not only for the power works but also for the works common to power and navigation (although not for the solely navigational works), whose expense would have been shared with the Federal Government under the 1941 arrangements. If Ontario and New York carried out such a development with a view to obtaining the same amount of power as it was proposed to develop under the navigation and power scheme, the estimated cost to Ontario would then be \$170,000,000 instead of \$135,000,000. There is therefore an estimated financial loss to Ontario of \$35,000,000 through the separate development of power in the International Section.

The Future of the Waterway Scheme with Prior Power Development

11. It seems evident that the 1941 Agreement would be a dead letter in the event of separate power development, and that a new Agreement on the question of the seaway alone would have to be concluded if there were to be cooperation between the two countries in this project. It is impossible at this stage to express a firm opinion as to whether a new Agreement could be obtained that would be acceptable to both countries. This would depend on the amount of backing for the project that existed on both sides of the border at the time. The amount of support in Congress for a seaway might, for instance, depend on bargains on other questions struck with sections of the United States that are at present opposed to the seaway. It is, however, perhaps reasonable to assume that, once a decision were reached to proceed with separate power development, the present New England Congressional supporters of the combined seaway and power scheme could no longer be counted upon to support a seaway project and that, while the traditional Mid-Western support for the waterway would remain, the opponents of the waterway outside the Mid-Western region would have an additional important argument with which to rally opposition. Thus, while the prospects of acceptance of the 1941 Agreement are uncertain those of a separate seaway Agreement appear decidedly more remote.

12. While it is impossible to forecast what form a subsequent seaway agreement with the United States might take, it is perhaps of some interest to consider what the cost to Canada would be if such an agreement incorporated the navigational features of the 1941 Agreement — even though Canada might be loath to consent to such a costly arrangement. On this assumption, it is estimated that, at 1948 prices, Canada's share of the navigation development would be \$130,000,000, instead of the figure of \$65,000,000 given in paragraph 8 above. This estimate of \$130,000,000 represents the figure of \$160,000,000, given in paragraph 8, minus the cost of land damage and rehabilitation works which would have been borne by Ontario in connection with the separate power development. The loss to both Ontario and the Federal Government can then be summarized as follows:

COST OF SEAWAY TO FEDERAL GOVERNMENT	
Separate seaway development	\$130,000,000
1941 arrangements	65,000,000
Difference	\$ 65,000,000
COST OF POWER DEVELOPMENT TO ONTARIO	
Separate power development	\$170,000,000
1941 arrangements	135,000,000
Difference	35,000,000
Total loss to both Ontario and Federal Governments	\$100,000,000

Additional Disadvantages

13. In addition to the financial loss to Ontario, mentioned above, there would be other losses to the Provinces. If the waterway project were indefinitely shelved, Ontario and Quebec would be among the principal losers as a result of the failure to secure a cheap means of transportation. Furthermore, Quebec — which has evinced interest in Dominion-Provincial development for power and navigation in the Lachine Section of the St. Lawrence — would lose the financial savings resulting from shared costs.

Canadian Objective

14. It is therefore apparent that it is very much in the interests of the Canadian Government to seek to realize the advantages of combined power and navigation development, and to avoid the disadvantages of allowing power development to proceed independently. Having progressed to the extent of committing the United States Government to the principle of combined power and navigation development in the 1941 Agreement, it would seem desirable for Canada to do everything possible to facilitate early ratification of that Agreement, and to try to prevent anything which might militate against eventual combined power and navigation development while any reasonable chance of ratification of the 1941 Agreement remains.

Possible Courses of Action Open to Ontario

15. With this conclusion in mind, the Interdepartmental Committee has given consideration to the form which Ontario's next move might take. The following possibilities have been considered:

(1) Request for Negotiation of a New Agreement

The Ontario Government might request the Federal Government to negotiate a new Agreement with the United States on the single question of power development in the International Section. This procedure could be followed by the two Federal Governments, but it would be unusual for them to adopt such a course of action without making a prior reference to the International Joint Commission. It could be argued, however, that a reference to the International Joint Commission had already been made in the 1920's, and that a further one would be unnecessary. The effect of the conclusion of such an Agreement would be to bring all the undesirable results enumerated above. It is assumed that Ontario is aware that such a result is inevitable. There is no indication however that either Ontario or New York wishes a new International Agreement on power negotiated. A new Agreement would require U.S. Senate approval, which might not be forthcoming any more rapidly than in the case of the 1941 Agreement.

(2) *Direct Reference to International Joint Commission*

Some of the recent public statements of Governor Dewey and Premier Drew indicate that they believe New York and Ontario could make a direct application to the International Joint Commission, without applying through their respective Federal Governments. Senator A.O. Stanley, Chairman of the U.S. Section of the International Joint Commission, has also been quoted in the press to that effect. Actually, such an approach is specifically ruled out by Rule of Procedure No. 6 of the International Joint Commission. While the Commission could, of course, change its Rules of Procedure, Article III of the Boundary Waters Treaty of 1909 would, in that case, require the subsequent approval of the Federal Governments concerned, in addition to the Commission's approval, before any development could be undertaken affecting the level or flow of boundary waters. Thus it would, in the long-run at least, be impossible for Ontario to by-pass the Federal Government completely. It appears reasonably certain, as a matter of fact, that the Canadian Commissioners would not agree to such a change in the Rules of Procedure, and that a direct reference to the International Joint Commission would be turned back at once, with instructions to file it through the appropriate Federal Government. (Here, it should be mentioned that on October 1, 1942, the State of Washington did apply direct to the International Joint Commission, under Article IV, concerning water levels in Osoyoos Lake. It was apparently an oversight on the part of the United States Section of the Commission and it would not seem that this precedent could be seriously invoked against Rule of Procedure No. 6 and the actual terms of the Boundary Waters Treaty. This view was moreover confirmed, by analogy, by an opinion of United States Commissioner George Turner, dated October 9, 1913, in which it was held that, under Rules of Procedure 6, 7 and 8, plans accompanying the application of the Michigan Northern Power Company should have the approval of the United States Secretary of War as a prerequisite to the consideration of the said application by the Commission.)

(3) *Request for Reference to International Joint Commission*

If Ontario were instructed by the International Joint Commission to apply to the Canadian Government, or if, in the first instance, Ontario requested the Canadian Government to make a reference to the Commission, the reference could be made in one of two ways:

(a) It could be made under Article IX of the Boundary Waters Treaty, calling for recommendations only. Subsequent action by Parliament and Congress would probably be necessary to implement the recommendations of the International Joint Commission, and this, from Ontario's point of view, would doubtless raise the same objections as the negotiation of a new Agreement. It could also be argued that a reference under Article IX of the whole St. Lawrence question had already been made in the 1920's.

(b) Application could be made under Article III of the Boundary Waters Treaty, calling for a final and binding decision. This would probably not require further legislative action, and is understood to be the alternative favoured by Ontario.

International Joint Commission — Special Considerations

16. Since Ontario appears to favour a reference to the International Joint Commission (under Article III of the Boundary Waters Treaty), the Interdepartmental

Committee has given special consideration to this possibility. The following points may be noted:

(a) The U.S. Government might be loath to agree to an application under Article III in such a politically contentious matter, since — if the Commission decided in favour of letting New York and Ontario proceed with the power development — the effect would be to by-pass Congress.

(b) It might take a considerable period of time for the Canadian and U.S. Governments and the other interested parties to reach agreement on the terms of the reference to the Commission. This delay would not occur, however, if a unilateral reference were made.

(c) It has been the usual practice in the past for the U.S. and Canadian Governments to make simultaneous and identical references to their respective sections of the Commission, and the invariable practice in the case of references under Article IX. There appears to be no legal obstacle, however, to a unilateral reference, either under Article IX or under Articles III or IV.

(d) No early decision could be expected from the Commission. Past experience indicates that two years might well elapse between the making of a reference to the Commission and the handing down of its decision.

17. It can thus be seen that a reference to the Commission — even if Canada decided to sponsor such a move on behalf of Ontario — could scarcely result in an early decision enabling Ontario and New York to proceed with their plans for power development. The indications are that Ontario is aware of this probable delay and is willing to accept it.

18. Any publicized move by Ontario or New York which gave the impression that the power question was before the Commission, or about to be placed before the Commission, would probably prove as effective as the conclusion of a new Agreement on power alone in preventing further Congressional consideration of the combined power and waterway project, since the opponents of the waterway scheme could argue that a portion of the project, at least, was thus sub judice.

Status of Ontario Agreement

19. Under Article III of the 1941 Agreement between Canada and Ontario, Ontario undertakes to do nothing inconsistent with the Canada-United States Agreement. Unfortunately, however, this undertaking would be of no value in attempting to dissuade Ontario from the contemplated course of action. Article I of the Agreement makes its operation conditional upon ratification of the Canada-United States Agreement, and Article XV provides that after March 19, 1944, the Canada-Ontario Agreement is subject to immediate cancellation on written notification by either party.

Conclusions and Recommendations

20. From the above considerations the following main conclusions emerge:

(a) It is undesirable, in view of the Canadian Government's interest in the whole St. Lawrence Waterway and Power Project, that any formal steps should be taken towards implementing the power project alone, unless and until it is clear that United States approval cannot be secured for the combined project — specifically

until the next U.S. Congress had had an opportunity to consider the substance of S.J. Res. 111, perhaps within twelve months' time.

(b) The combined waterway and power project would be placed in serious jeopardy if Ontario and/or New York State transmitted a direct application to the Federal Governments or to the International Joint Commission.

(c) In these circumstances it appears desirable that consideration be given to the possibility of taking action to forestall a formal approach, by the Ontario Government, to the Federal Government or to the International Joint Commission.

(d) If it is not desired to take the action referred to in (c) or if such action is unsuccessful — and Ontario formally requests the Federal Government to facilitate separate power development — the Interdepartmental Committee is inclined to the view that such separate development should be deferred pending further Congressional consideration of the 1941 arrangements. The Interdepartmental Committee would, however, welcome an opportunity to review the question should a formal request be received.

21. The United States Government is, of course, faced with similar considerations. The Interdepartmental Committee, therefore, recommends that the Department of External Affairs be authorized to communicate to the United States State Department; in the strictest confidence, (a) the view that it is preferable for action looking to separate power development to be deferred pending further Congressional action (but *not* the financial estimates outlined) and (b) the substance of the comments made in paragraphs 15 to 18 above on the procedural questions that direct or indirect applications to the Joint Commission would raise. It further recommends that the Department mentioned be permitted to keep in close touch with the State Department on developments in the power question.

DAVID M. JOHNSON

1014.

DEA/1268-Q-40

*Note du président du Comité interministériel
sur le projet de voie maritime du Saint-Laurent
pour le Comité du Cabinet chargé du développement
économique et industriel*

*Memorandum from Chairman, Interdepartmental Committee
on St. Lawrence Waterway Project,
to Cabinet Committee on Economic and Industrial Development*

SECRET

[Ottawa], May 13, 1948

THE ST. LAWRENCE WATERWAY AND POWER PROJECT

The Interdepartmental Committee on the St. Lawrence Waterway and Power Project forwarded a memorandum to the Cabinet Committee, on May 8th, 1948, outlining various considerations raised by the announced desire of Ontario and New York State to proceed with separate power development in the International Section of the St. Lawrence River.

2. Further information has today reached the Department of External Affairs, from the Canadian Embassy in Washington, which has an important bearing on certain of the points raised in the Interdepartmental Committee's Memorandum.

3. General Francis B. Wilby, Chairman, and Mr. Ralph Sucher, Executive Secretary and Counsel of the Power Authority of the State of New York, have conferred in Washington with the Army Engineers, the United States Section of the International Joint Commission, and the Federal Power Commission. They subsequently called upon the United States Secretary of State and left a letter with him, a copy of which has been shown to the Canadian Embassy.

4. The letter indicated that the New York State Power Authority understood that the Ontario Government would ask the Department of External Affairs for permission to apply to the International Joint Commission for authorization to work out, with New York, agreements on separate development of power in the International Section. It stated, further, that the Power Authority planned to make a similar application to the State Department, after Ontario's application had gone forward. General Wilby indicated orally to the State Department that New York's application might be in the hands of the State Department by the middle of June. The State Department understands that the application will be made under Article III of the Boundary Waters Treaty of 1909.

5. The Embassy in Washington has been informed by the State Department that it is making a noncommittal reply to the New York State Power Authority, that will give no indication as to whether separate power development is favoured.

6. The following points are of particular interest in connection with this report from Washington:

(1) The New York Power Authority expects Ontario to make the first official move. It follows that there is less danger that an attempt to forestall a formal approach by Ontario — as suggested in paragraph 20(c) of the Interdepartmental Committee's memorandum of May 8th — would be nullified by precipitate action on the part of the New York authorities.

(2) If, as suggested, Ontario is to apply in the first instance to the Department of External Affairs, rather than to the International Joint Commission, the hazards foreseen in paragraph 18 of the Interdepartmental Committee's memorandum may be reduced.

(3) It is stated that Ontario would ask the International Joint Commission for permission to work out power development arrangements with the State of New York. The Commission gives rulings on specific applications from the two Federal Governments; it does not issue "blank cheques" of this sort. The projected approach to the Department of External Affairs might provide an opportunity to explain this point, also, to the Ontario authorities.

(4) If the New York Authority plans to have an official application in the hands of the State Department by mid-June, and to make its application only after Ontario has made the first move, the approach by Ontario to the Department of External Affairs may, presumably, be expected at an early date.

7. The information from the Canadian Embassy was not received in sufficient time to enable it to be placed before the members of the Interdepartmental Committee.

DAVID M. JOHNSON

1015.

DEA/1268-U-40

Note de la Direction de l'Amérique et de l'Extrême-Orient

Memorandum by American and Far Eastern Division

SECRET

[Ottawa], May 15, 1948

At the Seventh Meeting of the Interdepartmental Committee on the St. Lawrence Waterway, on May 5th, 1948, Mr. Henry told the members "off the record" that Mr. Saunders, Chairman of the Ontario Hydro, had intimated to Mr. Howe that Ontario's real motive in pressing for separate power development was to hasten the two Federal Governments towards implementation of the combined power-waterway project.

2. The Interdepartmental Committee agreed that if Ontario really had this motive it was under a grave misapprehension, since precipitate action at this time was likely to have the opposite effect. Mr. Eberts thought that some mention of this possible Ontario motive should be made in the Interdepartmental Committee's memorandum to the Cabinet Committee. Mr. Henry insisted, however, that this was not necessary, since Mr. Howe knew about it and was sure to mention it to the other Cabinet Committee members.

3. It is not possible to know what importance to attach to Mr. Saunders' alleged remarks. It is quite possible that he realized that the Canadian Government was reluctant to see the power scheme precede, and thereby jeopardize, the seaway scheme, and that, in making the above remarks, he was merely trying to put the Ontario application in a light that would make it palatable to Ottawa. If, of course, Mr. Saunders meant what he said, it might not be too difficult for the Canadian Government to dissuade Ontario from making an application regarding power to External Affairs or to the International Joint Commission.

DAVID STANSFIELD

1016.

PCO/Vol. 59

*Extrait du procès-verbal du Comité du Cabinet
chargé du développement économique et industriel*

*Extract from Minutes of Cabinet Committee
on Economic and Industrial Development*

SECRET

[Ottawa], May 17, 1948

III. ST. LAWRENCE WATERWAY AND POWER PROJECT

6. *The Secretary* submitted a report of the Interdepartmental Committee on the St. Lawrence Waterway and Power Project prepared in view of the possibility that the

governments of Ontario and New York State might seek to proceed at an early date with power development independently of the navigation scheme.

The Committee had reached the conclusion that the introduction of a proposal to undertake power development apart from navigation aspects would seriously prejudice implementation of the whole scheme and might result in the abandonment of the 1941 Agreement.

In the event that power was developed separately the Canadian government would be involved in comparison with the 1941 Agreement in additional expenses of \$65 million in relation to the whole project and the Ontario government of some \$35 million in getting the power.

The Interdepartmental Committee had considered the possible courses of action open to the Ontario government. According to the latest information received from the Canadian Ambassador in Washington, it was thought likely that an application would be made by the government of Ontario to the federal government for a reference to the International Joint Commission under Article 3 of the Boundary Waters Treaty calling for a binding decision.

The Committee had concluded that it was in the Canadian interest that the navigation and power schemes be undertaken jointly. This would be prejudiced by the introduction of a proposal to proceed with power development separately. If, however, a formal request for a reference to the Commission could not be forestalled, action should at least be deferred pending further U.S. Congressional consideration of the 1941 Agreement.

Copies of the Committee's report and an additional memorandum had been circulated.

(Report of the Interdepartmental Committee on the St. Lawrence Waterway Project, May 8, 1948, CCEID Document No. 4; Memorandum, Chairman of Interdepartmental Committee, May 13th, CCEID Document No. 6).

7. *The Secretary of State for External Affairs* referred to practical difficulties in the way of dealing at once with any Ontario proposal. The Canadian section of the International Joint Commission had at present two vacancies and was in no position to deal with a question of this type. Moreover, if any application was made directly to the Commission they should unquestionably refer it to External Affairs for governmental consideration.

Decision as to the course to be followed in the event an application was received from Ontario should wait upon receipt of such application. Meanwhile it might be useful to inform the U.S. government of the government's views with regard to avoiding separation of power and navigation aspects of the St. Lawrence development, and of the complications which could result from the desire of Ontario and New York to proceed separately with a power project. No indication, however, need be given at this stage of Canadian views on the difficult legal procedural problems involved.

8. *The Committee*, after considerable further discussion, agreed:

(a) that Canadian interests would best be served by avoiding any separation of power and navigation aspects of the St. Lawrence Waterway project and that accordingly any action which might lead to this separation would be undesirable pending further opportunity for U.S. Congressional consideration of the 1941 agreement; and

(b) that the U.S. government be informed by the Canadian Ambassador to the United States, informally, of the Canadian government's views in this connection without reference, however, to legal procedural problems of methods of reference to the International Joint Commission.

...

1017.

DEA/1268-U-40

*Note du président du Comité interministériel
sur le projet de voie maritime du Saint-Laurent*

*Memorandum by Chairman, Interdepartmental Committee
on St. Lawrence Project*

SECRET

Ottawa, June 14, 1948

RE ST. LAWRENCE WATERWAY PROJECT AND THE ONTARIO—NEW YORK
POWER SCHEME

I wish to bring to your attention several items of information, in connection with the Ontario-New York plans for power development, which have reached the Department of External Affairs since the submission of the Committee's report to the Cabinet Committee on Economic and Industrial Development on May 8th, and since the drafting of the supplementary report I submitted to the Cabinet Committee on May 13th, copies of which were circulated to the Interdepartmental Committee.

Notification of State Department

2. On May 28th, in accordance with the decision of the Cabinet Committee at its meeting of May 17th, our Embassy in Washington told the State Department informally, and in confidence, that the Canadian Government held the view that the waterway would be of great mutual benefit to the two countries, and that action looking to separate power development might seriously prejudice the future of the waterway scheme. This statement was received with interest.

Views of the United States Government

3. We have learned that the views of the State Department on the legal and procedural questions involved in a reference to the International Joint Commission are entirely similar to our own. The State Department has not, however, given us any clear statement on the attitude of the U.S. Government towards the proposed New York application for permission to proceed with separate power development. Nevertheless, we have obtained some useful indications of the trend of thinking in Washington.

4. On May 31, we asked the Embassy in Washington to seek, confidentially, the best available opinion as to: (a) what chance there was of the 1941 Agreement receiving the approval of the next Congress, along the lines contemplated in S. J. Res. 111; (b) whether there is any likelihood that the idea of prior power development would find substantial backing in Washington; and, if so, (c) what chance there would then be of a new Canada-United States Agreement on navigation alone, with reasonable compensation to Canada for expenses already incurred in connection with the Welland Canal, being successfully negotiated and securing Congressional approval. Replies dated June 3 and June 9 have conveyed the views summarized hereunder.

Chances of Approval of 1941 Agreement

5. The State Department is not optimistic about the chances of the 1941 Agreement receiving the approval of the new U.S. Congress, some officials considering it unlikely that the vote in next year's Senate would be materially different from the 57 to 30 vote in the present Senate. The Canadian Ambassador, Mr. Wrong, who has been trying to arrange to have a private chat with Senator Vandenberg, infers from a letter he has received from the latter that the Senator also thinks it unlikely that the next Congress would approve the 1941 Agreement. Mr. Hickerson, a senior State Department official, is advising, however, that there should be no commitment by the U.S. Government, either for or against separate power development, until there is an opportunity of accurately estimating the fate of the 1941 Agreement at the hands of the next Congress. This, of course, would involve delay at least until after the elections in November.

Backing for Separate Power Development

6. Mr. Wrong states: "It is likely that there would be substantial backing in Washington for prior power development, since the opposition to the combined project centres almost wholly round the navigation feature of the 1941 Agreement." Nor does it appear that Senator Vandenberg would be prepared to assume responsibility for delaying the development of power alone, if such development were politically feasible. In his letter to Mr. Wrong, he said, in part: "I am frank to say that I do not believe we are entitled to hold up 'power' pending a determination of the great uncertainties involving 'navigation'." On the other hand, Senator Wiley, Chairman of the Senate Committee on the Judiciary, has initiated a move clearly designed to delay separate power action and to keep the combined scheme open. He has introduced a resolution in the Senate calling for the appointment of a special commission to give further study to the combined scheme. (Army Engineers believe that the studies required would take at least a year to complete.) The Embassy in Washington says there is a possibility of Wiley's resolution passing the Senate, but that it is unlikely that there will be time for an appropriation Bill, providing the necessary funds, to pass Congress before its adjournment.

Prospects for a New Waterway Agreement

7. Senator Vandenberg's letter, quoted above, says that "'power' development might well proceed on the basis of a construction plan which can really be the first great step in the subsequent evolution of the 'navigation' plan." And the National

St. Lawrence Project Conference, a bitter foe of the waterway, has condemned the New York power plans on the grounds that they would facilitate later navigation development. Nevertheless, the general view in Washington — to which Vandenberg probably subscribes, in spite of his statement above — is that the chances of a new waterway agreement would be even slimmer than those of the 1941 Agreement.

Delaying Action Contemplated by U.S. Government

8. The Head of the Canadian Section at the State Department told me informally, a few days ago, that his Department was inclined to the view that, since the combined power and waterway scheme has had such a long Congressional history, it would be only logical for Congress to be given an opportunity to express its opinion on the New York application. He appeared to have in mind the possibility of Congress being given an opportunity to approve a Resolution favouring separate power development before the State Department would transmit a New York application to the International Joint Commission. This, of course, would serve to delay the filing of the U.S. application with the Commission, and would also save the Administration from the political embarrassment of having either to endorse or reject the application. Mr. Hickerson went even further and told Mr. Wrong that any development of the river on the U.S. side would have to be authorized by Act of Congress, even if the costs were to be met wholly by the State of New York. This view does not appear to be shared, however, by the legal advisers of the New York Power Authority.

Ontario Position

9. Some very interesting and highly confidential information has been received as a result of a visit which Mr. C.L. Carrick, head of the legal department of the Ontario Hydro, paid to Miss E.M. Sutherland, Acting Secretary of the Canadian Section of the International Joint Commission on June 9th. Mr. Carrick's visit was ostensibly for the purpose of obtaining advice on the procedural questions involved in an application to the Commission, and he brought copies of Ontario's draft application with him. He left one copy with Miss Sutherland, which she kindly loaned to this Department, and a copy of it is attached to this memorandum.

10. This draft has several interesting features. One is the date — July 1, 1948. Mr. Carrick told Miss Sutherland that he was waiting for the passing of an Order-in-Council before he could file the application. Although the application is addressed to the Commission, he apparently plans to send it to External Affairs in accordance with the customary procedure.

11. Although Mr. Carrick claimed to be seeking advice, he seemed strangely unwilling to accept any, or to make any changes in his draft application. "I got the impression," Miss Sutherland says, "that this entire application had been dictated by the New York State Power Authority, and that Mr. Carrick had no authority to deviate from the draft as agreed upon by both parties."

12. He did agree to delete the United States Section of the Commission from the address since it is an Ontario application. (He insisted that the Ontario and New York applications would be for "joint development" but that they were not "joint

applications".) Also, while he agreed reluctantly to substitute "Article III" for "Article II" (as his draft originally read) in paragraph 10, he would not delete the reference to Article VIII which Miss Sutherland assured him was unnecessary.

13. Miss Sutherland told Carrick that it was customary to file plans with the application (50 copies being required) but that other documents, such as those referred to in the draft application, could more conveniently be presented as exhibits during the hearings on the application. He, however, insisted that the necessary copies would be produced with the application, and did not indicate that he would give any consideration to Miss Sutherland's suggestion for simplifying the procedure. He also declined to delete references to United States documents and reports which Miss Sutherland assured him were only necessary in the New York application if the two were not to be identical "joint applications".

14. Carrick indicated that the Ontario application would probably be submitted before the New York application. He referred in this connection to political difficulties in the United States, to opposition from private power interests, and to the difference which the election of Governor Dewey as President of the United States might have on the expediting of the New York application. In spite of the urgency indicated in the closing paragraph of the draft application, he seemed to feel that October (the time of the regular Fall meeting of the Commission) would be quite soon enough for the Commission to give first consideration to the Ontario application.

15. According to Miss Sutherland's account of the interview, Carrick showed a remarkable lack of enthusiasm for the whole scheme, giving the clear impression that all the pressure was coming from the New York side. He gave it as his personal opinion that other Hydro projects now under development would adequately take care of Ontario's power needs, and he referred sadly to the hostility which would be aroused by the projected flooding of historic Canadian landmarks *to provide power for the United States*.

16. Miss Sutherland has the impression that the New York authorities originally thought the plan would be good political capital in an election year, but have since changed their minds (because of opposition from private power concerns, Senator Wiley's move, the opposition of the National St. Lawrence Project Conference, etc.), and are now happy to let Ontario keep the ball rolling. Mr. Carrick's attitude may indicate that some of the Ontario authorities, at least, are not too happy about the role that has been assigned to them by New York.

Meeting of Interdepartmental Committee

17. The Cabinet Committee's decision of May 17th was that the action to be taken in connection with Ontario's application could be decided when the application was received. Since the application has not yet been received officially, there would seem to be no urgent reason for calling a meeting of the Interdepartmental Committee at this time. If you feel, however, that there are any questions which should be discussed before Ontario's application is received, I should appreciate it if you would let me know by telephone so that I can arrange to have a meeting convened.

D.M. JOHNSON

1018.

DEA/1268-Q-40

*Note du président du Comité interministériel
sur le projet de voie maritime du Saint-Laurent
pour le Comité du Cabinet chargé du développement
économique et industriel*

*Memorandum from Chairman, Interdepartmental Committee
on St. Lawrence Waterway Project,
to Cabinet Committee on Economic and Industrial Development*

SECRET

[Ottawa], July 30, 1948

THE ST. LAWRENCE WATERWAY AND POWER PROJECT

PART I — ONTARIO HYDRO APPLICATION

On July 16, 1948, the Ontario Hydro-Electric Power Commission submitted to the Department of External Affairs its application to the International Joint Commission in connection with the Ontario — New York plans for separate power development in the International Rapids Section of the St. Lawrence River.

2. An accompanying letter from the Hydro Chairman, Mr. Robert H. Saunders, to the Secretary of State for External Affairs, asked that the Government approve the construction of the works specified in the application, and that the application be transmitted to the International Joint Commission. A non-committal letter of acknowledgment, dated July 16 and signed by the Secretary of State for External Affairs, informed Mr. Saunders that the material submitted would receive the careful consideration of the Canadian Government.

3. Several legal questions involved in the Ontario application are being studied by the Department of Justice. The Interdepartmental Committee considers that it might be undesirable to take any official action on the application, or to communicate further with the Ontario Hydro, until the legal position is clarified.

4. For the reasons given in its memorandum of May 8, 1948, the Interdepartmental Committee considers that it would be preferable for the filing of the Ontario and New York applications to be delayed until the U.S. Congress has had a final opportunity to consider, and possibly approve, the 1941 Agreement on both power and navigation, but that it would not be desirable or appropriate for the Canadian Government to take the initial responsibility for delaying filing on these grounds. If, on the other hand, the U.S. Government wished to delay filing the New York application pending further Congressional action, the Canadian Government could hardly be criticized for similarly delaying the filing of the Ontario application.

5. It has been suggested by some officials of the U.S. State Department that the long Congressional history of the St. Lawrence waterway and power project might make it desirable, if not essential, for Congress to be given an opportunity to consider the New York application before filing. This is not yet the official view of the U.S. Government. A reference to Congress along these lines would be desirable from the Canadian Government's point of view, since it would provide Congress

with an opportunity to consider the joint power-waterway scheme once more, as well as the separate power scheme.

6. The Interdepartmental Committee therefore recommends that the U.S. State Department be informed, in confidence, that the Canadian Government would prefer to see the filing of the two applications delayed pending further Congressional consideration, but that it would not be appropriate for the Canadian Government to take the initial responsibility for this delay.

PART II — SENATOR WILEY'S SUB-COMMITTEE

7. At the end of the last session of Congress, Senator Alexander Wiley (Republican, Wisconsin) was appointed chairman of a sub-committee of the Senate Foreign Relations Committee which is to give further consideration to the waterway and power project. During the next few months, the sub-committee wishes to have studies prepared on the costs of the combined project with waterway depths of 27, 30 and 35 feet, the sharing of costs between power and navigation and between Canada and the United States, plans for financing the project at various interest rates, and the sharing of toll revenues. The State Department and the U.S. Army Engineers have been asked to assist in these studies, and the State Department has transmitted to the Canadian Embassy in Washington a request from the Army Engineers for the cooperation of the Canadian Government in the preparation of cost estimates on the basis of the different channel depths. The Army Engineers would like to get in touch directly with the appropriate Canadian officials and have specifically mentioned Mr. Guy A. Lindsay of the Department of Transport.

8. The Interdepartmental Committee does not consider that the Canadian Government need make a final commitment on this subject until more is known about what the studies will entail in time and expense. It is recommended that the State Department be informed that the Canadian Government would wish to cooperate in any way possible, and will be pleased to have Mr. Lindsay and other appropriate officials confer with the Army Engineers with a view to determining what action could usefully be taken by the Canadian authorities.⁵⁸

DAVID M. JOHNSON

⁵⁸ Le Comité du Cabinet a approuvé cette recommandation le 4 août.
Cabinet-Committee approved this recommendation on August 4.

1019.

DEA/1268-U-40

*Le secrétaire d'État aux Affaires extérieures
au président de la Commission de l'énergie
hydro-électrique de l'Ontario*

*Secretary of State for External Affairs
to Chairman, Hydro-Electric Power Commission of Ontario*

Ottawa, August 11, 1948

Dear Mr. Saunders:

RE DEVELOPMENT OF THE INTERNATIONAL RAPIDS SECTION OF THE
ST. LAWRENCE RIVER UNDER THE NEW YORK—ONTARIO PRIORITY PLAN

The questions raised in your letter of July 14, 1948,† have been under consideration by the Canadian Government.

Before the Government can properly refer your application to the International Joint Commission, detailed study of the engineering, legal and other technical aspects will be required. This study is presently going forward. The appropriate officials of the Government will get in touch with officials of your organization regarding the additional technical information they will require in this connection.

The Government also considers that your application should not be filed with the International Joint Commission until the intentions of the United States Government have been ascertained. This decision results from Canada's commitments under the Great Lakes — St. Lawrence Basin Agreement of 1941. The Government would not wish to take the initiative in a course of action which might have the effect of nullifying an international agreement, without knowing that the United States Government had decided upon a similar course with respect to the application from the Power Authority of the State of New York. The Government has already initiated the necessary consultation with the United States authorities, and I shall, of course, inform you of the results of that consultation.

Yours sincerely,

LOUIS S. ST. LAURENT

1020.

DEA/1268-U-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-1992

Ottawa, August 12, 1948

SECRET

Following for Magann from Johnson, Begins: St. Lawrence Project; New York — Ontario power plans.

The Interdepartmental Committee's report of July 30, sent to you under cover of form despatch, was considered by the Cabinet Committee on Economic and Industrial Development on August 4. A report on this meeting is going forward to you by mail.

2. It was decided that Ontario should be informed that various aspects of the application required detailed study and that this study was going forward; that the application would not be filed with the International Joint Commission until the intentions of the United States Government had been ascertained. (Because of Canada's commitments under the 1941 Agreement, we would not take action which might have the effect of nullifying that agreement, without knowing that the U.S. Government planned similar action in connection with the New York application.)

3. A letter has been drafted which would inform Ontario to this effect, and which would state that the necessary consultation with the U.S. authorities was being undertaken. When this letter has been approved for despatch, copies will be sent to you, and it will be in order for you to pass a copy to the State Department.

4. Paragraph 6 of the Interdepartmental Committee's report of July 30 is not specifically mentioned in the report of the August 4 Cabinet Committee meeting. We understand, however, that the Cabinet Committee would be in favour of our keeping the State Department quite fully informed of our thinking in this connection.

5. I should therefore appreciate it if you would take the following action:

(a) Inform the State Department that the Canadian Government does not propose (for the reason given in paragraph 2 above) to file the Ontario application with the International Joint Commission without knowing that the U.S. Government similarly intends to file the New York application; and that the Canadian Government would therefore appreciate being informed in due course of the U.S. Government's intentions in this regard.

(b) Informally and in strict confidence outline to the State Department our attitude towards the New York — Ontario plans. Briefly our position is this. We favour joint development for both power and navigation and would like to see the relevant provisions of the 1941 Agreement enter into force. We fear that separate power development would jeopardize the chances of navigation development. Before separate power development is endorsed, therefore, we would like to see Congress given a final opportunity either to accept or reject the 1941 joint scheme,

but we do not feel that it would be either appropriate or desirable for the Canadian Government to withhold its endorsement of the Ontario application on these grounds, unless the U.S. Government had previously signified that it intended to delay filing the New York application pending further Congressional action. If the U.S. Administration decided that the long Congressional history of the joint scheme made it necessary to refer the New York application to Congress before filing it with the Commission, the Canadian Government would delay filing the Ontario application pending the outcome of that reference. (This would, of course, be gratifying from our point of view, since it would automatically give Congress a further opportunity to consider the 1941 Agreement.) If, however, the U.S. Administration decided to file the New York application without further reference to Congress, the Canadian Government would find it difficult if not impossible to delay any longer the filing of the Ontario application. Ends.

1021.

DEA/1268-U-40

*Note de la Direction de l'Amérique et l'Extrême-Orient
pour le chef de la Direction de l'Amérique et l'Extrême-Orient*

*Memorandum from American and Far Eastern Division
to Head, American and Far Eastern Division*

SECRET

[Ottawa], October 18, 1948

RE ENQUIRIES BY MR. BLAIR FRASER OF *MACLEAN'S* MAGAZINE
REGARDING ST. LAWRENCE PROJECT

Late Friday afternoon, October 15th, Mr. Eberts received a telephone call from Blair Fraser of *MacLean's* Magazine. Fraser said he had been told that the Canadian Government was entirely opposed to the Ontario-New York application for St. Lawrence power development, and that Mr. Saunders had been informed by someone in the Government Service that the Hydro application had no chance of approval. Fraser apparently wanted this understanding confirmed and wanted estimates on comparative costs of separate power development and combined power-waterway development.

2. Mr. Eberts said that, as far as he knew, the Government had not reached any conclusions on the question of the Hydro application. The only accurate way to describe the present status of the Ontario request was to say that it involved a large technical matter which is receiving careful study, and that as no recommendations based on these investigations have yet been made to the Government, the latter has not yet had any opportunity to reach a decision as to its views. Mr. Eberts said he had been out of town for a couple of weeks, however, and would arrange to have me get in touch with Fraser regarding this point and also the question of estimates.

3. Mr. Eberts then asked me to call Fraser. He suggested that I be careful in talking to Fraser not to give the impression either that the Canadian Government was deliberately stalling, or that it was planning to follow whatever lead might be given by the U.S.

4. I telephoned Fraser immediately. He reiterated his story that Mr. Saunders had been told his application would never be approved by the Government. He attributed this information to a reliable informant in the Government Service, but did not identify his informant when I asked him to do so. I told him that I was not aware that the Government had reached any conclusions regarding the Hydro application, and I was certainly not aware that any such statement had been made to Saunders. I observed that the whole story seemed most improbable, since Saunders had told the Federal Power Commission in Washington, only a few days before, that he anticipated no difficulty in securing approval for the Hydro application from the Canadian Cabinet.

5. Fraser then asked if it were not true that the 1941 Agreement had guaranteed compensation to Canada for the Welland Canal, and that this would be lost because of the Ontario-New York action. I replied that neither in the 1941 Agreement, nor in any other agreement, had the U.S. undertaken to compensate Canada for the Welland Canal. The idea that Canada deserved some compensation had, however, been borne in mind by both parties to the Agreement in the negotiations leading to the conclusion of the 1941 Agreement. Fraser next asked if it were not true that the Ontario-New York action would kill any chances of approval of the 1941 Agreement by Congress. I replied that there was room for difference of opinion on this question and that in view of the uncertainties involved in political issues of that sort in the United States, I thought none but the most foolhardy would risk making a categorical statement on the subject. I pointed out that a sub-committee of the United States Senate Foreign Relations Committee had been set up to study the waterway project after the New York-Ontario plans were announced, that the sub-committee was still carrying on its studies, and that its findings would presumably be up for consideration at the next session of Congress. I certainly was not prepared to say that, because of the New York-Ontario action, the efforts of the sub-committee were doomed to failure from the outset.

6. Fraser then turned once more to the question of cost estimates. I suggested that he come to see me and I would give him what published figures I could. He said he would come to my office immediately.

7. Fraser arrived in my office a few minutes later. He said that after talking to me he had telephoned his informant once again to check on the apparent inconsistencies between his previous information and what I had said. His informant apparently had not confirmed the suggestion that Saunders had been told his application would be rejected. The informant had, however, repeated that the Government looked upon it with extreme disfavour. Fraser had asked him point-blank whether this view was held by the Government or by some individual. His informant had replied that it was Mr. Howe's opinion. Fraser continued, as nearly as I can remember his words: "And, in a case like this, isn't what Mr. Howe thinks the same thing as what the Government thinks? Transport would come into it I suppose, but of course Chevrier has to telephone Howe to find out what he is supposed to think on any subject." To all of this I replied merely that I was sorry but I was not in Mr. Howe's confidence and did not know what his private views were on the subject.

8. Fraser then said that he had just been talking with Mr. Skelton on the question of the Welland Canal and the 1941 Agreement. (He did not identify Mr. Skelton as his informant, but I received the impression that he had been talking to Mr. Skelton between his telephone conversation with me and his arrival at my office. It occurred to me that he had scarcely had time to conduct two telephone conversations during that short period.) Mr. Skelton had confirmed my statement that the 1941 Agreement did not contain any written undertaking regarding compensation for the Welland Canal. This had simply been a tacitly understood principle underlying the Agreement.

9. I reverted to Fraser's earlier statement about separate power development killing the waterway. To illustrate the possible differences of opinion on that point, I told him that the National St. Lawrence Project Conference, a pressure group bitterly opposed to the waterway, had opposed separate power development because it would be the thin edge of the wedge in developing the waterway, while the Mayor of Milwaukee, who favoured the waterway, had opposed New York's action because it would kill the waterway forever. Fraser said he thought the Mayor of Milwaukee was right. His understanding from his informant, he said, was that approval of the whole project would have been touch and go in Congress with power as a lever, and that the waterway had no chance when the support of those who favoured the whole project only because it would provide cheap power was removed.

10. Fraser said that, following his re-check with his informant, he now understood that the Canadian Government was not opposed to separate power development on principle, but was simply annoyed at the timing of the Ontario move. Another three months might have seen approval of the whole project by Congress. The Canadian Government's attitude towards Ontario was simply: "Why did you have to rock the boat right now and spoil everything?" Fraser went on to say that he thought Ontario's action was a manoeuvre to divert attention from the imminent power shortage this winter. By using it, however, Ontario would have to pay many millions of dollars more for its power, Canadians generally would have to pay many millions of dollars more for a waterway — if they ever got one — and St. Lawrence power would be developed no more rapidly. He said he understood that it would take several years for Ontario and New York to develop power on the St. Lawrence. I did not deny this. He said that proceedings before the International Joint Commission might last for years, while favourable action by Congress on the whole project could have permitted construction to get under way rapidly. He wanted confirmation regarding the time that the International Joint Commission would take to deal with the applications. I said I had no idea, but that it seemed unlikely that the usual procedure regarding hearings, etc., could be completed in less than a year.

11. Fraser then wanted to know what assistance I could give him in the matter of estimates. I said that the latest published figures I knew of in connection with the whole project were those used by the sub-committee of the Senate Foreign Relations Committee in 1947, which were derived from May, 1947, estimates submitted by the U.S. Army Engineers. I loaned Fraser a copy of the New York Power Authority's publication on the St. Lawrence project and pointed out where it con-

tained these estimates. He asked what Ontario would have paid for power under the 1941 arrangements and I told him that the Canada-Ontario Agreement had specified \$64,000,000. He then wanted to know what the separate power project would cost Ontario and New York. I said that I thought the figure submitted to the Federal Power Commission was \$486,000,000. (After checking press clippings on the subject, I telephoned Fraser the following morning and corrected this figure to \$463,000,000.)

12. Bearing in mind Mr. Eberts' injunction on the questions of Canadian stalling and Canada's hanging on U.S. coat-tails, I concluded by stressing that there were many factors involved in the application from both the Canadian and U.S. points of view, that these required a great deal of study and that an immediate decision by either Government could not reasonably have been expected. I also observed that the factors affecting support or opposition to the whole project were not static and could be expected to shift the emphasis of public opinion as economic conditions and world conditions changed.

13. Near the conclusion of our discussion, Fraser made some comment about the Canadian Government possibly being forced into agreeing to an application to the International Joint Commission, and said that this would completely prevent approval of the 1941 Agreement or conclusion of a new agreement on the waterway. I told him that I knew of nothing in the Boundary Waters Treaty which would prevent an agreement between the two high contracting parties from being concluded and superseding either an application before the Commission or a ruling by the Commission.

14. Fraser intimated that he would be writing something immediately on the St. Lawrence question, and that he was already past his deadline. I had the impression that he believed Ontario had made a stupid and costly move for political purposes, and that whatever he wrote would follow this line of argument. His conviction, however, was one he held before talking to Mr. Eberts and me, and we were both very careful not to give him any encouragement in believing that this represented the thinking of the Canadian Government. At one point, in fact, he became quite impatient with my obvious unwillingness to commit myself to any viewpoint, and remarked that the logic of the situation and the figures could support no other conclusion.

D. STANSFIELD

1022.

DEA/1268-U-40

*Le sous-secrétaire d'État par intérim aux Affaires extérieures
au président de la Commission de l'énergie
hydro-électrique de l'Ontario*

*Acting Under-Secretary of State for External Affairs
to Chairman, Hydro-Electric Power Commission of Ontario*

Ottawa, October 23, 1948

Dear Mr. Saunders,

A week ago you telephoned me to say that you would like me to send you this week a note on the present status of the Hydro Electric Power Commission's application to the International Joint Commission.

2. In his letter to you of August 11, 1948, Mr. St. Laurent told you that the Canadian Government had been making inquiries of the United States Government of its intentions with respect to the complementary application of the Power Authority of the State of New York. To date, we have not received a reply to this inquiry. We have not pressed for an answer on the assumption that a final decision in Washington would probably have to wait for the conclusion of proceedings by the United States Federal Power Commission on the New York Power Authority's licence application. Meanwhile, of course, officials of the two Governments are keeping in close touch with each other on all aspects of the question.

3. Officials of the Department of Justice here have been studying very carefully the important legal and procedural questions raised by your application. Mr. Guy A. Lindsay, the engineer in charge of the General Engineering Branch of the Department of Transport, is supervising the study of your application from the engineering and technical points of view.

4. I shall get in touch with Mr. St. Laurent and Mr. Pearson on their return to Ottawa next week to find out if there is anything more which can be added at the moment to this "progress report".

5. It was very good of you to say that the next time you are in Ottawa you hope to be able to drop in and have a talk with me. I am looking forward to this.

With all best wishes,

Yours sincerely,
ESCOTT REID

1023.

DEA/1268-U-40

*Le président de la Commission hydro-électrique de l'Ontario
au premier ministre*

*Chairman, Hydro-Electric Power Commission of Ontario,
to Prime Minister*

Toronto, December 3, 1948

Honourable and Dear Sir:

I address you today on a matter of great concern to this Commission and of vital concern to the welfare of the people of this Province — the St. Lawrence River Development. We, as a Commission, are of course interested both in the navigational and power features, but are directly interested in the power section.

A load increase of approximately 100,000 kilowatts per year is anticipated. It is our hope that by bringing in small steam and diesel plants and purchases from the Detroit-Edison Company to have sufficient power to take care of the load increase for the next year. We already have arranged for approximately 60,000 kilowatts. In 1950 we expect at least one section of the Des Joachims Ottawa River development will come into operation and possibly the whole 480,000 horsepower. In 1951 the Chenux Development on the Ottawa River will bring an additional 120,000 horsepower, and the Windsor steam plant at least another 160,000 horsepower. In 1952 the LaCave development on the Ottawa River will bring in another 200,000 horsepower. We contemplate and hope that permission will be given for greater and more efficient use of the waters of the Niagara River which will give us another 400,000 to 500,000 horsepower. We contemplate also the construction of a second steam plant at either Hamilton or Toronto, ranging in size from 300,000 horsepower to 500,000 horsepower. The size of this plant will to some extent depend upon the outcome of negotiations regarding the Niagara River and our prospects for the St. Lawrence.

Beyond the projects mentioned, we must, in order to provide power for the future and have on hand a reserve of energy which will attract industry to this country, either look to the St. Lawrence River development or the development of additional steam units to give us the power that would otherwise have come from the St. Lawrence. We believe that the replacement of the St. Lawrence by steam would be economically unsound and not in the best interests of the people of this Province or of the Dominion as a whole. May I give you the basis for this opinion:

Our share of the St. Lawrence will give an average of some six billion kilowatt hours per year. It is estimated that about one pound of coal will be required for each kilowatthour: or a total of six billion pounds — three million tons annually, (one of the largest private electrical companies on the continent today uses 1.1 pounds per kilowatthour). Under existing conditions, this coal would be imported from the United States at a cost of say, six dollars per ton in the United States or eighteen million dollars annually — a very heavy drain on our national economy. If the St. Lawrence waterway is completed it may of course be economically possible to

use Nova Scotia coal. On present estimates, the cost of power delivered at the power site on the St. Lawrence would be 2.6 mills per kilowatthour at 80 per cent load factor. On the other hand, the cost of generating steam power based on present prices and at 80 per cent load factor is estimated to be 7.7 mills at the plant. In other words, the St. Lawrence River project would, if completed, give us power at some 5.1 mills less per kilowatthour than steam units — or at about one third the price of steam.

From the above, you will, I am sure, agree that the St. Lawrence project is of the utmost importance to the future welfare of both Ontario and Canada. May I respectfully urge that your Government do everything in its power to expedite the St. Lawrence development in whole, or, at least, with regard to the part having to do with power.

Yours faithfully,

ROBERT H. SAUNDERS

1024.

DEA/1268-U-40

*Le premier ministre
au président de la Commission hydro-électrique de l'Ontario
Prime Minister
to Chairman, Hydro-Electric Power Commission of Ontario*

Ottawa, December 9, 1948

Dear Mr. Saunders:

I wish to acknowledge, for your records, the due receipt of the letter which you handed to me on December 3rd, respecting the interest of the Hydro-Electric Power Commission of Ontario in the St. Lawrence River Development. I have communicated the contents of your letter to my colleagues in the government, and reiterate my assurance that we fully share the desire of the Hydro-Electric Power Commission to see the earliest possible development of the St. Lawrence.

The government intends to do everything we consider consistent with the interests of the people of Canada as a whole which we believe will expedite this vast international undertaking, but, as you are well aware, the final decision is one which does not rest exclusively with the Government of Canada.

Yours sincerely,

L.S. ST. LAURENT

1025.

DEA/1268-U-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-3129

Washington, December 9, 1948

SECRET

Your EX-1992 and subsequent exchanges — St. Lawrence Project; New York—Ontario power plans.

We have been informed today in the strictest confidence that the White House will take no action on the New York application for reference of the separate power development plan to the International Joint Commission.

2. The President has decided to renew the battle for the joint power and seaway development. He feels, we understand, that his chances of success in the new Congress are about 50-50. The Department of State has been asked to prepare his case for him and a careful attempt will be made to avoid conflicting testimony when the interested Departments of Government present their views to Congress. Every effort will be made and the fight promises to be an energetic one.

3. The President has not yet decided whether he will include a paragraph on the seaway in his "State of the Nation" address or whether he will send a separate message to Congress. It has also not been decided whether the State Department will itself sponsor the legislation or whether it will be introduced by a group of interested Senators. An unofficial observer estimates that the success or failure of the President's effort will depend on the position which Senator Taft eventually takes. It is understood that the President feels that perhaps he can win without Taft.

4. A public reference to this matter by the President is not expected for some weeks yet.

1026.

PCO/Vol. 60

*Note du président du Comité interministériel
sur le projet de voie maritime du Saint-Laurent
pour le Comité de la défense du Cabinet*

*Memorandum from Chairman, Interdepartmental Committee
on St. Lawrence Waterway Project,
to Cabinet Defence Committee*

SECRET

[Ottawa], December 8, 1948

RE ST. LAWRENCE WATERWAY AND POWER PROJECT

In accordance with the decision of the Cabinet Defence Committee at its meeting on September 14, 1948, the St. Lawrence Interdepartmental Committee has pre-

pared a brief on the St. Lawrence Waterway and Power Project for the forthcoming meeting of the Permanent Joint Board on Defence. The brief is submitted herewith for consideration.

2. The brief has been prepared in such a way that it could be distributed to all the members of the Permanent Joint Board and, if desired, be included as an annex to the minutes of their meeting. Certain additional observations, which it would not be desirable to pass to the United States members of the Permanent Joint Board, are included in a personal letter to General McNaughton. A copy of this letter is also submitted herewith for consideration.

3. While the Interdepartmental Committee normally reports to the Cabinet Committee on Economic and Industrial Development, it has been considered preferable in this instance, in view of the very short time which remains before the meeting of the Permanent Joint Board, to submit this material directly to the Cabinet Defence Committee.⁵⁹

D.M. JOHNSON

[PIÈCE JOINTE/ENCLOSURE]

DRAFT LETTER TO GENERAL A.G.L. MCNAUGHTON

Dear General McNaughton,

RE ST. LAWRENCE WATERWAY AND POWER PROJECT

In accordance with a decision reached by the Cabinet Defence Committee on September 14, 1948, the Interdepartmental Committee of which I am chairman has prepared a brief designed to set forth the reasons supporting early completion of the St. Lawrence Waterway and Power Project. The brief and this letter have been submitted to, and approved by, the Cabinet Defence Committee.

The brief has been prepared for distribution to all the members of the Permanent Joint Board, and it can, if this is desired, be attached as an appendix to the Board's minutes. While the brief is classified as "Secret", because of the nature of some of the information it contains, it can, with minor alterations, be made public in order to support such recommendations as the Board may wish to make.

Plan of Brief

The first part of the brief touches on the navigation and power potentialities of the Great Lakes—St. Lawrence System, and summarizes the history of the St. Lawrence project. More detailed consideration is then given to the 1941 Agreement, and to Senate Joint Resolution 111, the most recent of the measures introduced in the U.S. Congress calling for approval of the Agreement. Other sections deal with the financial arrangements in the 1941 Agreement and with the proposal

⁵⁹ À sa réunion du 14 décembre, le CDC décida que la disposition de ces notes d'instruction revenait à McNaughton et à Claxton.

At its meeting of December 14, CDC decided that the disposition of the brief was a matter for decision by McNaughton and Claxton.

put forward by Ontario and New York for separate development of the power resources in the International Rapids Section.

Part II of the brief gives the economic and defence arguments for early completion of the combined waterway and power project. This part is divided into three sections, covering (a) economic questions, (b) economic factors bearing on defence, and (c) the strategic implications. The brief concludes with a short statement of conclusions and recommendations for the consideration of the Permanent Joint Board.

The brief also includes appendices which give detailed physical data on the Great Lakes—St. Lawrence System, 1948 estimates, a chronological history of the St. Lawrence project, certain documents mentioned in the text, and a map of the system.

Additional Observations

The Interdepartmental Committee wishes to submit certain additional observations for your personal information. Most of these are not of an especially high security classification, but are of a nature which would make it impolitic to stress them in dealing with representatives of the United States Government. These observations are set forth in the following paragraphs; the headings refer to the corresponding headings in the main brief.

PART I

Senate Joint Resolution 111

The changes in the 1941 Agreement incorporated in this measure were designed to mollify railroad and eastern port transportation interests and an economy-minded Congress, by providing for tolls on the St. Lawrence Waterway. The regulation of the Chicago diversion which was provided for in the 1941 Agreement — a factor of interest to all Mississippi Valley states — was eliminated. In 1947, in the hope of obtaining U.S. approval for the waterway, Canada concurred "in principle" with the toll-scheme proposal. We would, however, prefer navigation on the St. Lawrence to be toll-free as at present.

Financial Arrangements Under the 1941 Agreement

It was not thought desirable, in the main brief, to complete the financial picture and thus emphasize the bargain Canada won in the 1941 Agreement. At 1948 prices, Canada would pay \$211,156,500. If, under any new agreement with Ontario, that province agrees to the same proportional division of costs of the works in the International Rapids Section as was provided for in 1941, Ontario would assume approximately \$149,000,000 of the total cost to Canada, resulting in a net cost to Canada for the completion of the entire project of \$62,247,000.

New York—Ontario Separate Power Scheme

The introduction of this proposal has tended to separate those primarily interested in power development from the none-too-numerous Congressional supporters of the combined scheme. It is most unlikely that a new agreement on the waterway alone would be as favourable to Canada as the 1941 Agreement. Not enough work would remain in the international sections to balance Canada's expenditures in the

Canadian sections, and Congress would not likely agree to pay for wholly Canadian navigation works. Finally, Ontario might present the Federal Government with a bill for 37½% of the Canadian "common" works in the International Rapids Section built at Ontario's expense — the compensation promised to Quebec in 1941 in connection with the Beauharnois development.

The Canadian Government is studying the technical and legal aspects of the Ontario application. To date, the United States Government has not made its intentions known to us, and it is believed that a definite decision is being delayed pending the outcome of the New York Power Authority's application to the U.S. Federal Power Commission for a license to carry out its share of the separate power scheme. It may be noted that President Truman has stated categorically on two occasions, both before and after the presidential election, that he would not approve the separate power scheme and that the waterway and power project would go through as a whole or not at all.

PART II

Economic Considerations

It might be argued that more attention should have been paid in the main brief to the implications of the Quebec—Labrador iron ore discoveries. This has swung important iron ore, steel and railroad interests behind the waterway. The point should not be overplayed, however, because Quebec—Labrador ore will never replace Mesabi ore in the central U.S. steel industry.

Strategic Implications

In the main brief, under this heading, the sheltered nature of the Gulf of St. Lawrence is stressed from the point of view of the protection which can be given to shipping. It should perhaps be mentioned, however, that A/S⁶⁰ conditions in the Gulf are in general not good. This, of course, does not outweigh the value of a naturally protected area, and the possibilities of sealing it off by minefields. In addition, in view of the long-term nature of the project, it is envisaged that the development of the A/S submarine may be of material assistance, as the employment of this type of A/S vessel will, to some extent, overcome the existing difficulty of dealing with the uneven water temperature gradients which constitute the main problem of A/S detection in these waters. (There is no reason, of course, why this particular piece of information should not be conveyed to all the members of the Permanent Joint Board on Defence. In view of the wide distribution which the main brief is likely to receive, however, it was not thought advisable to include any statement on A/S conditions in the Gulf in that document.)

Yours sincerely,

D.M. JOHNSON

⁶⁰ anti-submarine.

1027.

C.D.H./Vol. 54

Extrait du journal de la Commission permanente canado-américaine de défense
Extract from Journal of Permanent Joint Board on Defence

SECRET

[Ottawa], December 16-17, 1948

...
16. *St. Lawrence Project*. With reference to Paragraph No. 21 of the Journal of the Board's meeting of August 19-20, 1948,† the Secretary of the U.S. Section gave the Board the latest political and legislative position of the U.S. Government in connection with this project. He stated that, on December 3, 1948, President Truman had written to the Secretary of State, informing him that he did not favour reference to the International Joint Commission at this time of the separate New York-Ontario power project. He desired, instead, that the combined project, essentially as embodied in the U.S.—Canadian agreement of 1941, be placed on the legislative programme of the State Department and that the State Department assume the responsibility for coordinating the testimony of the executive agencies.

The Canadian Chairman stated that the views of his Government in the matter were in accord with those expressed by President Truman and that the Cabinet Defence Committee had requested him to submit to the U.S. Section, for its information, a preliminary brief prepared by an interdepartmental committee in Ottawa, which not only outlined the history of the waterway and power project and a large number of the economic factors involved in it, but emphasized particularly the great importance of the combined project to the defence potential of the two countries.

After studying the Canadian brief and considering especially the defence aspects of the question (Begin Unclassified), the Board decided to amplify its statement of May, 1947, in favour of the St. Lawrence Seaway and Power Project, by setting forth the following conclusions:

(a) The completion of the Great Lakes-St. Lawrence waterway and power project will be of great value to the peacetime economy and to the defence potential of Canada and the United States.

(b) The development of both the navigation and the power features will enhance the value to be derived from the development of each; the project should therefore be carried out as a single undertaking, integrating navigation and power development.

(c) The benefits to be derived from the completion of the project may be expected far to outweigh the expenditures which will be required.

(d) The benefits to be derived from the completion of the project fully warrant the acceptance of a certain degree of risk from enemy attack.

(e) The strategic risk can be minimized to a large extent by the taking of reasonable precautionary and protective measures; the vital portions of the project can be given defence protection, on a reasonably economical basis, on a par with that accorded to other comparably vital installations.

It is accordingly recommended that every effort be made to overcome the obstacles which are now delaying the completion, by the United States and Canada, of the Great Lakes-St. Lawrence waterway and power project (End Unclassified).

1028.

DEA/1268-D-40

*L'ambassadeur aux États-Unis
au secrétaire d'État aux Affaires extérieures*

*Ambassador in United States
to Secretary of State for External Affairs*

CONFIDENTIAL

Washington, December 31, 1948

Dear Mr. Pearson:

You mentioned to me during our conversation in New York on Wednesday that the government might be disposed to proceed with the St. Lawrence Waterway Agreement at the forthcoming session, provided that there was a good prospect of its adoption by Congress. I had a talk yesterday about this with Mr. Hickerson.

Hickerson told me that the President was determined to make a vigorous effort to secure the passage of the Agreement fairly early in the new Congress. He said that this would involve "an all-out effort" by the Administration and added that he himself, though a strong supporter of the Waterway, was not sure of the political wisdom of such an effort being made, on the ground that it would be a severe strain on party loyalty in a number of cases and might conceivably prejudice the attitude of these Members towards other and very important measures in the field of foreign policy.

He thought that it might be possible to secure a favourable majority in the Senate, but he was very uncertain about the prospects in the House of Representatives because of the pressure of local interests in the big centres of population on the Atlantic seaboard and the lack of enthusiasm for the project in the West and South. The President has, however, committed the Administration to at least one more try for the combined power and navigation project. If this try fails, Mr. Hickerson thought they would have to support strongly the separate power development.

It has been suggested from the White House that the State Department should assume responsibility for co-ordinating the presentation of the case to Congress. The State Department, however, is unwilling to undertake this, on the ground that the drive must be directed from the White House itself by someone with sufficient authority from the President to control the nature of the testimony given by other Departments. He said, for example, that the Chief of Engineers would have to be told not to express publicly his objection to the imposition of tolls and that the Secretary of the Army, if he gave evidence, would have to be more direct and enthusiastic than he was at the last session.

I suggested to him that the best person to direct the effort might well be Mr. Steelman, who is both the most influential of the personal assistants of the President and now the Acting Chairman of the National Security Resources Board. I

remarked that Steelman, in the latter capacity, could put up a very strong case to Congress for both the power and navigation sides of the project based on the need for more power for industrial expansion and on the use of the Waterway, both for the movement of raw materials and for the development of the ship-building industry on the Great Lakes as important elements in national defence planning.

I suggested off-hand to you in New York that we might give some thought to the adoption of the Agreement by Parliament before its adoption by Congress. The main argument for this would be that it would remove any doubt about the Canadian attitude and would place the responsibility for delay squarely where it belongs, thus possibly serving to expedite action here. Hickerson said that he would like to think this over, but his first reaction was that the prior adoption by Parliament would be of real assistance towards passage by Congress. I shall make some further enquiries, putting the matter forward solely, of course, as a tentative suggestion of my own and making it clear that it has not even been considered by the Canadian Government.

Yours sincerely,
H.H. WRONG

SECTION D

COMMUNICATIONS ROUTIÈRES ET FERROVIAIRES AVEC L'ALASKA ROAD AND RAIL COMMUNICATION WITH ALASKA

1029.

DEA/50205-40

*Note pour la section canadienne
de la Commission permanente de défense*

*Memorandum for Canadian Section,
Permanent Joint Board on Defence*

SECRET

[Ottawa], February 16, 1948

PROPOSED CONSTRUCTION OF A RAILWAY THROUGH BRITISH COLUMBIA AND THE YUKON TO ALASKA

A. *Wartime Developments*

1. At the meeting of the Canada-United States Permanent Joint Board on Defence held in Montreal in April, 1942, the U.S. State Department Member of the Board indicated informally that his Government was planning to seek Canadian authority for the U.S. Army Engineers to make a survey between Prince George, B.C., and Fairbanks, Alaska, with a view to ascertaining whether the construction of a railroad between these two points would be practicable.

2. In an official note, dated April 16, 1942, the U.S. Minister in Ottawa requested the Canadian Government to authorize his Government to make a survey of a route that would follow the "Rocky Mountain Trench" i.e. north from Prince George along the valleys of the Parsnip, Finlay, Kechika, Frances and Pelly Rivers to Fair-

banks. It was learned at the time that a railway over this route was being considered as either an alternative to, or as an adjunct of, the Alaska Highway. It was apparent from a memorandum obtained from the U.S. authorities that considerable quantities of rails, locomotives and rolling stock would be required from Canadian as well as United States sources. The Canadian Steel Controller indicated on April 25, 1942, that he doubted the availability of locomotives and rolling stock in Canada.

3. The U.S. request was also considered by the Departments of National Defence, Transport and Mines and Resources. All stated that they had no objection to the survey being carried out. The Deputy Minister of Mines and Resources added that, for the survey to be official, it must be made by a Provincial Land Surveyor in British Columbia and by a Dominion Land Surveyor in the Yukon and suggested that such officers should be attached to the U.S. survey parties.

4. On April 22, 1942, a reply was sent to the U.S. Minister to the effect that while, in view of shortages of manpower, equipment and steel, the Canadian Government doubted the practicability of the construction of a railway, it was agreeable to the proposed survey being carried out. It was made clear that this did not commit the Canadian Government to approval of construction and that the latter wished to be kept fully informed of the progress of the survey. It was also pointed out that a road survey previously made by the British Columbia-Yukon-Alaska Commission covered much the same territory.

5. The survey was commenced immediately with the assistance of four Canadian Army engineers. Mr. C.K. Le Capelain, Canadian Liaison Officer on the Alaska Highway Project, was designated in a similar capacity for the railway survey. Semi-monthly reports were submitted by the U.S. authorities until completion of the survey in October, 1942, and the official report on the survey, dated October 12, was sent by the U.S. Legation in Ottawa to the Government under cover of a Note dated November 20, 1942.

6. In September of that year the Canadian Government had been informed that the survey was almost complete but that no decision could be reached by the U.S. authorities without certain additional information from the Canadian Government. Before recommending the project, the U.S. Army wished to know whether 1500 miles of rails and other equipment could be provided by Canada and stated that, unless these were available within 45 days, they could not be distributed in time to permit construction to begin the following spring. Apparently it was intimated informally to the U.S. authorities that the rails were not available in Canada. On November 15, 1942, Lieut.-General Somervell, U.S. Army, informed the Rt. Hon. Mr. Howe that, after thorough consideration of the project, it had been decided to abandon the plan to construct the railroad, because of the lack of sufficient traffic to justify it. It appears, however, that the real explanation of this decision was the lack of rails and other equipment.

7. The official report on the survey is in the possession of the Department of Transport. Attached is a copy of a brief outline of it, dated December 9, 1942,† prepared in the Privy Council Office for the information of the members of the General Defence Construction Projects Panel. This summary states that the report made it clear that the Rocky Mountain Trench had been considered because it

would permit the most rapid construction and that only a railway suitable for military needs (e.g. using second-grade ties and light rails, and with little provision for breaking up trains at intermediate points) had been contemplated. The report indicated that a railway to be used for long-term purposes would have to be of a higher standard and laid down on some route based on traffic potentialities. The railway planned was to be 1417 miles long — 530 miles in B.C. and 650 miles in the Yukon — and would cross 6 navigable rivers. It was believed 17,000 men working for 400 days and using 238,000 tons of materials, (including rails, track fittings, bridges, construction machinery, locomotives and rolling stock) would be required to complete the railway at a cost of U.S. \$112,000,000.

8. Dr. Camsell, Deputy Minister of Mines and Resources, made a secret report on September 8th, 1942, copy of which is attached,† apparently supporting the view that the Rocky Mountain Trench route was the most practicable for *military* purposes.

B. Post-War Developments

9. In September, 1943, the U.S. Military Attaché in Ottawa sought and received authority from the Canadian Government to release the U.S. Survey Report and maps to private interests represented by J.R. Wemlinger, Consulting Engineer (the man chiefly responsible for the U.S. authorities considering the construction of a railway in 1942), who was interested in the construction of a railroad through British Columbia to Alaska. It was also agreed that the report and related documents should no longer be classified as "restricted".

10. On November 13, 1947, the Edmonton Agent of the Northwest Territories Administration reported hearing on good authority that New York bankers were considering the extension of the Pacific and Great Eastern Railway, owned by the Government of British Columbia, from the neighbourhood of Prince George, B.C., to Fairbanks, Alaska. It was understood that the proposed railway would follow more or less the same route as the Alaska Highway and pass through either Pine Pass or Peace River Pass (where, incidentally, high grade bituminous coal had been under test for the past six months). On January 16th, 1947, the Canadian Ambassador in Washington reported that no information on this proposal was available in Washington. The President of the American Association of Railways was said to know nothing about it.

11. In November, 1947, Mr. Willis T. Batcheller, the head of a firm of Consulting Engineers in Seattle, had discussions about the possibilities of a B.C.-Yukon-Alaska railroad with the Vice-Chief of the General Staff, the Deputy Minister of Agriculture and the Right Honourable Mr. Howe. Apparently Mr. Howe expressed to him considerable interest in such a possibility from both the development and defence points of view.

12. In December, 1947, the Wilson Engineering Corporation, Denver, Colorado, wrote to External Affairs, referring, without giving any details, to "a plan to construct a railroad along the Alaska Highway" and requesting right-of-way permits from the Governments of Canada and British Columbia. On the advice of the Department of Transport, this company has since been informed that, in order to

obtain the desired permits, it should apply for incorporation in Canada as a railway company.

13. At a meeting of the Permanent Joint Board on Defence on November 20-21, 1947, it was noted that there was increased public and official interest in the development of North-Western Canada and Alaska and in the improvement of communications in that area for both economic and strategic reasons. It was agreed that available material regarding proposals for a railway through British Columbia and the Yukon to Alaska should be considered by the Board at its next meeting on February 19-20, 1948.⁶¹ As a result, at a recent meeting of the Cabinet Defence Committee, it was decided that a memorandum should be prepared by the Department of External Affairs on the subject for General McNaughton, Chairman of the Canadian Section of the Board. The latter has asked that it reflect the views of the other interested Departments.

C. Factors to be Considered

14. A memorandum containing the foregoing paragraphs was accordingly, sent by External Affairs to the Deputy Ministers of Transport, National Defence and Mines and Resources with a request for any comments they might care to make with a view to its improvement. At the same time, they were asked to state their views briefly and on a purely tentative basis, regarding certain considerations which will presumably have to be carefully weighed if and when the Canadian or U.S. military (or other) authorities decide that the possibility of constructing a railroad deserves serious study. These considerations are the following:

(1) Is there any really active interest or pressure in Canada or the U.S. in favour of a railway?

(2) Is there a present need or a probable need in the near future for a railway for either (a) civilian purposes, (b) military purposes or (c) a combination of these?

(3) What would be the best routes from the points of view of (a) availability of civilian and/or military traffic; (b) the availability of materials such as coal, timber, etc; (c) engineering problems, such as water and mountain barriers; (d) the greatest economy of construction; (e) speed of transportation for military purposes?

(4) Is there likely to be enough civilian and/or military traffic available in the near future to enable a private or public railway to operate without loss? If not, what is the probable annual cost of providing such a railway?

(5) If it is desirable to construct a railway should it be *financed* or *operated* by (a) private interests; (b) a public body; (c) on a semi-public basis?

(6) If the Canadian, British Columbia and U.S. Governments should assume any measure of financial responsibility, in what proportion should each contribute financially and exercise control?

⁶¹ Le secrétaire de la section canadienne fit rapport à la CPCAD lors de ses réunions des 19 et 20 février sur la base de cette note. Les opinions des Chefs d'état-major canadiens tels que rapportés dans le paragraphe 17 furent communiqués à la CPCAD.

The Secretary of the Canadian Section gave a report to PJBD at its meetings of February 19-20 based on this memorandum. The views of the Canadian Chiefs of Staff as recorded in paragraph 17 were relayed to PJBD.

(7) If the U.S. Government should contribute anything to a railroad, what, if any U.S. personnel, should be allowed to work in connection with it on Canadian territory?

15. The following are the replies to these questions that have been received from Mr. J.C. Lessard, Deputy Minister of Transport and Mr. H.L. Keenleyside, Deputy Minister of Mines & Resources.

(1) *Mr. Lessard.* "To our knowledge, there is no really active interest or pressure in Canada in favour of a railway to Alaska. Our understanding is that the government of the Province of British Columbia is anxious to extend the Pacific Great Eastern, in order to develop the coal and forest resources on the projected extension north of Prince George. Naturally British Columbia is anxious that the Pacific Great Eastern form part of a railroad to Alaska."

Mr. Keenleyside. "So far as I know there is no very active interest or pressure in Canada for the construction of such a railway. A good many people have stated that they are in favour of a railway to Alaska, and there is, of course, strong pressure in British Columbia for the completion of the Pacific Great Eastern Railway as far as the Peace River area. There is not, however, any well informed and formally organized body of opinion pressing for a railway to Alaska."

(2) *Mr. Lessard.* "For purely civilian purposes, there is definitely no present need for such a railway. The maintenance of the Alaska Highway to all-year-round traffic is ample to take care of all civilian traffic originating and terminating between the British Columbia—Alberta boundaries and the Yukon. There are bus and truck routes operated on fairly regular schedules, and our understanding is that the traffic is very light. In addition, civilian air services operated by the Canadian Pacific Air Lines from Vancouver through Prince George and from Edmonton through Grande Prairie to the Yukon and Alaska are available for businessmen and emergency cases. Mention should also be made of the steamship services between Vancouver, Prince Rupert and Alaska."

Mr. Keenleyside. "A railway along the route indicated would be of great value for the development of the country traversed. Whether that value would be sufficient to justify the construction and the probable subsequent cost of operation is the kind of question that cannot be firmly answered. If the railway line were to cut across a new Sullivan Mine its construction would, of course, be justified. I know of no way, however, of forecasting such a result."

(3) *Mr. Lessard.* "This would be the subject of a full engineering report complementing survey made in 1942 and referred to in your memorandum."

Mr. Keenleyside. "The most *practicable* route is undoubtedly that along the Rocky Mountain trench to the Finlay River and over the Frances-Pelly River Divide to the Yukon Valley. As Dr. Camsell has pointed out this presents no serious engineering difficulties. Whether or not this is the best route from the standpoint of the ultimate value of the area to be opened up is again an unanswerable question. It has the advantages, however, of known resources of coal and timber, and of reducing to a minimum (among the routes suggested) the cost of construction and upkeep."

(4) *Mr. Lessard*. "There does not appear to be enough civilian and/or military traffic to enable a private or public railway to operate without loss. Depending upon frequency of service, the annual cost, (deficit) would vary between \$25,000,000 to \$50,000,000."

Mr. Keenleyside. "Neither I nor anyone else could answer this question with any assurance. It is probable, however, that for some considerable time at least the railway would operate at a loss. The measure of that loss will depend on discoveries during construction; on the military use that is made of the line; on the success of tourist campaigns that may be developed; and on a variety of other factors which I am not competent to assess." Mr. Keenleyside prefaced his replies to these questions with the remark that the experience of the Pacific Great Eastern Railway, which has been running at a loss, makes it very doubtful that a new line would do much better.

(5) *Mr. Lessard*. "Bearing in mind that costs have increased by at least 40% since 1942, it would appear that such a railway could not be built for less than \$160,000,000 in 1948. We fail to see how a private company could finance the construction of such a railway, with traffic possibility at a minimum."

Mr. Keenleyside. "This is a matter of public policy, and the only answer that I would feel inclined to make would be that if the railway is to be constructed by private interests, they would be likely to demand so much in the way of public assistance and support that it would probably be simpler for the Government to finance and operate the railway itself — presumably through the Canadian National Railway."

(6) *Mr. Keenleyside*. "In my opinion *control* should be exclusively in Canadian hands. On the other hand, it might be reasonable to propose that the United States Government should make a very considerable payment towards the construction of this facility on the ground that it is a contribution to the development of Alaska. My inclination would be to suggest that contributions should be in the form of a *one-time grant*, and should not involve a recurring appeal to the United States Congress for funds to maintain a railway on Canadian territory."

(7) *Mr. Keenleyside*. "This would be a matter for negotiation, but in general it would be my view that the United States participation should be reduced to a minimum both as to numbers and time."

16. Mr. Lessard also pointed out that the Bureau of Transportation Economics is at present making a survey of the economic and commercial potentialities of the Alaska *Highway*, for the Department of Mines and Resources, which will be of interest in connection with the question of a railroad.

17. As a result of the enquiry addressed to the Deputy Minister of National Defence, the following reply has been received from the Secretary of the Chiefs of Staff Committee:

"The Chiefs of Staff have given preliminary consideration to this matter and are of the opinion that, from a long-term strategic viewpoint, the recommended railroad would be useful. However, it is felt that peacetime military requirements can be met by existing systems and that there is unlikely to be sufficient military traffic in the near future for such a railroad to operate without loss.

"You will appreciate that the time has not been available for the Chiefs of Staff to go into this matter fully. The views are, therefore, tentative . . . only and subject to such amendment as may seem desirable in the light of further study."

18. It should be emphasized here that all the views quoted in paragraphs 15 to 17 inclusive are, of course, purely tentative.

1030.

DEA/226 (S)

*Extrait du procès-verbal de la réunion
du Comité des chefs d'état-major*

*Extract from Minutes of Meeting
of Chiefs of Staff Committee*

TOP SECRET

[Ottawa], July 18, 1948

...

PROPOSED B.C.—YUKON—ALASKA RAILROAD

11. *The Committee* had before them a report from the Joint Planning Committee examining the strategic aspects of the proposed railway from Quesnel, B.C., to Fairbanks, Alaska, with contributing laterals and connecting links. The Joint Planners concluded that requirements for Canadian military forces were insufficient to warrant the railway in the foreseeable future and pointed out that insufficient knowledge of U.S. requirements precluded a complete assessment of the value of the proposed railway. It was recommended that U.S. views be obtained regarding this proposal and that the Permanent Joint Board on Defence be requested to make a firm recommendation based on the requirements of both countries.

(Memorandum JPC 15-1 of 16th June, 1948, from Joint Planning Committee — CSC 5-1-15 of 24th June, 1948)†

12. *The Chief of the Air Staff* stated that, in his opinion, the construction of such a railway would have an important value for the United States in wartime since otherwise they were entirely dependent on sea transportation for shipment of the bulk of their supplies to Alaska. If these sea lines of communication were endangered by submarine activity or other factors, the railway would be of inestimable value.

13. *The Chief of the General Staff* suggested that, if the United States had a requirement, this should be put forward. It would be unwise for Canada to initiate any further action in this regard as, in his opinion, this should not be regarded as a *joint* defence project.

14. *It was agreed*, after further discussion:

(a) to note the conclusions of the Joint Planning Committee; and

(b) to forward the Joint Planners' paper to the members of the Canadian Section of the Permanent Joint Board on Defence for their information, it being understood, however, that no initiative would be taken by the Canadian Section toward raising this matter again.

...

1031.

DEA/403-AB-40

*Note du secrétaire du Comité des chefs d'état-major
pour le Comité de la défense du Cabinet*

*Memorandum from Secretary, Chiefs of Staff Committee,
to Cabinet Defence Committee*

Ottawa, October 15, 1948

HAINES CUT-OFF — WINTER USE

The United States State Department has advised that, as a result of the Maritime strike on the United States Pacific Coast, Alaska has been experiencing difficulty in obtaining sufficient supplies. The State Department has therefore asked informally:

(a) whether the Canadian Government would be willing to keep the Haines Cut-off open after the snow flies if the strike is still in progress at that time; or

(b) if unwilling to keep the Haines Cut-off open through the winter, whether Canada would be willing to allow the Alaska Roads Commission to keep the Cut-off open until the strike is settled.

2. In respect of these proposals, the Chief of the General Staff has the following report to make:

"From the information available it would appear that it is quite impossible to guarantee that traffic could be maintained at all times during the winter period. Snow to a depth of twenty to thirty feet has been experienced on the Southerly slopes, while glacial icings have occurred in patches up to one thousand yards long and eight to ten feet in depth. A major task of relocation would be required in order to remove the right-of-way from a dangerous slide area which is apt to completely bury the road in periods of thaw. It would not be possible under any circumstances to carry out this task of relocation before the snow flies this winter.

"It is understood that during the war years and shortly after the construction of the Haines Cut-off was completed, the United States Army authorities attempted to keep this road open during the winter. It is also understood that these authorities gave up this enterprise as being completely impracticable.

"In view of the above I recommend therefore that the Canadian Government do not accept the project of keeping open the Haines Cut-off once snowfall begins. As regards the willingness of the Canadian Government to allow the Alaska Roads Commission to keep the Cut-Off open, I would urge that the United States authorities be discouraged in attempting this project because there is every likelihood that if they engage in such a venture our meagre Canadian manpower resources will be called upon to assist in rescue operations should convoys become snow-bound in the Haines Cut-Off."

3. The Chiefs of Staff are in agreement with these views and recommend therefore:

(a) that the Canadian Government not accept responsibility for keeping the Haines Cut-off open during the winter months under any circumstances; and

(b) that the U.S. Government be discouraged from attempting a similar course.⁶²

W.W. BEAN

1032.

DEA/463-40

Note du secrétaire du Cabinet pour le Cabinet
Memorandum from Secretary to Cabinet to Cabinet

SECRET

Ottawa, December 6, 1948

U.S. REQUEST FOR MEETING TO DISCUSS ROAD AND RAIL
COMMUNICATIONS TO ALASKA

On November 3, the U.S. Embassy indicated that representatives of the Transportation Sub-Committee of the U.S. Inter-Agency Committee on Alaskan Development wished to have discussions in Ottawa, at the official level, on November 22-23, in order to bring forward the following proposals:

- (a) Hard surfacing and year-round maintenance of the Alaska Highway and of the road linking the Highway at Dawson Creek with the international boundary;
- (b) Hard surfacing and year-round maintenance of the Haines Cut Off (from Haines, Alaska, to a point 100 miles west of White Horse);
- (c) A comprehensive study of the question of constructing a railway to Alaska — apparently from the region of Prince George, B.C.

The United States request has been discussed at a meeting of departmental representatives from Mines and Resources, National Defence, Transport, Trade and Commerce, External Affairs, Finance, Labour and Public Works. During this meeting the following conclusions emerged:

- (a) There were indications that the U.S. proposals had been formulated chiefly by the Department of the Interior and that the latter was simply making use of the U.S. Defence Departments to further what is primarily its own cause.
- (b) If the United States were granted permission to perform or pay for a major portion of the proposed construction it would have an undesirable psychological

⁶² Il n'y eut pas d'occasion propice pour présenter cette note au CDC avant que la proposition américaine de discussions élargies (voir document suivant immédiatement) ne soit reçue. Dans les circonstances, Claxton décida de ne pas la référer au CDC. Toutefois, les opinions des Chefs d'état-major furent communiquées au ministère des Affaires extérieures afin que l'on puisse en tenir compte dans toutes discussions avec les représentants américains.

No suitable opportunity arose to present this memorandum to CDC before the US proposal for broader discussions (see immediately following document) was received. In the circumstances, Claxton decided not to refer it to CDC. However, the views of the Chiefs of Staff were made known to the Department of External Affairs so that they could be taken into account in any discussions with US representatives.

effect on the population in the Canadian northwest which has already been impressed by U.S. activities in that area during the war.⁶³

(c) The proposed meeting could not be held without giving rise to publicity and such publicity might lead to pressures in the western and northwestern regions of the continent in favour of the U.S. proposals and thereby force Canada's hand.

(d) Existing land and sea communications in the Canadian northwest are not being used to anything approaching the capacity that their present condition permits.

The meeting accordingly agreed to recommend that the reply to the U.S. Embassy indicate that there is no present need for discussions of projects of the type contemplated by the United States but that the Canadian government would be interested to have any reasonably firm estimates that the United States may have prepared of the military and civilian traffic they expect to move over existing sea and land routes to Alaska during the next several years.⁶⁴

The attached draft reply† to the U.S. Embassy has been prepared in this sense and is submitted for approval.

A.D.P. HEENEY

⁶³ Selon Reid, ce n'était pas une «conclusion», mais une préoccupation exprimée par Keenleyside (non partagée par Clark).

According to Reid, this was not a "conclusion" but a concern expressed by Keenleyside (not shared by Clark).

⁶⁴ Le 8 décembre, le Cabinet endossa ces recommandations.

On December 8, Cabinet endorsed these recommendations.

4^e PARTIE/PART 4COMMISSION MIXTE INTERNATIONALE
INTERNATIONAL JOINT COMMISSION

SECTION A

PERSONNEL ET TRAVAIL
PERSONNEL AND WORK

1033.

DEA/2492-B-40

*Note du sous-secrétaire d'État par intérim aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures**Memorandum from Acting Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

CONFIDENTIAL

[Ottawa], October 7, 1948

RE VACANCIES RE INTERNATIONAL JOINT COMMISSION

At the present time there are two vacancies on the Canadian Section of the International Joint Commission. The first of the present vacancies was created on December 6, 1946, as a result of the death of the Honourable Charles Stewart. The second vacancy was created as a result of the death of the Honourable Joseph E. Perrault which occurred June 15, 1948. Mr. George Spence, the present Canadian Commissioner, was appointed on October 1, 1947, to replace Mr. George W. Kwise who died November 16, 1940.

2. There is probably more business before the Commission at the present time than there has been since its creation in 1911. The cases now pending before the Commission are as follows:

- (a) The application of the Creston Reclamation Company to construct and operate certain permanent works adjacent to the channel of the Kootenay River in order to reclaim approximately 10,000 acres of flood lands;
- (b) An application for permission to increase the storage in Rainy Lake, Ontario, in order to provide additional hydro electric development;
- (c) An application for the construction of a dam on Sage Creek, Alberta, in order to provide storage for irrigation purposes;
- (d) A reference concerned with the apportionment of the waters of the Souris River among the Provinces of Saskatchewan and Manitoba and the State of North Dakota, and also with the regulation of the flow and use of the waters;
- (e) A reference with respect to complaints arising on both sides of the international boundary line, in connection with the intensive drainage into the Roseau River in Minnesota and proposed improvements in the channel of the river in Manitoba;
- (f) The application by the State of Washington for an investigation into the serious backwater condition existing at Osoyoos Lake;

(g) Under Article VI of the Boundary Waters Treaty of 1909, the International Joint Commission is responsible for directing the measurement and apportionment of the waters of the St. Mary's and Milk Rivers for irrigation. This matter is again before the Commission for consideration;

(h) One of the biggest references before the Commission at the present time is the reference submitted to it in March, 1944, with respect to the Columbia River and the entire Columbia River Basin system. This reference requests the Commission's recommendations concerning navigation, power development, irrigation, flood control, and other beneficial public uses of the waters of this system;

(i) A reference in connection with the pollution of the international boundary waters of the St. Clair River, Lake St. Clair, the Detroit River and waters of the St. Mary's River from Lake Superior to Lake Huron;

(j) An application by veterans of the Province of British Columbia for the diversion of 4,800 acre feet of water per annum from the Similkamen River for the irrigation of orchard and farm lands to be cultivated by them. This is known as the Cawston project;

(k) Another important reference is that known as the Midwestern Watershed, a reference which was submitted by the two Governments on January 12, 1948. The first of these references covers the area from the Continental Divide on the west to the western limit of the St. Mary's River drainage basin on the east; and the other, the area from the eastern boundary of the Milk River drainage basin on the west to the drainage basin of the Red River of the North on the east.

3. Besides the above cases which are now before the Commission, the Government is now considering three further applications and references, two of which, if submitted to the Commission, will probably constitute the greatest projects ever to go before that body. These are as follows:

(a) A reference with respect to smoke pollution along the international boundary in the area of Detroit, Michigan, and Windsor, Ontario;

(b) The Passamaquoddy Tidal Project which will be a huge dam construction between Maine and New Brunswick to harness tidal waters for the development of hydro electric power;

(c) The joint application of the Ontario Hydro Commission and the Power Authority of the State of New York for the development of the International Rapids Section of the St. Lawrence River as a hydro electric project.

4. The Legal Adviser points out that as a result of his knowledge and experience in connection with the work of the Commission and in consideration of the personalities of the American Section of the Commission, it would be most desirable for the Government in considering the appointments to give first consideration to a person, nationally and preferably internationally, recognized as an outstanding jurist. The second appointment should be a person having outstanding knowledge

and experience in the field of hydraulic engineering. These are merely suggestions put forward by the Legal Adviser.⁶⁵

5. I have just been advised by Mr. Harrington of the United States Embassy here that his Government has appointed a third Commissioner to the United States Section of the Commission in the person of Mr. Eugene W. Weber, who has been a prominent official of the Corps of Army Engineers. This brings the U.S. Section of the Commission up to its full complement and you will realize that the U.S. Commissioners now outnumber the Canadian Commissioners 3 to 1. Moreover, the Commission now has a quorum which means decisions, can be immediately taken with respect to a number of matters which are ready for a decision, including matters that will probably be discussed at the semi-annual meeting of the Commission in Ottawa, commencing October 12.

E[SCOTT] R[EID]

SECTION B

PROJET D'ÉNERGIE MARÉMOTRICE DE PASSAMAQUODDY
PASSAMAQUODDY TIDAL POWER PROJECT

1034.

DEA/10011-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

[Ottawa], May 29, 1948

RE THE PASSAMAQUODDY TIDAL POWER PROJECT

Note No. 143 of May 20, 1948,† from the United States Embassy, appended hereto, resurrects the question of the Passamaquoddy Tidal Power Project, and suggests that it be referred to the International Joint Commission under Article IX of the Boundary Waters Treaty of 1909.

2. A note on the scope and history of the Passamaquoddy Project is attached to this memorandum.

3. Also annexed hereto, for your signature if you concur, is a noncommittal note† to the United States Embassy, asking for information as to the exact nature of the

⁶⁵ De fait, le Cabinet nomma J.A. Glen, ancien président de la Chambre des communes et plus récemment ministre des Mines et des Ressources, pour remplir l'un des postes vacants à sa réunion du 21 décembre. Glen occupa le poste de président canadien de la Commission mixte internationale jusqu'à sa mort le 27 juin 1950.

In fact, Cabinet appointed J.A. Glen, former Speaker of the House of Commons and most recently Minister of Mines and Resources, to one of the vacancies at its meeting of December 21. Glen served as Canadian chairman of IJC until his death on June 27, 1950.

project the United States authorities have in mind, and stating that their proposal will receive due consideration.

4. The United States Embassy's note states that draft terms of reference will be forwarded in the near future for our consideration. In view of the many factors involved in a project of this type, you would probably agree that it will be necessary to refer the draft terms of reference to an interdepartmental committee. The committee would presumably require representation from this Department, Mines and Resources, Fisheries and Public Works, and possibly from Finance, Transport, Trade and Commerce, Reconstruction and Supply and National Defence. With your concurrence, therefore, I propose to furnish the Deputy Ministers of these Departments with copies of the notes exchanged between this Department and the United States Embassy and with our note on the history of the project.

5. I do not believe that there will be any need to set up an interdepartmental committee until the United States Government has given more specific information regarding the project it has in mind, and has forwarded draft terms of reference for our consideration.

L.B. P[EARSON]

[PIÈCE JOINTE/ENCLOSURE]

Note

Memorandum

[Ottawa], May 29, 1948

THE PASSAMAQUODDY TIDAL POWER PROJECT

The United States Embassy, in its Note No. 143 of May 20, 1948, has resurrected the question of the Passamaquoddy Tidal Power Project, and has suggested that it be made the subject of a joint reference to the International Joint Commission under Article XX of the Boundary Waters Treaty of 1909.

2. The original Passamaquoddy project was to have been undertaken by private capital at a cost of approximately \$100,000,000 and was designed to generate some three billion kilowatt hours of electricity per annum. It involved damming Passamaquoddy Bay, through which passes the International Boundary, between Maine and New Brunswick, and Cobscook Bay, which lies wholly in the State of Maine. The former would have been artificially maintained near high tide level, and the latter near low tide level, while a controlled flow between the two basins thus formed would have utilized the head created by the great tidal range in the Bay of Fundy for the continuous generation of hydro-electric power. A system of gates would have provided for the replenishment of Passamaquoddy Bay at high tide and for emptying Cobscook Bay at low tide, while locks would have been provided for shipping using the water inside the two basins.

3. The original project was sponsored by an engineer named Dexter P. Cooper, who formed companies in Canada and the United States. The "Act to incorporate

the Canadian Dexter P. Cooper Company" (16-17 George V, c. 23, assented to June 15, 1926) provided that the construction of the necessary works in Canada should be commenced within three years and completed within six years. It further provided that the works could not be commenced until they had received the approval of the Ministers of Public Works, Marine and Fisheries, and of the Interior, of the International Joint Commission, and of the Governor in Council.

4. Opposition to this scheme developed in New Brunswick and, to some extent in Nova Scotia, principally because of an anticipated adverse effect on the herring-sardine industry of the area. (Other objections related to ice formation in Passamaquoddy Bay, and to possible changes in tidal levels, fishing conditions, water temperatures and climate conditions throughout the Bay of Fundy area.) The Company did not receive the necessary approval from the various authorities concerned (no reference appears to have been made to the International Joint Commission) and the authority for the Company to proceed with its undertaking lapsed on June 15, 1929, after a Bill to extend the time limit had been rejected by the Private Bills Committee of the House of Commons.

5. In a note dated May 15, 1929, the United States Legation in Ottawa sought further Canadian consideration for the extension of the time limit, and suggested that a Canadian Commission be appointed to examine the fisheries questions involved. The Canadian reply, dated June 1, 1929, said that further consideration could not be given to the rejected legislation at that time, but that the Canadian Government would be prepared to authorize additional study of the fisheries questions and to cooperate with the United States authorities to this effect.

6. In July, 1929, a sub-committee of the North American Committee on Fisheries Investigation recommended a two-year study of the probable effects of the power project, and in a note to the United States Minister, dated September 20, 1929, it was proposed that the two governments share the cost of such an investigation, estimated at \$45,000 per annum.

7. The proposal was agreed to, and between 1931 and 1933 the "International Commission Appointed to Investigate the Probable Effects of the Damming of Passamaquoddy and Cobscook Bays on the Fisheries of that Region" carried on its work. In December, 1933, it brought in an inconclusive report. The report reaffirmed what was already known — that approximately 2.5 per cent of the \$1,500,000-yearly herring industry of the area was carried on inside the portions to be dammed, and that this percentage would probably be obliterated by the project. The effect outside the dams could not be determined without further study, and quite possibly, without constructing the dams themselves.

8. No further serious attempt appears to have been made to advance the main Passamaquoddy scheme. Mr. Cooper, however, continued to seek federal aid in the United States for various smaller projects confined to Cobscook Bay. Federal agencies in the United States considered these proposals but rejected them principally on the grounds that there appeared to be no market for the power which would be developed. Finally, in 1935, a Public Works Administration allotment of \$10,000,000 was made for the commencement of one of the Cobscook Bay projects. It is understood that approximately \$7,000,000 was spent — mainly in the

construction of a model community on the shores of Cobscook Bay — before the undertaking was finally abandoned in 1936. It may be noted that this project was popularly referred to as the Passamaquoddy Project, even though Passamaquoddy Bay itself was not directly affected.

9. No official correspondence appears to have been exchanged between Canada and the United States in connection with this latter project, even though the completion of the project might have affected tidal currents and fishing conditions in Canadian waters.

10. *Restricted.* A noncommittal note is being sent in reply to the United States Embassy's note of May 20, 1948, and it is planned to inform the other interested Government Departments of the exchange of notes. When, and if, draft terms of reference to the International Joint Commission are passed to us by the United States Embassy, it will probably be necessary to set up an interdepartmental committee to study them.

1035.

DEA/10011-40

*Note du chef de la Direction de l'Amérique et l'Extrême-Orient
pour le sous-secrétaire d'État par intérim aux Affaires extérieures*

*Memorandum from Head, American and Far Eastern Division,
to Acting Under-Secretary of State for External Affairs*

[Ottawa], July 6, 1948

RE PASSAMAQUODDY TIDAL POWER PROJECT

The U.S. Ambassador's Note No. 195 of June 28, 1948,† enclosing draft terms of reference in connection with the Passamaquoddy Tidal Power Project, changes the situation created by the Embassy's Note No. 143 of May 20. Instead of referring the project itself to the International Joint Commission, the terms of reference now proposed would simply ask the Commission how much the resulting investigation would cost if the project were referred to the Commission.

2. Hon. George Spence, Canadian Commissioner, considers that a reference of this sort should not be made to the Commission. Norman Marr, assistant controller of the Dominion Water and Power Bureau, has suggested that the question now raised by the U.S. authorities could more conveniently be dealt with by an informal committee of Canadian and U.S. technical experts, and his suggestion has been incorporated in a draft reply to the U.S. Ambassador which is annexed to this memorandum. Mr. Spence has been shown this draft reply and concurs in the action proposed.

3. Teletype WA-1855 of June 25† suggests that the State Department, at least, has grave doubts as to whether the expense of a reference to the Commission would be justifiable. Under these circumstances, it is surprising that the draft terms of reference do not specifically ask the Commission whether the results to be anticipated from a full-scale investigation at this time would justify the expenditure involved.

This question is included in our counter-proposal. (While there appears to be little doubt that rising costs of steam power generation, and the full utilization of potential fresh-water power development sites, will eventually make tidal power development economically feasible, it is very doubtful whether that stage has yet been reached or will be reached within the next few years. From existing reports on this project and on other similar schemes, competent engineers should be able to determine whether there is any likelihood of the Passamaquoddy Project being found to be economically sound.)

4. If our counter-proposal should prove acceptable to the U.S. authorities, there would appear to be no need to set up an interdepartmental committee to consider draft terms of reference. Before any action is taken, however, I consider that we should seek the concurrence of the various Departments we consulted in connection with the first U.S. Note. A draft circular memorandum to these Departments, enclosing the draft reply to the U.S. Ambassador,† is also annexed for your consideration. If you concur, I shall have it prepared in final form and despatched.⁶⁶

5. Legal Division has seen this memorandum and its enclosures and concurs in the action proposed.

D.M. JOHNSON

1036.

DEA/10011-40

*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur des États-Unis*

*Secretary of State for External Affairs
to Ambassador of United States*

NOTE NO. 221

Ottawa, August 6, 1948

Excellency,

I have the honour to refer to your Note No. 195 of June 28, 1948,† with which you enclosed draft Terms of Reference to the International Joint Commission in connection with the Passamaquoddy Tidal Power Project.

I note that the draft Terms of Reference would call upon the International Joint Commission to review existing plans for power development in this area; to determine the scope of the investigation that would be necessary to enable the Commission to report whether any of these or other plans would be practicable and desirable; to report on the estimated costs of the investigation envisaged; and to recommend the basis for apportionment of these costs between the two countries.

⁶⁶ A.B. Foster, qui informa l'ambassade de l'initiative américaine, décrit le projet Passamaquoddy comme

A.B. Foster, who informed the Embassy of the US initiative, referred to the Passamaquoddy Project as

"the most notorious boondoggle" of recent United States history.

(DEA/10011-40 : WA-1855, le 25 juin.†/DEA/10011-40: WA-1855, June 25.†)

Note marginale :/Marginal note:

I concur. E[scott] R[eid]

In considering this proposal, the Canadian Government has borne the following considerations in mind:

(a) That it would be unusual to make a reference to the International Joint Commission which in effect asked the Commission what expenditures would be incurred if a subsequent reference were made;

(b) That in dealing with a reference of this kind the International Joint Commission would, in all probability, rely almost entirely upon the estimates and opinions of the appropriate technical agencies of the two Governments;

(c) That it would be undesirable to burden the International Joint Commission with a problem which might more conveniently be dealt with, on a less formal basis, by other agencies.

The Canadian Government considers that it would be preferable to refer this matter to an informal committee composed of two or three technical experts appointed by the Canadian Government and an equal number appointed by the United States Government. This Committee could be instructed to examine all existing plans, estimates and reports, in the possession of either Government or which might be made available to either Government by other agencies, dealing with the Passamaquoddy Tidal Power Project or with similar or related projects. In the light of these plans, estimates and reports, the committee could submit to both Governments a further report, or, in the event of disagreement, reports, giving the opinions of the members of the committee on the following questions:

(a) Could it be anticipated that a useful purpose would be served by referring the Passamaquoddy Tidal Power Project to the International Joint Commission at this time?

(b) If it should appear that a reference would be desirable, what would be the scope of the investigation necessitated by the reference and what would be its estimated costs?

If, after consideration of the committee's report or reports, the two Governments agreed that a reference regarding the project itself should be made to the International Joint Commission, the basis for division of the costs of the resulting investigation could be considered in conjunction with the terms of reference.

The Canadian Government would appreciate receiving the views of the United States Government regarding this alternative proposal.

Accept, etc.

LOUIS S. ST. LAURENT

1037.

DEA/10011-40

*Note de la Direction de l'Amérique et l'Extrême-Orient
pour le sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from American and Far Eastern Division
to Under-Secretary of State for External Affairs*

Ottawa, August 26, 1948

In an A.P. report from Dexter, Me., of August 25, Senator Owen Brewster (Rep.) is quoted as saying that "The State Department has promised to enquire into Canada's delay in considering a proposal for U.S.—Canadian co-operation in reviving the suspended Passamaquoddy Tidal Power Project." Brewster went on to say that A.O. Stanley, Chairman of the U.S. Section, International Joint Commission, told him, in a letter, that the State Department had assured him that it would immediately make an additional effort to ascertain the cause of the inexplicable delay.

You know that this power project involves the damming of two bays on the N.B.—Maine boundary and that towards the end of June, we received a proposal from the U.S. Embassy that a reference be made to the International Joint Commission, asking it to review existing plans for the project; to determine the scope of the investigation which would be necessary to determine whether the scheme would be feasible and economical; and to recommend an apportionment of the estimated costs of that investigation.

In a Note of August 6, Mr. St. Laurent replied, suggesting that it would be unusual to make a reference to the Commission which, in effect, asked what expenditures would be required if a subsequent reference were made. The Note suggested, as an alternative proposal, that the preliminary questions be referred instead to a Committee of Government officials.

To the best of our knowledge, the character of this correspondence has never been made public. At the end of last week, Mr. Harrington rang us up to apologize for the fact that, throughout the week, the State Department had been informing enquirers that it had received no reply from Canada. Mr. Harrington explained that there had been a fumble in the transmission of our Note to Washington.

C. E[BERTS]

1038.

DEA/10011-40

*Note de la Direction de l'Amérique et l'Extrême-Orient
pour la Direction juridique*

*Memorandum from American and Far Eastern Division
to Legal Division*

Ottawa, September 7, 1948

Attached herewith is Note No. 260 of September 7,† from the U.S. Embassy reaffirming their desire to make a reference of the Passamaquoddy Tidal Power Project to the I.J.C. This was delivered to me at 3:30 this afternoon by Mr. Byrd, First Secretary of the U.S. Embassy. He indicated privately that he had had instructions to submit the Note just as soon as possible and to let Washington know by telephone as soon as this was done.

From talking to him, my impression of the Note is confirmed. It appears that, while the U.S. authorities were quite pleased to have our reply of August 6, suggesting submission of the question to a joint committee of experts, the White House or other political circles have pressed them to stand by their original proposal in view of the election year. One gathers from the last sentence of page 2 of the Note that the U.S. authorities are still not sincere about the matter and probably merely want to get it on record that either (a) Canada has rejected a reference to the I.J.C., or (b) that such a reference has been made. It sounds as though, after November, they will not care whether a reference has been made or not.

Mr. Byrd, stating that he was enquiring only for his personal information, asked whether there would be anything to prevent the State Department from making a unilateral reference of the project to the I.J.C. I replied that it was my understanding that while, under the Boundary Waters Treaty, the State Department or this Department can make a unilateral reference, such a practice has been consistently avoided during the past forty years.

It will be seen that in the middle of page 2 of the Note, it was suggested that resort to a committee of experts would be a "time-consuming procedure". In preparing this Note, the State Department was presumably fully aware of the fact that the I.J.C. is not in any position to act on a reference for a considerable period since there are two vacancies in the Canadian Section.

During a large part of the period in which we have been waiting for a reply from the State Department to our Note of August 6, the State Department has, rather stupidly I think, given it out to the press that a reply was being awaited from Canada. The press interpreted this as meaning that Canada was pursuing delaying tactics, if not in fact trying to kill the whole project, with the result that we were faced with quite a lot of unnecessary press enquiries. I therefore took advantage of Mr. Byrd's visit to ask him to be good enough to suggest to his Department that the following line be taken with the press if it is essential for them to give out anything: that a reply has now been given to the Canadian Government. In view of the

fact that the project is a large, technical one, it is not to be expected that the Canadian Government will be able to reply to the latest Note in a matter of days.

I suppose that the attached Note raises a question of whether we want to make the gesture of agreeing to the reference to the I.J.C. in order to assist Mr. Truman to maintain his position in the White House or whether we are going to maintain our attitude that such a submission would be a ridiculous waste of time and money. While I am not entirely familiar with procedure in connection with the I.J.C., it is possible that it is not compelled to act upon a reference made to it. If that is the case, we might conceivably agree to a joint reference if we could get a confidential assurance from the State Department that, after the elections, both sides will make it known to their commissioners that they do not want the investigation pursued.

Of course, if we simply refuse to make a joint reference, the Democratic leaders could show that they had done their best and that Canada was responsible for blocking the reference. Off hand, I should not think that the Canadian Government would feel terribly embarrassed at causing a group of U.S. politicians some disappointment. Moreover, our Maritime Provinces would presumably be delighted.

I assume that this matter will have to be taken up again with all the Departments concerned, with a view to preparing new recommendations to the Cabinet Committee on Economic and Industrial Development. In view of the personnel difficulties that I will have for the next three weeks, and which I mentioned this afternoon to Mr. [K.J.] Burbridge,⁶⁷ I should be very grateful if you could bear the main burden of furthering this question during that period. I will, of course, be very interested to know of any developments and will be glad to assist as much as possible.

I mentioned the substance of the foregoing to Mr. Burbridge before he left this afternoon. In Detroit, however, he plans to take the attitude that the matter has not yet come to his attention. (i.e. if approached by Sen. Stanley).⁶⁸

C. EBERTS

1039.

DEA/10011-40

*Note du sous-secrétaire d'État par intérim aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Acting Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

CONFIDENTIAL

[Ottawa], October 27, 1948

RE PASSAMAQUODDY TIDAL POWER PROJECT

Annexed hereto, for your signature if you concur, is a Note to the United States Embassy agreeing to the U.S. proposal for a joint reference to the International Joint Commission in connection with the Passamaquoddy Tidal Power Project, and

⁶⁷ Direction juridique./Legal Division.

⁶⁸ A.O. Stanley, président, section américaine, Commission mixte internationale.
A.O. Stanley, Chairman, US Section, International Joint Commission.

suggesting a date for the simultaneous transmission of terms of reference.† The substance of this Note was approved by the Cabinet Committee on Economic and Industrial Development on October 22, following a recommendation signed by Mr. St. Laurent as Acting Secretary of State for External Affairs on October 8.†

2. The Cabinet Committee also concurred in Mr. St. Laurent's recommendation that the U.S. authorities be told, informally, that the Canadian Government still does not favour the procedure of a preliminary reference to the Commission, and sees little difference in principle between an initial unilateral reference to the Commission and a prior commitment by the U.S. Government which leaves no alternative but a unilateral reference if the Canadian Government disagrees. Mr. St. Laurent's memorandum explained that President Truman had apparently promised a group of Main Congressmen, some time before the Canadian Government was first consulted, that there would be a reference to the Commission. The State Department had then proposed an innocuous — and, in the opinion of all Government Departments consulted, entirely inappropriate — reference. Canadian objections and a Canadian counter-proposal (not involving the Commission) had met with firm insistence on a reference. It appeared that continued objection on our part might endanger the precedent that references under Article IX of the Boundary Waters Treaty are always made jointly by both governments.

3. If you approve, we propose to hand Mr. Harrington the Note, and inform him verbally of the views of the Canadian Government as outlined in the preceding paragraph.⁶⁹

E[SCOTT] R[EID]

5^e PARTIE/PART 5

PUBLICITÉ SUR LE CANADA AUX ÉTATS-UNIS
PUBLICITY IN UNITED STATES ABOUT CANADA

1040.

DEA/8100-F-1-40

*Extrait du procès-verbal de la réunion
du Comité interministériel sur l'information canadienne à l'étranger*

*Extract from Minutes of Meeting
of Interdepartmental Committee on Canadian Information Abroad*

CONFIDENTIAL

Ottawa, April 7, 1948

2. LIAISON WITH MOTION PICTURE INDUSTRY

⁶⁹ Johnson vit Harrington le 29 octobre et lui remit la note de Pearson.
Johnson saw Harrington on October 29 and handed him the Note from Pearson.

The chairman [Rae] introduced Mr. [B.S.] Owensmith⁷⁰ of the Motion Picture Association of America who is doing liaison work in the current programme to expand the use in the United States of films on Canada. Mr. Owensmith explained that it was the hope that this year there would be an increase of 5% (or about \$12,000,000) over the \$225,000,000 spent by U.S. tourists in Canada last year. By close co-operation with the U.S. film industry it was hoped to increase the footage of Canadian film and the amount of information about Canada in U.S. movies and to assist in making Canadian films and subjects accessible to Hollywood. This work could be divided into five main phases:

(1) Catalogue phase — Plans are now being discussed with N.F.B. whereby their films can be made available to Hollywood, with credit given for Canadian footage either in a credit line at the beginning of the picture or in the dialogue throughout. In this way awareness of Canada as well as actual footage will be increased.

(2) Facilities phase — An examination of the lab, shooting and general technical facilities in Montreal, Ottawa and Toronto is underway to find out what and how much the Canadian film industry can handle.

(3) Newsreel phase — The Motion Picture Association (which represents 70% of the industry) is making a concentrated drive to increase the use of Canadian newsreel material. In two months this year there were 31 Canadian newsclips used in U.S. newsreels, compared with 10 all last year.

(4) Tourist phase — The possibility of providing leaflets about Canada at the showing of travel films is being discussed with Mr. Dolan. In this way people in the middle income brackets — a group with money to spend on holidays but not enough for the expensive hotels and trips usually advertised — will be reached.

(5) Production phase — Every attempt is being made to get more U.S. film production in Canada and to encourage the Canadian industry to stand on its own feet by having more things shown and used by the U.S. As an indication of progress, Mr. Owensmith mentioned two definite commitments for Canadian pictures: one on the Canadian Pacific which would be started in June; another, an R.C.M.P. story, to be shot in the fall and winter. Both would be medium priced movies with about two-thirds of the production cost spent in Canada.

Mr. Owensmith added that he would like to gather together detailed information from which he could answer specific queries on Canada from Hollywood producers. Mr. [B.C.] Butler⁷¹ suggested that there should be some focal person in the government service who would be responsible for watching out for and forwarding to Mr. Owensmith all materials of possible interest to Hollywood, as it would be of considerable value to keep up a steady flow of Canadian-interest material. It was agreed that this could best be done by someone in the Film Board and that a collec-

⁷⁰ Agent de liaison avec Hollywood, projet canadien de coopération, Association cinématographique des États-Unis (Motion Picture Association of America).

Hollywood Liaison Representative, Canadian Cooperation Project, Motion Picture Association of America.

⁷¹ Direction de publicité commerciale, ministère du Commerce.

Trade Publicity Division, Department of Trade and Commerce.

tion of printed material which might stimulate interest in Canada would be sent to Hollywood regularly. Mr. [R.] Foster⁷² added that the Film Board representative would make a report at each inter-departmental committee meeting on all such information sent as well as material sent direct by Mr. Dolan and other interested persons.

Action: The chairman will write the Film Commissioner, asking him to designate someone to look after this work.

...

1041.

DEA/8100-F-1-40

*Extrait du procès-verbal de la réunion
du Comité interministériel sur l'information canadienne à l'étranger
Extract from Minutes of Meeting of Interdepartmental Committee
on Canadian Information Abroad*

CONFIDENTIAL

Ottawa, June 30, 1948

...

2. CANADIAN CO-OPERATION PROJECT

Mr. [H.] Richardson⁷³ reported on the progress of the Canadian Co-operation Project — the program to increase the use of Canadian-made films in the U.S. and encourage more U.S. filming of Canadian subjects in Canada. The development is important commercially because of the increased use by U.S. companies of Canadian-produced film and production facilities in Canada; from an exchange point of view because of the greater use of American capital in Canada and the promotion of travel to Canada — one of the direct aims of the project; but most important of all from a long-range information point of view. The Bank of Canada feels that while it is difficult to estimate the direct financial returns, the information side may well turn out to be the biggest public relations project ever undertaken here. Also, any kind of successful economic integration depends to a large extent on American public opinion, and films provide the best method of reaching the people. Already the Minister of Trade and Commerce had been given a list of 18 or 19 films dealing with Canadian subjects that are either completed or in production; up to mid-June there were 64 newsreel mentions of Canada, as against 61 for the whole of last year. Therefore, in the newsreel field alone the project was worthwhile.

The new Paramount film on Canadian-American trade relations was mentioned as an excellent example of how Canada's story could be presented. It was produced by Stuart Legge, formerly of the Film Board, and approximately 50% of the footage comes from N.F.B. film files. This film is to be made available in 16 mm. prints for the use of speakers, at conventions etc. Mr. Richardson will find out whether the prints will be made available on a commercial basis or free of charge for information purposes.

⁷² Office national du Film./National Film Board.

⁷³ La Banque du Canada./Bank of Canada.

Mr. Richardson said the movie industry had fulfilled its requirements very quickly in providing people to make recordings for radio use. The matter will be further discussed at the next meeting of the C.B.C. Advisory Committee.

Mr. Foster may be in a position to report on general liaison arrangements at the next meeting. He has been spending some time in New York talking to officials of the Motion Picture Association and newsreel people.

Mr. [A.] Field⁷⁴ reported that Mr. [J.] Grierson⁷⁵ was planning to produce a series of films similar to the "World in Action" done by the Film Board during the war and had offered to include in it some Canadian items. The U.K. series would be international in interest; Canadian films would be produced by the Film Board but distributed as part of the series and without credit line. The Chairman felt that while the widest distribution possible should be welcomed, it was important to ensure that appropriate credits were given in the U.S. to Canadian film material.

1042.

DEA/8100-F-1-40

*Extrait du procès-verbal de la réunion du Comité interministériel
sur l'information canadienne à l'étranger*

*Extract from Minutes of Meeting of Interdepartmental Committee
on Canadian Information Abroad*

CONFIDENTIAL

Ottawa, August 18, 1948

...

3. CANADIAN CO-OPERATION PROJECT

Mr. [A.] Newman⁷⁶ sketched the background of this project which has the dual aim of bringing American dollars into Canada by persuading U.S. producers to shoot film in Canada and use Canadian talent and production facilities, and of publicizing Canada in the U.S. by (a) increasing the general-interest material on Canada in U.S. films (b) advertising Canada as a tourist country, and (c) mentioning Canada and Canadian subjects in feature presentations wherever possible. He presented a progress report for the first half of 1948, outlining the films on Canadian subjects or shot in Canada which had been completed, were in process and were planned. Since the project had already brought in hundreds of thousands of American dollars, and only a bare beginning had been made as most of the plans could not show tangible results for some months yet, it was felt to be an unqualified success from every point of view. In addition the Canadian Co-operation Project had assisted several Canadian companies in obtaining good contracts from the U.S. The C.C.P.'s success was partly because of the enthusiastic co-operation of the Motion Picture Association of America and Hollywood in general and partly

⁷⁴ Office national du Film./National Film Board.

⁷⁵ Ancien directeur à l'Office national du Film, qui devint directeur aux Communications de masse à l'UNESCO et plus tard contrôleur du secteur des films des services d'information du Royaume-Uni. Former National Film Board director who became Director, Mass Communications, UNESCO and later Controller of Films, Central Office of Information of United Kingdom.

⁷⁶ Ministère du Commerce./Department of Trade and Commerce.

because the subjects or stories chosen were all good from the Canadian as well as the movie picture industry's point of view.

Mr. Newman mentioned several particular angles which were being developed:

(1) On the subject of publicity, the M.P.A.A. and the Canadian authorities agree that everything possible should be done to prevent publicity on the project as a project but to encourage publicity on the individual items. The policy of not publicizing the project is being followed because, if it is generally known that the scheme is backed by the Canadian Government, part of its value will be lost immediately. It is also feared that if other countries hear of the scheme, they may try to work out a similar arrangement.

The Committee urged that every care should be taken to see that publicity was handled carefully and suggested that all queries relating to the project be referred to Mr. Newman. Mr. [W.S.] Durdin⁷⁷ suggested that the Canadian Daily Newspapers Association be asked for cooperation in heading off publicity; individual publishers might issue directives to their staff to prevent stories from appearing through ignorance on the part of the writers or editors.

(2) Plans are underway for sending a series of 16 mm. Canadian films to the U.S. to be studied by representatives of 14 major women's organizations. Possibly 12 or 15 of the films will be sponsored by them. The films selected will be advertised in a special issue of the M.P.A.A. periodical which goes to some 20,000 women's organizations throughout the country. It was pointed out that as there would not be a sufficient number of prints available to satisfy the demand, more would have to be run off — all paid for in U.S. dollars.

(3) A Canadian night has been arranged in Hollywood by the Academy of Motion Picture Arts and Sciences for September 12 and the head men of all studios — producers, directors and writers — are being urged to attend. Eric Johnston, head of the M.P.A.A., will speak on the C.C.P. and nine pictures will be shown. These include "Neighbor to the North", an especially fine film that is being distributed widely in the U.S., and other pictures designed to point up the possibilities of different parts of Canada for location use — e.g. British Columbia totem pole country, the Ukrainian settlement in Manitoba, Eskimo country, Quebec.

(4) A series of talks on various aspects of Canada have already been recorded by film stars for radio use. The scripts are all excellent and the talks are being used by 300 major stations throughout the U.S.

(5) In the newsreel field, already this year 61 Canadian items have been used, compared with 64 for the whole of last year. The M.P.A.A. is anxious to keep this up and even increase the use of Canadian material and is encouraging the newsreel companies to send their own photographers up to Canada.

Mr. Newman emphasized that this could only work out successfully if advance information on all possible stories of interest could be given him for passing on to the U.S. The Committee urged that the border crossing difficulties encountered by U.S. photographers bringing their equipment into Canada should be carefully considered and revised as part of the whole project. Mr. Durdin will arrange for Mr.

⁷⁷ Direction de l'information/Information Division.

Newman to discuss the problem with Mr. [D.R.] Menzies⁷⁸ of the Department of External Affairs.

(6) Hollywood has been given a complete list of all the producing facilities in Canada, a film catalogue showing the available Canadian film footage and a list of story suggestions prepared by William Arthur Deacon, President of the Canadian Authors' Association. A roster of Canadian acting talent is being prepared so that, wherever possible, Canadians will be used in film shot in Canada.

(7) An arrangement has been made to facilitate the submission of scripts by Canadian authors. Scripts are to be screened and vouched for in Canada by the Canadian Authors' Association and McLaren's Advertising Agency, then forwarded to the William Morris Agency in New York for possible placement in Hollywood. This arrangement is unique because ordinarily scripts submitted directly to Hollywood are returned unopened because of the danger and the difficulty of checking on plagiarism.

(8) Because of the success of the project so far the Bank of Canada is considering its extension to other publicity media and is starting to explore the magazine angle. An approach is being made to the American Publishers' Association.

Mr. Newman urged the Committee members to make suggestions on every possible aspect of the project and said he would be glad to receive ideas at any time.

1043.

DEA/8100-F-1-40

*Extrait du procès-verbal de la réunion du Comité interministériel
sur l'information canadienne à l'étranger*

*Extract from Minutes of Meeting of Interdepartmental Committee
on Canadian Information Abroad*

CONFIDENTIAL

Ottawa, November 10, 1948

CANADIAN CO-OPERATION PROJECT FOR AMERICAN PUBLISHERS

The Chairman read letters from the Canadian information offices in Washington† and New York† advising against the direct subsidizing of American writers so they might write on Canadian topics for American magazines.

The Chairman said that the Department of External Affairs was working on a programme to encourage writers to visit Canada to write on Canadian subjects. Consultations with the Canadian railways had established that free railway transportation is available to bona fide journalists from abroad who are employed full-time by large newspapers or news services. A despatch to the Canadian missions abroad was being prepared to outline the procedure for obtaining such free transportation.

Provision for the entertainment of such journalists locally was a matter which would have to be studied. Mr. Richardson said that the Bank of Canada had funds

⁷⁸ Direction de l'information/Information Division.

for such a purpose. Mr. [G.] Bannerman⁷⁹ said that the Canadian Government Exhibition Commission had no such funds.

The Chairman thought that the Department of External Affairs might act as a co-ordinator for such visits of foreign journalists, so that they might get in touch with other Government Departments. All encouragement and assistance possible should be offered to them.

Mr. Field believed that unless there was a definite programme of encouragement under way no specific results would be obtained. He recalled that the Wartime Information Board's programme had been responsible for the publication of dozens of articles by American writers in American magazines.

Mr. Richardson suggested that a list of the names of prominent American writers be prepared with their particular interests. He thought that the very names of such writers would suggest to information officers possible articles they might write and which might be suggested to them.

Mr. Field pointed out that many American magazines are not located in New York and the contacting of these particular magazines would have to be done by mail.

The Chairman said that a list of prominent Canadian writers and speakers was being prepared in the Department of External Affairs and now numbered about 500. He thought it would be a useful directory for the missions, because requests for names of such writers and speakers were often received. The names were being obtained from Canadian magazines, the Press Gallery, speaking clubs, book publishers, the Canadian Authors Association, writers' clubs, other Government Departments, and other sources.

Mr. [J.F.] Grant⁸⁰ suggested that possibly the Canadian Authors Association would sponsor such a list. The Chairman also suggested the Canada Foundation.

Mr. Durdin said that editors and publishers should be encouraged to visit Canada. They might then be interested in story ideas and they would assign their own staff men or make use of the writers suggested by the Department of External Affairs to carry out these ideas.

The Chairman said that the Department of External Affairs was obtained a list of conventions at which American editors and publishers might be present. However, no funds are available to bring such editors and publishers to Canada.

The Chairman said that many clippings had been received as a result of the recent visit of Arnold Vas Dias, of the *Nieuwe Rotterdamse Courant*, to Canada. He thought that such visits were very profitable from the information point of view.

It was hoped that Canadian consular officials in the United States would have a meeting in the New Year, the Chairman said. Information work was one of the principal subjects to be discussed.

...

⁷⁹ Commission des expositions du gouvernement canadien.

Canadian Government Exhibition Commission.

⁸⁰ Ministère du Commerce./Department of Trade and Commerce.

1044.

DEA/10423-A-40

*Le chef de la Direction de l'information
au directeur général de la programmation
de la Société Radio-Canada*

*Head, Information Division,
to Director General of Programs,
Canadian Broadcasting Corporation*

Ottawa, November 18, 1948

Dear Mr. Bushnell,

We have been considering possible ways in which the principle of the Canadian co-operation project with the motion picture association could be adapted to other fields. It has been suggested that a similar project might be worked out with the major radio networks in the United States.

It seems to me that in so far as programmes are concerned there is great scope for a Canadian co-operation project in the field of radio. Such a programme might have for its objectives a marked increase in "mentions" of Canada in general programmes of all kinds; special programmes on topics like Canadian vacationing; talks by Canadians; Canadian news on American newscasts; commentaries from Ottawa or other Canadian points on round-the-world pickups; origination in Canadian cities of U.S. network shows (e.g. Town Hall of the Air, Information Please, etc.); purchase of scripts by Canadian writers, and the relaying of Canadian network programmes in the United States.

It has been suggested that before a Canadian co-operation project could be contemplated in the radio field, two basic questions would have to be answered:

(1) Does the same incentive for co-operation exist in the United States' radio industry as regards the balance of international payments as exists in the film industry?

(2) Does the organization of the U.S. radio industry permit the implementation of such a programme?

The following are some of the factors which appear to affect the balance of international payments:

(1) Payments to Canadian stations by American advertisers for station time for sponsored broadcasts

(2) Payment by Canadian stations for their pro-rata share of the cost of production of programmes

(3) Payment by Canadian stations for use of American sustaining programmes

(4) Payments by Canadian stations for use of American transcriptions

It has been suggested that items 2, 3 and 4 all result in an outflow of Canadian funds to the United States. I understand that as far as item 1 is concerned, there is in fact no transfer of funds from the United States to Canada by American advertis-

ers to pay for station time for their sponsored broadcasts because they all have Canadian affiliates or subsidiaries through which station time is purchased, and no exchange of funds actually takes place. This means that there is a net outflow of funds from Canada to the United States, paralleling payments to the U.S. film industry. While I have no idea of the absolute amounts involved, they might be of sufficient magnitude to cause the American radio industry some concern regarding the retention of its Canadian market.

It has been suggested that the organization of the radio industry in the United States would lend itself to a project of this kind. Most of the radio audiences in the United States could be reached through the four major networks and through the National Association of Broadcasters. While the networks exercise control over their own sustaining programmes it is true, I suppose, that they have little to say about the programme content of most sponsored broadcasts. However, if a project were initiated with the networks themselves it would be possible to further our aims through the radio departments of the major advertising agencies and the larger firms concerned with the distribution of packaged transcriptions.

I have outlined at some length the factors which appear to us to be involved in this suggestion. There are undoubtedly many aspects of the question which have been overlooked and I feel that it would be most useful at this stage to have your comments on the feasibility of a Canadian co-operation project for radio.

Yours sincerely,

S.F. RAE

1045.

DEA/10423-A-40

*Le directeur général de la programmation
de la Société Radio-Canada
au chef de la Direction de l'information*

*Director General of Programs,
Canadian Broadcasting Corporation,
to Head, Information Division*

Toronto, December 6, 1948

Dear Mr. Rae,

I am now in a position to answer more fully your letter of November 18th re the costs involved in the importation of American programmes and transcriptions.

First let me say I doubt very much that the same incentive for cooperation exists in the U.S. radio industry with regard to the balance of international payments as exists in the film industry.

The following is the situation with regard to the points outlined in the second page of your letter:

(1) There is no actual transfer of American funds from the United States to Canada by American advertisers to pay for station time. In the case of network

programmes, American networks are billed by the CBC and remittances are made through the Canadian Resident account. In other words, we are actually paid in Canadian dollars for the use of Canadian stations. The Canadian subsidiary does not pay the CBC direct but as I have indicated the parent company pays the American network which in turn reimburses us.

(2) Canadian stations or sponsors, so far as we are able to determine, do not pay a pro rata share of the cost of production of programmes. Therefore, the only cost involved so far as the Canadian end of the network is concerned is payment for the network facilities.

(3) Canadian stations make no direct payments for the use of American sustaining programmes.

(4) Canadian stations importing American transcriptions make payments but in exactly what manner I cannot say. This information with some facts regarding the volume could probably be obtained from All-Canada Radio Facilities, Victory Building, Toronto. This concern and a few others do import transcriptions from the United States but I do not think that the total amount of money involved in this operation is very large. The CBC has contracted for four transcription or library services, one of which only is payable in U.S. Funds to the amount of \$126.00 a month. The other three are paid for in Canadian currency and I would imagine that most privately owned stations have made pretty much the same arrangement.

The situation with respect to the major American networks is that their saleable time, if not entirely filled up, is constantly subject to sale and fluctuations in availabilities. It is my opinion that no great success could be met with on a gratis basis with them, generous and all as they are in this respect. Some of the American networks, and more especially Mutual, in years past have carried some programmes ex CBC, but this has been quite limited in extent. Similarly, Town Hall of the Air and other American programmes occasionally originated at Canadian points. Scripts by Canadian writers also are purchased from time to time, but when such writers are found it often happens that they are transferred bodily to New York or Hollywood.

I do not suppose it fits in with the plan of conserving Canadian funds at the moment, but my impression over a good many years and from close contact with American broadcasters is that Canada has been missing a good bit by not carrying on behalf of its tourist or similar activities some sponsored campaigns in the United States over one of the big networks. We have depended too much, I think, on free publicity and might get a substantially larger degree of cooperation if we gave evidence of our readiness to do a little spending that way, not expecting too much for nothing.

For the reasons I have outlined above I do not think we could hope to organize the radio industry in the United States on anything like the same basis that has been done in the motion picture field. Indeed considerable harm could be done by stirring up a situation that has been riding along on a mutually satisfactory basis for a number of years. The net result might be that instead of receiving sustaining programmes free of charge from all four American networks the CBC and Cana-

dian sponsors might be obliged to pay a *pro rata* share of production costs which might increase rather than decrease the flow of dollars across the border.

I hope this information is helpful and if I can add anything further please do not hesitate to ask.

Yours sincerely,
E.L. BUSHNELL

1046.

DEA/10423-40

Note
Memorandum

[Ottawa], December 15, 1948

MEETING OF SHORT SUBJECT AND NEWSREEL HEADS TO DISCUSS
THE CANADIAN COOPERATION PROJECT FOR THE YEAR 1949

Present at the meeting were: company executives, Robert Mochrie, Chairman of the Distributors Committee; John O'Connor, Universal; Russell Holman, Paramount. For short subjects, J. Bonafield, Fox; Max Weinberg, Loew's; Maurice Grad, Columbia; Tom Mead, Universal; Oscar Morgan, Paramount; Allen Dibble, March of Time. For newsreels, A.J. Richard, Paramount; Tom Mead, Universal; Walton Ament, Warner-Pathé. For the Association, Francis S. Harmon; and Taylor Mills.

The purpose of the meeting was to present the report of the accomplishments of the Canadian Cooperation Project in 1948 and to discuss the program for 1949. Mr. Harmon opened the meeting with a short discussion of what the Canadian Cooperation Project had meant to the industry during the past year and how, in the words of Right Hon. C.D. Howe, a problem between a government and an industry had been "treated with more imagination and ingenuity than had been done by some of our overseas friends."

It was pointed out that to date the program had been a notable success with the delivering of 105 newsreel clips about Canada up to December 15, 1948, as compared to 61 clips in the entire year of 1947. Ten different short subjects featuring Canada have been released since the inception of the project. The efforts of Colonel Owensmith on the coast to feed story material and to encourage the inclusion of Canadian sequences in feature pictures were also described at the meeting. Mr. Harmon mentioned that this portion of the program in Hollywood is moving along and because of the time required in the production of feature pictures the actual "pay-off" on 1948 efforts on the coast will not be observed on the screen until 1949.

Newsreels

After Mr. Harmon's opening comments a discussion of what could be done with newsreels for next year was entered into. The newsreel men in the meeting pointed out that their efforts are definitely limited at the present time because, for the most

part, they are entirely dependent upon the coverage that Associated Screen News can give them. They indicated that this was not entirely satisfactory and that if American newsreel men were free to move back and forth from the U.S. to Canada to cover important news events in Canada they felt that they would be able to present better quality newsreel coverage of such events.

Mr. Harmon requested that Mr. Mills discuss this problem with Mr. Henshaw and Mr. Fitzgibbons to see what could be done in 1949 to implement the wishes of the newsreel companies.

Mr. Harmon suggested the idea of a Canadian newsreel round-up of four or five hundred feet which might be prepared and released at the time of the opening of the Canadian Parliament. This important newsreel, he stated, could be built up with reference to some of the political and economic highlights of 1948, such as MacKenzie King's retirement and St. Laurent becoming Prime Minister; the signing of the Newfoundland pact wherein Newfoundland will become the tenth Canadian Province; the successful operation of the Canadian austerity program under the leadership of Mr. Abbott, and other events that we might be able to include in such a newsreel summary. The newsreel heads present indicated that they would look into this request and determine what could be worked out both for Canadian release and U.S. release.

The newsreel men indicated further that they felt that the Association was giving them enough newsreel material about Canada and rather than quantity they were more interested in better quality coverage.

Short Subjects

Mr. Harmon read a report on the number of short subjects which have been prepared and released by the member companies during the past year. He then mentioned eight subjects which are now completed and will be released in the next few months prior to the opening of the all-important tourist season. These subjects include:

Beauty and the Blade	Fox
Stuff for Stuff	MGM
Summertime in Quebec	MGM
Ontario Land of Lakes	MGM
Sitzmark the Spot	War.
Spring Comes to Niagara	War.
Rhapsody on Ice (Barbara Ann Scott)	Col.
A Little Bit North	Univ.

Discussion was then held on the two key short subjects which would carry Canada's important economic message to the American public which it was hoped would be as successful as Paramount's *Neighbor to the North*, released in 1948, and which will continue to play through 1949.

Subject #1 is being discussed now by RKO under the tentative title *The New Canada*. It is hoped that Mr. Bonafield and his writer will go to Canada early in 1949 to complete this important script and make arrangements for shooting early next spring.

As a second subject Mr. Harmon mentioned the title *Things are Better in Canada* which was suggested by Mr. Fitzgibbons. It is possible that The March of Time would make this subject provided sufficient photographic material and subject matter could be collated to make an outstanding two-reel motion picture. This subject would take a considerable amount of preliminary work on the part of all of us interested in the Canadian Cooperation Project.

Another subject which was suggested as a possible short was a film on the Canadian National Parks. A memorandum submitted by Mr. Scythes of the National Film Board of Canada was read, outlining a number of subjects which have been made in the past on individual parks. Footage from these subjects might be judiciously cut to make a compilation reel that would be most useful to the 1949 tourist program.

The possibility of a short subject on Newfoundland was presented to the group and interest was shown by both Columbia and Paramount. Mr. Holman suggested that the story of Gander and Newfoundland as an air base might make a subject for their Pacemaker Series. Mr. Holman also affirmed that Jerry Fairbanks was arranging to send a man to Canada in 1949 to obtain suitable material for his two series, *Popular Science* and *Unusual Occupations*.

Mr. Bonafield said that they were making a picture on *U.S. National Defense* and would like to include suitable footage that would indicate that Canada and the U.S. were working on joint operations for the defense of the northern areas of the continent. (A telephone call to Canada was put in immediately following the meeting and the footage is supposed to be on the way by diplomatic pouch today.)

It is hoped that a short subject may be made available this spring dealing with the Canadian International Trade Fair in Toronto. It is felt that such a subject should be released prior to the opening of the 1949 Fair. It may be that the Film Board or Associated Screen have sufficient footage on the 1948 Fair to make such a subject.

One of the interesting developments of this meeting was the suggestion by Mr. Weinberg, Mr. Holman and Mr. Mead that Canadian backgrounds and locations might be worked into cartoon subjects and singing shorts. Any suggestions on this theme which Mr. Henshaw or Mr. Newman might offer would be appreciated.

The overall feeling of all present was that each company representative wanted to do everything he possibly could to implement the Canadian Cooperation Project. The representatives were pleased with the fact that their efforts in 1948 had been successful and were appreciated by our friends in Canada. They hoped to make the 1949 program everything that Mr. Howe hopes it will be. As reported by Mr. Harmon his comments on the project were read to the assembled group at the opening of the meeting. Through Mr. Newman he expressed his pleasure with the success of the project and expressed the hope that it will be even more successful in the coming year.

CHAPITRE XII/CHAPTER XII
EUROPE, L'UNION SOVIÉTIQUE ET LE MOYEN-ORIENT
EUROPE, THE SOVIET UNION AND THE MIDDLE EAST

PREMIÈRE PARTIE/PART 1

TCHÉCOSLOVAQUIE¹
CZECHOSLOVAKIA¹

1047.

DEA/7121-40

*Le chargé d'affaires en Tchécoslovaquie
au secrétaire d'État aux Affaires extérieures*

*Chargé d'affaires in Czechoslovakia
to Secretary of State for External Affairs*

DESPATCH 37

Prague, February 23, 1948

Sir:

Czechoslovakia is undergoing a political crisis in the form of a trial of strength between Communists and non-Communists, which, as this despatch is written, may be solved by a typical Czech compromise or by a Communist resort to direct action. There are many alarming rumours flying about Prague to the effect that the Communists are ready for a coup. On the other hand, the Communists, judged at least by the standards which their party has followed in other Eastern European countries, have been rather restrained or at any rate have not been as violent in their language as they could have been. They have not crawled too far out on a limb to be unable to return some distance in the direction of a constitutional settlement, and I am moderately optimistic of a compromise solution being reached, although prophecy is admittedly a risky business at this time and place. Presumably a good deal depends on the advice given by Moscow, perhaps through the Cominform in Belgrade. The more nervous see an ominous sign in the presence here of M. Zorin, former Soviet Ambassador to Czechoslovakia and now a Vice Minister of Foreign Affairs. He came here ostensibly for the celebrations of the Thirtieth Anniversary of the Founding of the Red Army, which included the welding into one large organization of various societies for friendship with Russia. Those who take the darkest view of the political situation claim that M. Zorin was sent here to "take over".

2. Pre-election fevers began to rise noticeably some two or three weeks ago and the word "nervousness" appeared in more and more political speeches and articles. A reading of the charges and counter-charges hurled at each other by the Commu-

¹ Voir aussi les documents 227-229.
See also Documents 227-9.

nists and their opponents suggests that the worst case of nerves was suffered by the Communists who were alarmed at the vigour shown by the other parties and despondent of their chances of achieving their boast of 51% at the coming elections.

3. The particular issues at stake in recent controversies, such as the size of a bonus for civil servants or details of land reform, are symptoms rather than causes of the present tension. The fundamental fact is that the non-Communists have been displaying altogether too much energy to suit the Communists, and the latter have therefore seized upon whatever convenient arguments lay ready to hand or could be manufactured. They accused the non-Communist parties of entering into secret agreements to form an anti-Communist bloc; they talked of a supposed non-Communist plan to form a government of officials which would hold "undemocratic" elections; they claimed that the non-Communists were obstructing the completion of the Constitution and the passage of certain vital bills. To these and allied charges, the other parties replied with reasonably well-argued rebuttals, and the Communists took matters a step further by talking darkly of finding ways of enforcing the will of the people.

4. The Trades Union Council, a strongly Communist organization, has taken a leading part in these activities. One of their leading officials told a meeting that there were two roads to socialism, the slow way of development or the quick way of revolution; if some people did not like the slow way, the quick way would be resorted to. Another said that it depended upon whether the Trades Union Council's demands (for a civil service bonus, etc.) were acceptable or not whether future developments would be peaceable or otherwise. He promised a nation-wide protest strike and a stoppage of all transport for five minutes. If not even Parliament would accept the Trades Union Council's demands, there would have to be a new demand — "Away with Parliament".

5. Disputes naturally took place in the Government as well as in the press and at public meetings. A Cabinet decision directing the Communist Minister of the Interior to make certain changes in the police (he was told to reverse himself on some particularly flagrant cases of firing non-Communists and replacing them with Communists) was not complied with. When non-Communist Ministers insisted on discussing this failure to carry out a Government decision, the Communist Prime Minister, M. Gottwald, found an excuse for breaking up the Cabinet meeting. The question was carried over to a meeting of the Council of the National Front, where a similar deadlock was reached after the non-Communists had vigorously accused the Communists of trying to divert attention from their efforts to gain complete control of the security machinery of the state. Communist control of the police, which has been actively debated for some time, became a critical issue and one on which eventually the Ministers from three parties submitted their resignations.

6. In the meantime, one of the more interesting items of news turned up by the non-Communist press was a report of a confidential meeting of Communist party leaders on February 8th which charted the following programme:

(1) The Chairman of the Trades Union Council would summon a conference of works councils;

(2) *Rudé Pravo*, the Communist daily, would start a campaign against private enterprise;

(3) The National Socialists and Social Democrats would be accused of making a secret anti-Communist pact;

(4) After suitable preparation in the press and on the radio, the Trades Union Council would demand that all industrial concerns with more than fifty employees should be nationalized.

One by one these steps, or something closely approximating them, were taken and Communist party officials throughout the country devoted themselves to violent agitation.

7. It was on February 20th that the Ministers from the National Socialist, People's and Slovak Democratic parties, twelve in all, submitted their resignations to the President as a protest against Communist intransigence — with particular regard to Communist control of the police — while the Social Democrats took a middle position by criticizing the actions of both sides and calling for compromise and continuation of the National Front Government. These resignations could hardly have been offered unless the dozen Ministers concerned were reasonably confident of being asked and being able to stay at their posts. To present the Communists with a chance to form a government, either with or without the Social Democrats, which would leave the three protesting parties powerless on the sidelines, does not make sense. The President refused to accept these resignations, and his point of view was undoubtedly ascertained quietly before they were submitted. Up to this point the non-Communists had forced the issue and put the Communists on the defensive. I think it fair to say that the Communists regained the offensive on the morning of February 21st by organizing a mass meeting in the city's largest open square, which was harangued by M. Gottwald and other party leaders. This was arranged at very short notice and was evidence of the discipline and capacity for organization that distinguishes the Communist party. The Prime Minister accused the resigning Ministers of representing domestic and foreign reaction (with much talk of spies and sabotage of the Slav alliances), and called for their replacement by people of good will from all political parties and national organizations. He concluded by calling for Action Committees of the National Front to be formed in every town and village by "democratic and progressive representatives of all parties and national organizations." As I said earlier, however, the speech could have been more inflammatory and could have demanded seizure of power by the Communists.

8. Following this mass meeting, which passed a pompous resolution of protest, a five-member deputation called on the President to demand the acceptance of the resignations of the twelve Ministers. Dr. Benes announced no decision on this question but pointed out that Czechoslovakia had a Parliamentary government and would continue to have one. He went on to say that the Communists, as the largest party, must participate in any government [that] was formed and that their leader, M. Gottwald, must be Prime Minister. Despite being pressed by the delegation for an immediate acceptance of the resignations, he said that he would have to discuss this with the Ministers in question and with the Prime Minister. "It is not for me to

say that this or that person must or must not be in the government. There will be a Prime Minister and he will submit to me his proposals as to the members of the new government. I have always given serious consideration to the views of the Prime Minister. I repeat that I do not wish to weigh one intransigence against the other. I want only to tell you that we must tackle this problem objectively. It is my duty to persuade the parties to co-operate and not to set them against one another." A member of the delegation observed that the difficulties would spread from Prague to the provinces and that the working people did not think that the Ministers who had resigned could do successful work in the future. To this the President replied, "I understand your position, but you must also understand my own difficult situation. You may rely upon it that neither now nor in the future, in any circumstances whatever, will I accept anything that might mean the exclusion of this or that group from the government. I have already said that no one must think of the Communists being excluded from the government. That is something which I could never sign. I ask you to count on this fact, both now and in the future. I insist on this, but at the same time I ask everyone to bear in mind the difficulties that confront us and to help me in my work." Later in the day — it was a Saturday afternoon — the President left for his country seat to consider the critical issues at stake.

9. Thus ended a week of tense activity with nothing settled.

I have etc.

R.M. MACDONNELL

1048.

DEA/7121-40

*Le chargé d'affaires en Tchécoslovaquie
au secrétaire d'État aux Affaires extérieures*

*Chargé d'Affaires in Czechoslovakia
to Secretary of State for External Affairs*

DESPATCH 41

Prague, February 26, 1948

Sir:

This despatch continues the account of the Czechoslovak political crisis begun in my Despatch No. 37 of February 24th [sic]. On Sunday, February 22nd, the tension was maintained by a congress of works councils in Prague. These groups, hand-picked by the Communists in such a way as to eliminate non-Communist representatives, had been slated for some time to come to Prague from all over the country in order to protest the refusal of the Government to accept Communist proposals on a number of subjects, such as the bonus for civil servants and a national insurance scheme. This plan to overawe non-Communist Ministers by a demonstration of working-class unity was pre-crisis in origin, and the resolution passed by the meeting was in general terms rather than directed towards the resignation of Ministers. As a compendium, however, of current Communist demands, the resolution passed by 7904 votes to 10 is worth summarizing:

(a) A national insurance scheme and various pension systems;

(b) Enactment of the Constitution including constitutional guarantees of all civil rights, together with the abolition of capitalist exploitation and continuation of nationalization;

(c) Nationalization of all internal wholesale trade, wholesale export and import firms, department stores, manufacture of spirits, production of pharmaceuticals and all private firms with more than 50 employees;

(d) Land reform and tax relief for farmers.

To lend weight to their demands the meeting decided to call a nation-wide one-hour token strike.

2. While the works councils were fulminating in one place, [Premier Klement] Gottwald was keeping himself in the limelight in another. A congress of Czechoslovak friendship societies was celebrating the Thirtieth Anniversary of the Founding of the Red Army with the assistance of M. Zorin, former Soviet Ambassador in Prague and now Vice-Minister for Foreign Affairs. Although M. Gottwald said nothing at this meeting except stock platitudes about Slav alliances and links between domestic reaction and anti-Soviet activity abroad, his presence on the same platform with M. Zorin at a time of crisis was noted uneasily by many as an inauspicious omen. As the day went on the Communists tightened up on their control of information. Communist "commissars" were added to the staff of the Slovak news agency and Slovak radio (both non-Communist) by M. Kopecky, the Communist Minister of Information, and he expressly denied permission for a broadcast by the Social Democrat Minister of Food, M. Majer. Permission to broadcast was similarly denied to the Slovak Commissioner of Information, a non-Communist. A number of non-Communist employees of the Prague radio were told not to report for work until further notice.

3. February 23rd brought a series of developments that showed the Communists less amenable to compromise than they had been the previous week. To begin with the police were ostentatiously armed with rifles and bayonets which had some effect in convincing the public that the Communists meant business. The secretariats of the National Socialists and People's Parties, both in Prague and in other towns, were searched by the police and relieved of a number of documents. An announcement was made by the Minister of the Interior that documents had been discovered showing that the National Socialists were plotting to seize control of the army, the police and the radio. On the strength of this, two army officers and a number of civilians were arrested. Other arrests were made of officials of the National Socialist and People's Parties. Revolutionary "action committees" were set up all over the country, including one in the Ministry of Foreign Trade. Exit from the country was prohibited except by special permission of the Ministry of the Interior, and then only in urgent cases of national interest. Parliament was suspended indefinitely. In Slovakia, the Communists caused all departments occupied by Commissioners from the Democratic Party to be occupied by police, and the resistance which was offered in some cases was overcome. Communist Commissioners took over the functions of the ejected Democratic Commissioners.

4. Uneasiness and dejection continued to increase on February 24th. At noon a one-hour token general strike was called by the Communists who claimed that 2½

million people went out. Further arrests were made and "spontaneous popular actions" forced some of the resigning Ministers to leave their offices where they had remained pending the President's decision to accept or refuse their resignations. A revealing and probably accurate statement was made by the Communist side that "we are much too strong to have to resort to brute force." As I said in my Telegram No. 22 of February 24th,† the Communists had shown that they were prepared to be tough and that their toughness could not be matched by anyone else. They could, therefore, pretty well write their own ticket. The National Socialist and People's Parties were badly depressed, while the Social Democrats showed signs of splitting with the Left Wing prepared to come to terms with the Communists. Everyone awaited the President's broadcast to the nation which was promised from day to day. His prestige and popularity, even among some members of the Communist party, are very considerable, but only congenial optimists expected that he could make the Communists accept the continuation in office of the National Socialist, People's Party and Slovak Democrat Ministers. The Communists had gone too far out on a limb for that.

5. In the end the President did not broadcast at all, but announced on February 25th that he had accepted the Ministers' resignations and approved a new Cabinet slate brought to him by M. Gottwald. Before today's bag leaves I can do no more than summarize the highlights of the depressing news. (Being single-handed, I have to try to combine political reporting with consular business, commercial reporting lectures to adult education institutes, speeches in connection with the Canadian Olympic hockey team and odd chores for the C.B.C. International Service.) The Communists have made a clean sweep and now control every Ministry of importance, except Foreign Affairs (Masaryk remains) and there they have the redoubtable Dr. Clementis as Under-Secretary and watch-dog. In addition to Interior, Information, Finance, Agriculture and Internal Trade, which they formerly held, the Communists now have Justice, Foreign Trade and Education. The non-Communist element in the Cabinet has been fatally weakened. In the first place none of the former Ministers from the National Socialist, People's or Slovak Democratic Parties have been allowed to return; with all charity, it can be said that they were not outstanding leaders and their replacements from those parties seem to be nonentities. In the second place two Right Wing Social Democrats have resigned rather than go along with this travesty of a coalition Cabinet, M. Majer, former Minister of Food, and M. Tymes, former Deputy Prime Minister.

6. The Cabinet is now made up as follows: *Communists*, 11 — Prime Minister, Deputy Prime Minister (Slovak), Interior, Information, Justice, Foreign Trade, Internal Trade, Finance, Agriculture, Education and Under-Secretary for Foreign Affairs; *Trade Unions*, 2 (represented in the Cabinet for the first time, and indistinguishable from Communists) — Deputy Prime Minister and Social Welfare; *Social Democrats*, 3 — Deputy Prime Minister, Industry, Food; *National Socialists*, 2 — Public Works, Posts; *People's Party*, 2 — Transport, Health; *Slovak Democrat*, 1 — Under-Secretary of National Defence; *Slovak Freedom Party*, 1 — Unification; *Non-Party*, 2 — Masaryk at Foreign Affairs (a non-Communist) and Svoboda at National Defence, regarded as very friendly to the Communists. Thus, of a Cabinet of 24, the 13 Communist and Trade Union Members form a clear majority,

Fierlinger and the Social Democrats who followed him can be expected to co-operate with the Communists, and the remainder are helpless. The iron curtain has begun to descend.

I have etc.

R.M. MACDONNELL

1049.

DEA/50165-40

*Le chargé d'affaires en Tchécoslovaquie
au secrétaire d'État aux Affaires extérieures*

*Chargé d'Affaires in Czechoslovakia
to Secretary of State for External Affairs*

TELEGRAM 27

Prague, February 28, 1948

SECRET

Your telegram No. 32 of February 27th.†

Communists now firmly in power with control of all important Ministries. Only non-Communists in Cabinet of 24 are Masaryk, three Left Wing Social Democrats and six nonentities from other parties. Their influence will be negligible and they are merely unconvincing window dressing.

2. Technically, constitutional solution accepting former Ministers' resignation and approving Gottwald's new slate was forced on the President by the Communists demonstrated ability and willingness to use naked force. They made it plain that, if necessary, they would use their complete control of an armed police, which carried out daring arrests of opposition leaders, their stranglehold on trade unions and their possession of arms in "workers militias" to seize power. Decent democratic Czechs and Slovaks, who are in the majority but have no arms, were powerless. Once the Communists decided the moment was ripe for a coup the only choices were surrender or opposition which could not succeed.

3. All the grim mechanism of totalitarian State is being brought into play — arrests of political opponents, prostitution of justice, control of the press and intimidation of all non-Communists. Wholehearted purges of civil servants, editors, teachers, managers and all persons of influence or responsibility are carried out by "action committees" set up in every plant, office, Government department and other organizations. Minister of Education announces proudly that picture of Stalin will hang in every schoolroom.

4. What should be our attitude? I feel we should not hide detestation of this Moscow-directed overwhelming of a free and democratic people who loyally lived up to their obligations as an ally of the Soviet Union. They were threat to no one; they were steadily and sturdily rebuilding their economy on a basis of democratic socialism; yet their liberties have been ruthlessly wiped out to gratify Moscow's insatiable lust for power. I think we can express sympathy for those millions of Czechs and Slovaks whose ideals are akin to ours and who are now voiceless. As to future relations, these will resemble those with the Soviet Union, Poland and Yugoslavia.

I believe it is in the Canadian interest to maintain contact, transact intergovernment business, protect Canadian interests where possible and keep informed. Any cordiality with the regime is out of the question and this Legation will have to operate under iron curtain conditions. One thing western democracies can do is to supply our friends here with information and I urge news and political information be given high priority on C.B.C. Czech programmes.

1050.

DEA/7121-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

[Ottawa], March 2, 1948

RECENT EVENTS IN CZECHOSLOVAKIA

Last Friday, February 27th, Mr. Graydon² asked a question about Czechoslovakia. He said, "Mr. Speaker, I should like to address a question to the Secretary of State for External Affairs, of which I have given notice to his parliamentary assistant, having been unable to reach the minister. The minister may want to defer an answer until later or make a statement now. Does the government endorse and approve the three-power statement issued yesterday by Great Britain, France and the United States respecting Czechoslovakia? What immediate effects, if any, will the recent change in the Czechoslovakian government have on our relations with that power in the diplomatic, financial and trade fields?" To this you replied, "To the first question all I can say is that the statement published in the newspapers has not been before the government for consideration. To the second question, the matter of our future relations financial and otherwise, with Czechoslovakia is now under consideration, and that consideration probably will not be completed until we get more accurate and fuller official information. When it is completed and a decision has been arrived at, it will be announced to the house."

2. In view of the public interest in Canada in what has happened in Czechoslovakia, it may be that you will wish to make a fairly full statement to the House. I have, therefore, had the attached notes prepared for your use.†

The notes are based in part on the telegram which we have recently received from Mr. Macdonnell.

The notes conclude with an endorsement by the Canadian Government of the three-power statement, issued on February 26th, by the Governments of the United States, France and the United Kingdom. This passage is followed by a statement that it is not the intention of the Canadian Government to sever diplomatic relations with Czechoslovakia and that the nature of our future commercial relations is under

² Gordon Graydon, député Conservateur au Parlement (Peel, Ontario).
Gordon Graydon, Conservative Member of Parliament (Peel, Ontario).

review. We are, as you know, making inquiries in London and Washington as to what changes, if any, the Governments of the United Kingdom and United States intend to make in their commercial relations with Czechoslovakia.

I have suggested in the notes that you might wish, towards the end of the statement on Czechoslovakia, to refer to the Prime Minister's recent attack on communism and to develop somewhat his point that so long as communism remains a menace it is vital to maintain a preponderance of military strength on the side of freedom and to secure that degree of unity among the nations that will ensure that they cannot be defeated and destroyed one by one. From this you might go on to state that the communist seizure of power in Czechoslovakia may hasten the creation within the United Nations of an association of democratic and peace-loving states which are willing to accept more specific international obligations in return for greater national security.

I am attaching an extra copy of this note and of the enclosure in case you wish to pass them on to the Prime Minister.

L.B. P[EARSON]

1051.

DEA/7121-40

*Le chargé d'affaires en Tchécoslovaquie
au secrétaire d'État aux Affaires extérieures*

*Chargé d'Affaires in Czechoslovakia
to Secretary of State for External Affairs*

DESPATCH 45

Prague, March 3, 1948

Sir:

In hurriedly finishing my Despatch No. 41 of February 26th on the political crisis, I did not have time to include an account of the pressure exerted by the Communists as events moved to their swift climax. The technique of setting up "action committees" in the best revolutionary tradition (certainly going back as far as the committees of public safety of the French Revolution) enabled them to oust all "unprogressive" individuals from key positions and take complete control of the country's political and economic life.

2. These action committees, composed of determined Communists with a few hangers-on from other parties, have made themselves responsible for the purging of Czechoslovakia's political, economic and intellectual life. The fundamental bases of Communist power have been the armed police, the trades unions and the armed "works militias". Their ability to take over the country was made crystal clear as the crisis developed and made resistance appear to non-Communists as a futile gesture. The country having thus been frightened into submission, the way was open for the action committees to do whatever they pleased. A few details of the way in which they have operated may be useful for the record.

3. The original initiative in setting up the committees was, of course, taken by the Communists and they were quickly given official blessing, even before the forma-

tion of the new government, by the Ministry of the Interior. It instructed all local authorities to co-operate with the action committees, facilitate their work, heed their wishes and "enable them to mobilize the people, to strengthen the people's democracy economically and politically." The Prague action committee, to give an example of early activity, undertook to prevent the dissemination of printed matter directed against Gottwald's government and the people. It also authorized the Lord Mayor to fire all public officials whose attitude towards the Government and the people's democracy was not favourable. Action committees in the various Ministries concerned forced the withdrawal from the premises of the Ministers who had resigned.

4. On February 25th, the day on which Gottwald's new slate of Ministers was accepted by the President, action committees were springing up all over the lot. The biggest and most imposing was the central action committee of the National Front, under the chairmanship of Vice-Premier Zapotocky, the Communist Chairman of the Trades Union Council and one of the strong men of the party. Probably one of the least significant was that formed in the Alcron Hotel which deposed the management and placed one of the room service waiters in charge. An action committee was set up in the Foreign Ministry to purge it of reactionary elements without delay. In the university, an action committee undertook a purge of professors and students, and demanded representation in the academic senates of the university. In the Czech journalists' union an action committee expelled most of the prominent non-Communist journalists and assured the Minister of Information that it would never allow him to be so attacked in the press as he had been up to the present. The Minister of the Interior issued an edict that any member of a national committee (i.e. a municipal or local authority) would be dismissed if this were recommended by an action committee. In the judicial field an action committee formed by employees of the Supreme Court of Administration took steps to ensure that the Court would pronounce no more verdicts in nationalization cases until the situation had been further considered. The two leading football associations formed an action committee to purge Czechoslovak football of all elements incompatible with the new people's democratic regime.

5. Action committees, in short, are functioning in every branch of life. The list could be extended almost indefinitely, from the President's chancellery to the film world. The first step in most cases was to get rid of undesirable individuals, while in journalism the action committees appointed new editors, laid down editorial policy and in quite a number of cases discontinued publication. The first announcement by the action committee in the Ministry of Foreign Affairs gave a good example of the way in which the public service is being combed. Thirty-six officials were given compulsory leave of absence, nineteen were pensioned off and eight were transferred to less responsible positions. It is stated that the next step is to be changes in the staffs of Czechoslovak Missions abroad. Our information is that there are at least two more lists of officials in the Ministry who are to be purged and that there is to be a pause between each two purges.

6. A more far-reaching step has been taken by the central action committee of the National Front. It has decided that all political parties must be thoroughly purged and therefore reserves the right to pass upon the appointment of all officials and

organs of all parties. Only those party functionaries who have been approved by the central action committee will be able to hold office. In parliament an action committee will ask Deputies to state in writing that they agree with the renascent National Front and the demands made by the Congress of Works Councils on February 22nd, which included nationalization of all concerns with more than fifty employees.

7. The efficiency of this system cannot be questioned. Since it is known to everyone that the Communists have abundant power to enforce the decisions of the action committees, no one dares to resist them. The committees are a convenient method of translating Communist policy into action at every level of Czechoslovak life, from the Parliament and the Supreme Administrative Court down to the football associations. The speed with which they were set up and the way in which they promptly set about purging long lists of people show that they have been organized well in advance and knew exactly what they were to do as soon as the signal was given. As I have said in other reports, the Communists would have manufactured a crisis if they had not been presented with one, and the machinery for seizing power was in a state of well-oiled readiness.

I have etc.

R.M. MACDONNELL

1052.

DEA/7121-40

*Le chargé d'affaires en Tchécoslovaquie
au secrétaire d'État aux Affaires extérieures*

*Chargé d'Affaires in Czechoslovakia
to Secretary of State for External Affairs*

DESPATCH 46

Prague, March 4, 1948

SECRET

Sir:

It is now a week since the new Gottwald government was announced to a stunned and unhappy people. There is little new information that I can report, but one or two comments may help to put the facts in perspective.

2. The most remarkable feature of the coup was its speed. On February 20th when the twelve Ministers resigned there was nervousness and speculation about what the Communists might do, but most discussion was in terms of party manoeuvring and Parliamentary tactics under democratic rules. On February 25th the Communists, after demonstrating their ability and willingness to use force, were firmly in the saddle with the acquiescence of the President. It is therefore frequently asked whether the resigning Ministers were not criminally unwise in offering the Communists an excuse to demand that they be replaced by more co-operative politicians. Gottwald himself is said to be grateful to these Ministers for having made his task easy. I think the result would have been much the same whatever happened.

We now know that the Communists were ready to manufacture a crisis and planned to use the meeting of works councils on February 22nd as a first step to presenting revolutionary demands. Had the Ministers not resigned but merely protested against Communist activities, they would have been targets for exactly the same kind of pressure as was in the event applied, and would have been forced out in exactly the same way. What no one realized in advance was how far and how fast the Communists were prepared to go.

3. This is illustrated by the fact that President Benes, consulted privately in advance by the Ministers, advised them to resign and promised not to accept their resignations. I have had this direct from Czech sources whose accuracy cannot be questioned. This can only mean that the President and the Ministers were unprepared for a resort to violence and still believed that the issue would be decided by democratic methods; if the President and the Ministers stood firm they would be supported by a majority in Parliament and in the country, and the Communists would have to back down. Five days later the President accepted the fact that democratic processes had ceased to count, and by breaking his promise to refuse the resignations and by approving Gottwald's new cabinet, showed the country and the world that he saw no alternative to complete capitulation.

4. This has left many Czechs with a feeling of bitter bewilderment at having been let down by their one trusted leader and statesman. Benes made a promise and broke it; there is now no one whom the Czechs can trust who might be a rallying point for resistance. So runs the argument, and I find it hard to see what good Benes can accomplish by remaining President. He will have no influence on government policy and will be so closely watched by the Communists that he will be unable to speak frankly to the country or give advice and leadership to democrats. Although there are rumours that he will resign, or that he has resigned and the Government is keeping it secret, the best information appears to be that he is still undecided. He is a very sick man and the events of the crisis have nearly overwhelmed him. Moreover, he has been receiving conflicting advice from democratic leaders. But if blame for the President's passive acceptance of the situation be tempered with sympathy for the predicament of a sick and elderly man confronted with momentous decisions, no such consideration has applied in the case of Masaryk. He has accepted office in a gang of thugs whom he cannot possibly influence in any way, and is a helpless prisoner. He can justify his doing so on grounds that it may protect his liberty until he is able to escape. He cannot expect anyone to take seriously the argument which he has been putting to some diplomats that he will be a moderating influence. He was one in the previous government where he had support from other Ministers, but Foreign Affairs will now be handled entirely according to Communist doctrine.

5. The subject of Masaryk's liberty brings up the question of the trial and punishment of democratic political leaders. There are few here who doubt that the Communists will follow their policy in other Eastern European countries of making examples of those who have dared to oppose them. The most likely candidate for the role of Petkov is Dr. Petr Zenkl, head of the National Socialist party. He has been the most forceful and outspoken of the rather uninspiring opposition, and the Communists hate him. Dr. Ripka (National Socialist), former Minister of Foreign

Trade, Dr. Lettrich (Slovak Democrat) former head of the Slovak National Council, and M. Majer (Social Democrat), former Minister of Food, are others who may find themselves in trouble, and indeed anyone may be arrested. But the Communist animus against Zenkl is so great that he is likely to be dealt with first. It is perfectly possible that after being tried as an enemy of the people's democracy and an agent of foreign reaction, he will be hanged. Information about the status of political leaders is hard to come by, but so far few seem to have been imprisoned though many are being constantly watched by the police and are pretty well confined to their homes. As of last night, I know that both Zenkl and Ripka were safe at home. Arrests have been confined to small fry who are usually released after three or four days questioning. The most tragic feature of this and every other aspect of the situation is that there appears to be nothing to prevent the Communists from going ahead as fast as they like. There is no force in Czechoslovakia capable of opposing them; no interference will come from outside, and the Communists are evidently no longer restrained by any regard for public opinion in the Western democracies. Repression can go ahead as fast as the Communists can organize it and there will have to be more of it than in Hungary or Roumania because of the much firmer roots which democracy has put down in Czechoslovakia.

6. A pattern familiar in other countries has been repeated, according to which the opposition parties have been willing to put hostages in a theoretically coalition Cabinet. These men are either nonentities or worse; the word "quisling" is being used by some Czechs. The first to be eliminated will be the National Socialist and People's Party Ministers. Then the attack will fall on Fierlinger and his Social Democrats, who will stay in office only so long as it suits the Communists. This is almost the only consolation left to the opposition; they regard Fierlinger as the arch-traitor to democracy and will enjoy seeing him purged. Ultimately it would not be surprising if there were changes in the Communist leadership itself. Gottwald is regarded as too mild by the fanatics in the party and might be displaced together with others. The really tough Communists like Slansky, Secretary-General of the party, Zapotocky, head of the trade unions, and Cepicka, Minister of Justice, may conduct the final purge in the Communist party itself.

7. Copies of this despatch have been sent to London and Moscow.

I have etc.

R.M. MACDONNELL

1053.

DEA/50165-40

*Le chargé d'affaires en Tchécoslovaquie
au secrétaire d'État aux Affaires extérieures*

*Chargé d'Affaires in Czechoslovakia
to Secretary of State for External Affairs*

DESPATCH 55

Prague, March 11, 1948

SECRET

Sir:

There has been little change in the political situation since my Despatch No. 46 of March 4th was written. The tragic suicide of Jan Masaryk, the Foreign Minister, is a dramatic and shocking event, but I do not think it can be regarded as altering the balance of political forces appreciably. He was powerless in the new Cabinet, and even if he had been able to escape it is questionable how much his membership in any sort of émigré group would have affected events in Czechoslovakia. Émigré leaders are no doubt of some value to a resistance movement, but more important are organization and weapons which the Czechs do not possess. I should judge that the main effect of Masaryk's death has been to bring home the seriousness of the situation to people who were inclined to think that after a few purges things would go on much as before.

2. Adversity may break down some of the aloofness between the democratic parties, but I am struck by the lack of contact which seems to exist at present. The former leaders of the People's Party, the National Socialists, the Slovak Democrats and the dissident elements of the Social Democrats are naturally anxious about their own liberty and safety, and their followers are trying to plan their escape or disappearance, but each party appears to be working on its own. For example, if you ask a National Socialist whether Mr. X. of the People's Party has been arrested or has succeeded in escaping, he will probably know very little about it. One trustworthy individual who told me quite a lot about the movements of his own political friends was vague and even unconcerned about the fate of leaders of other parties. It is natural, of course, to look after your own friends first, but there is nothing to be gained for the future by maintaining this party particularism; the remark about hanging together to avoid hanging separately has grim relevance.

3. Purges by the action committees continue in every branch of life, although in reduced volume because of the ground already covered in the first two weeks of their existence. Some, at least, of the action committees will remain as a permanent part of the machinery of government according to Slansky, Secretary General of the Communist party, who publicly rebuked Fierlinger, leader of the pro-Communist Social Democrats, for saying the opposite. The Czechoslovak press has been reduced to pumping out news and comment of a nauseating obsequiousness and uniformity. Various foreign publications have been banned, either completely or for particular issues, but it is still possible to buy others and copies are quickly snapped up at the news-stands. Our copies of the London *Times* and the Paris edi-

tion of the *New York Herald Tribune* continue, as a rule, to be delivered by a local news agency, though we cannot count on this indefinitely.

4. Through the purges and the control of press and radio and also by carrying out extensive further nationalization of factories, the Communists are consolidating the power which they seized during the February 20th-25th coup. A digestive period may well be required before further mouthfuls are swallowed. At all events, no move has yet been made to arrest or try democratic leaders. Although they are watched by the police, the efficiency of the latter cannot have been brought to the high state expected in a totalitarian country, and people manage to get across the border into the United States Zone of Germany. The former Minister of Health, Dr. Prochazka (People's Party), and Dr. Ivo Duchacek (People's Party), former Chairman of the Foreign Affairs Committee of the Assembly, are among those who have managed to escape. Other former Ministers and political leaders are living at home or moving about cautiously, wondering how long they will be allowed to do so. That rests entirely with the Communists and the advice they receive from Moscow.

5. The President's position remains unchanged, and rumours about his intentions are as thick as ever. There are grounds for believing, however, (this comes to us at third or fourth hand) that he contemplates resigning. According to this story, he will wait until he is presented with a particularly outrageous bill or other document requiring his approval and then resign with as much publicity as can be obtained in a country where all channels of information are in the hands of the Communists. On the other hand, Lias, the correspondent of the London *Times*, who has known the President for a long time and has written a biography of him, believes that he will stay on and do what he can to slow up the Communists. In my opinion, he can do very little.

6. On the surface, things quickly returned to normal once the Communists were in power. The police put away their rifles and tommy-guns and the "workers' militias" went back to work, so that in external Prague looks the same as before the coup and the commercial life of a busy capital continues. The more optimistic or lethargic sections of the public may be hoping that somehow things will turn out all right, and, as I have suggested above, Masaryk's suicide must have jolted them a good deal; but those with any real awareness of what is going on are in a desperate frame of mind. The number of callers at the Legation seeking help in getting out of the country is one among many indices of the pressure that is being exerted on non-Communists. Talk of war this year or next is to be heard on every hand.

I have etc.

R.M. MACDONNELL

1054.

DEA/50165-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

SECRET

[Ottawa], March 15, 1948

RELATIONS WITH CZECHOSLOVAKIA

I. *Diplomatic*

At present Canada is represented in Prague by a Chargé d'Affaires, Mr. R.M. Macdonnell, but action has been initiated to raise him to the rank of Minister, and the agrément for his appointment has been received from the Czechoslovak Government. The events of the past two weeks have prompted the decision which has been taken to postpone the announcement of Mr. Macdonnell's appointment, but there remains the possibility of this news leaking out from Prague, perhaps by design, with consequent embarrassment to us.

2. The development of the Czechoslovakian crisis since February 20th and the seizure of power by the Communists by technically constitutional means backed by the threat of force, gave rise to press reports from London, as early as February 26th, suggesting that the United Kingdom might refuse to recognize the new Communist regime. These reports proved to be without authority. On March 1st Mr. Robertson informed us that while the Foreign Office wished to keep the Czechs guessing a bit, it was not at present considering the withdrawal of the British Ambassador from Prague and would, in fact, deplore it. Similarly, from Washington Mr. Wrong reported on March 5th, that enquiries made at a low level in the State Department had elicited an assurance that the United States would only agree to the withdrawal of Ambassador on a tripartite basis; and that as Mr. Bevin was opposed to such a step and the State Department was not eager to take it, the idea was unlikely to be pursued.

3. In the absence of any indication that the United Kingdom and the United States will sever diplomatic relations with Czechoslovakia or even withdraw their ambassadors, there would seem to be no reason for Canada to consider withdrawing its mission from Prague and good reasons why it should not do so. The Canadian statement made at the General Assembly of the United Nations a year ago, in the debate on Spain, is relevant:

"In the view of the Canadian Government a break in diplomatic relations is a traditional but ineffective way of exerting pressure on a foreign government. It means that the outside world severs its connection with a government of which it disapproves at the very time that it is most important for the governments of the rest of the world to have direct knowledge of conditions in that country."

The maintenance of diplomatic relations with Czechoslovakia will enable us to maintain contact with the Czechoslovak Government, to transact intergovernmental business, to protect Canadian interests where possible, and to keep informed of

what is going on in Czechoslovakia. In addition, it will serve to give some measure of encouragement to all those elements in Czechoslovakia whose hopes for the future welfare of their country are based on closer relations with the Western democracies.

4. I should be glad to know if you agree that we should maintain our mission in Prague.³

5. The other question is whether we should shortly announce Mr. Macdonnell's appointment as Minister to Czechoslovakia and Mr. Kirkwood's appointment as Minister to Poland. The royal approval and the agrément for Mr. Macdonnell's appointment have been received, but the Polish agrément for Mr. Kirkwood's appointment has not yet been received.

6. In order to hold the position, I would like to ask Mr. Macdonnell to inform the Czech Foreign Office that the Order-in-Council and other formalities in connection with his appointment have not yet been completed and that there may be some considerable delay.⁴ At the same time, I would also ask, if you approve, Mr. Kirkwood to inform the Polish Foreign Office that in view of the fact that he may be transferred shortly they need not consider our request for agrément until they hear from us again, explaining for his personal information that the delay is occasioned by recent events in Czechoslovakia which make the announcement of appointments in satellite countries inopportune and adding that he need not take the suggestion of transfer too seriously.⁵

7. Since we already have a Minister in Yugoslavia, there is, of course, no reason, in principle, why we should not have a Minister in Prague. I had suggested to you, I think, that if the appointment were to be made, it might be wise to announce at the same time a number of other appointments, such as our consular officers for San Francisco and Detroit. However, it has occurred to me that a better way of making an announcement with the minimum of publicity might be to include in your statement on foreign affairs in the House a paragraph along these lines immediately following a paragraph on our decision to maintain diplomatic relations:

"With regard to the future of our diplomatic relations with Czechoslovakia, then, the Canadian Government does not consider, for the reasons I have given, that it would be in Canada's best interests to sever diplomatic relations with Czechoslovakia and does not propose to recall the Canadian mission from Prague. It proposes to maintain the present head of our mission in Prague, Mr. R.M. Macdonnell, as Minister just as long as it is to Canada's advantage to do so."

8. I should be glad to know if you agree or if you feel we should continue to defer the announcement of Mr. Macdonnell's appointment.⁶

9. So far as Mr. Kirkwood is concerned, the situation is not so difficult since we have not received the Polish agrément. Consequently we could leave the situation

³ Les notes dans ce document sont des notes marginales écrites par Saint-Laurent le 16 mars :
The footnotes in this document are marginal notes written by St. Laurent on March 16:

For time being, yes.

⁴ I agree.

⁵ Yes

⁶ I think we should continue to defer.

as it now is — that the Polish Government need not consider our request for an agrément until they hear from us again.

II. *Economic*

10. As a result of the recent Communist coup in Czechoslovakia, it is perhaps desirable to review our present economic relationship with that country, and consider whether any steps should be taken to alter that relationship.

11. As far as is now known, the United Kingdom is not contemplating altering its existing arrangements with Czechoslovakia, but of course will not go out of its way to make any concessions. The United Kingdom had been considering opening trade talks with the Czechs, but these have now been called off.

12. The United States has so far gone no further than to withhold the granting of export permits for recent purchases of approximately 5,000 tons of copper and a steel rolling mill, which has been under construction for some eight months, and is now ready for shipment. In the matter of United States Government credits to Czechoslovakia, no action is contemplated. An Export-Import Bank loan of \$23 million has only \$4,000 undisbursed. Of a \$50 million surplus property credit granted to Czechoslovakia, \$42 million remain unutilized, but this credit was suspended in September, 1946, because of reports that Czechoslovakia was then reselling this property to Roumania.

13. The United States Department of Commerce has suggested that it would be useful if we and the United States were to compare lists of exports to Czechoslovakia during the past year from the two countries, and also to examine, in so far as we could, what commitments by way of uncompleted contracts might exist in each country. It would appear that the United States Department of Commerce is under considerable Congressional pressure to adopt a firm export policy in respect of both the satellite countries and the Soviet Union itself. We are examining the Canadian situation in respect of private contracts in conjunction with the Department of Trade and Commerce.

14. The United States Department of State is already concerned over the problem of what should be done in the event that Czechoslovakia exercises its rights under the International Monetary Fund to purchase from the Fund its quota of United States dollars. There is some indication that the Czechs, who have not hitherto exercised this right, might shortly try to do so. At the moment, under the statute of the Fund and its regulations, the only means now apparent of preventing this purchase taking place would be to have Czechoslovakia removed from the Fund, something which clearly could not be done overtly, and which would not appear to be a very satisfactory step to take. It would not seem wise to push the Czechs and the Poles further into the arms of the U.S.S.R. by treating them as enemies.

15. The president of the World Bank has indicated that the change of Government in Czechoslovakia will make it difficult for the Bank's Economic Mission to proceed to Czechoslovakia in order to examine economic conditions there. As such an examination is a necessary prerequisite to a World Bank loan, it is not likely that the Czech application will be dealt with in the very near future.

16. As regards Canada, only \$1.38 million of the \$19 million credit granted to Czechoslovakia in 1945 remains unencumbered. A sum of \$3.3 millions has been encumbered, but the commodities ordered against it have not, in large part, yet been delivered.

17. It would be difficult, and perhaps unwise, to endeavour to prevent delivery of the commodities represented by the \$3.3 millions referred to above.⁷ Most of the articles are not under export control, and it is not clear how contracts for delivery, placed direct with private suppliers, could be controlled under present regulations. As regards purchases made in Canada by the Czechs for cash and not through the export credit, the exercise of effective control would be even more difficult. Indeed, there seems to be no good reason to interfere with normal commercial relations between the two countries. It should be noted, also, that in the case of other Eastern European countries, whose governments are no less unacceptable to us, there is no effort made to prevent delivery to them of purchases made in Canada. The present policy of insisting upon cash payment for coarse grains, base metals and steel products generally, will preclude the Czechs from obtaining these commodities through the continuing operation of this credit.

18. It is probable that there would be sharp criticism in Canada if it became known that the Canadian Government had permitted a further advance from the Czech credit to the new Government of Czechoslovakia. If consideration is given to the cancellation of the unencumbered portion of the Czech credit, however, the following points should perhaps be borne in mind. The 1945 Credit Agreement with Czechoslovakia, which was renewed only last November, does not contain any provision for consultation or other escape clauses. Cancellation of the balance of this credit might therefore lead the Czechs to denounce the whole Agreement, and decline to repay the credit already used. There is little doubt but that in so doing, the Czech Government would make the most, from a propaganda point of view, of our unilateral action in respect of a solemn contract, and might succeed in damaging in Czechoslovakia the high reputation which Canada now enjoys. Our action might conceivably be seized upon by the Soviet Government as a precedent for cancelling their agreement with us on payment for the Petsamo Nickel Mines on which \$10,000,000. is still outstanding. If it be argued that it appears wrong to be financing a government to which Canada is opposed, while experiencing such difficulty in extending credit to Britain, the answer might well be that the Czech Agreement is unconditional, whereas the British Agreement contains a clause, inserted at the instance of the United Kingdom, for periodic consultation as conditions change.

19. I should recommend, therefore, if you agree, that we should not cancel the balance of the loan but should put obstacles in the way of its use by the new Czech Government at the present time.⁸ Perhaps the most effective way in which this could be done would be to compile a list of items which the Czechs would not be permitted to purchase out of their credit and to include on this list everything that

⁷ I agree.

⁸ I agree.

the Czechs are known to be interested in purchasing and in particular any equipment that might be used in the manufacture of armaments.

L.B. P[EARSON]

1055.

DEA/50165-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

SECRET

[Ottawa], April 17, 1948

Mr. [F.] Nemeč⁹ came to see me on April 14, 1948, to discuss a number of questions relating to the coup in Czechoslovakia.

He told me that he was now receiving a good deal of information direct from Czechoslovakia, which is apparently sent to him by some underground means. He is supplying the Department with this information as it comes to hand. He mentioned that a very complete report had been prepared by the former secretary of the Social Democratic Party who, he expected, would arrive in New York in the near future. He promised to let me have a copy of the report. He pointed out that he now had conclusive proof that the Czech coup was carried out under Soviet direction, and not merely by the local Communist Party.

Mr. Nemeč was very concerned with the kind of information which might be broadcast over the CBC International Service. He felt that it was important that the CBC should not broadcast to Czechoslovakia anything which could be used by the Communists to give the impression that Canada favoured in any way the present regime. He said that the CBC was highly regarded in Czechoslovakia, more so, he thought, than the BBC or the Voice of America. He thought, therefore, that it was important to use the CBC's position as an encouragement to the democrats without, however, doing this in such a way as to damage its reputation with its listeners in Czechoslovakia. He also expressed an interest in being allowed to broadcast over the CBC.

I said that I agreed with the importance of maintaining the CBC's reputation, and that we were giving some thought in the Department at the present time to the kind of broadcasts which might be made to Czechoslovakia in present circumstances. I said, however, that it was important for us to maintain a Canadian point of view and that while we would be very interested in using his services, he would of course appreciate that we would wish to exercise supervision over what was broadcast. He said he entirely understood this point, and has undertaken to prepare a script for submission to the Department dealing with the Sudeten German problem. In the latter connection, he pointed out that the Communist argument at the moment was that the Western powers intended to revive the German state, and would consequently wish to return Sudeten Germans to Czechoslovakia, which in

⁹ Ancien ministre de Tchécoslovaquie./Former Minister of Czechoslovakia.

the long run would lead to annihilation of the whole nation. Hence it was argued that it was important for Czechoslovakia to maintain a friendly policy towards the Soviet Union, which was the only country which would act as the protector of the Czech people. Mr. Nemeč felt that it was desirable to counteract propaganda of this kind.

When I have seen Mr. Nemeč's script I shall perhaps be in a better position to judge whether he might be useful to the CBC in preparing material. If so, such work might prove helpful to him financially. We are naturally anxious to help him in every possible way.

Mr. Nemeč also raised the question of the Czech foreign language press in this country. He pointed out that there was now only a Communist controlled newspaper printed in the Czech language and that no newspaper existed to counteract its propaganda. He felt that it was important from a Canadian point of view to rectify this situation. I pointed out that we were considering the possibility of encouraging some private interest to finance a middle-of-the-road newspaper which might help to counteract Communist propaganda in the Czech community. It might be that we would find that Mr. Nemeč could do useful work in this field as well.

L.B. P[EARSON]

2^e PARTIE/PART 2

FINLANDE
FINLAND

1056.

DEA/8508-40

Extrait du procès-verbal de la réunion des chefs de direction
Extract from Minutes of Meeting of Heads of Divisions

SECRET

[Ottawa], February 3, 1948

...

PETSAMO NICKEL MINES

13. *Mr. Reid* said that, at the request of the International Nickel Company of Canada, the Department had approached the British Minister in Helsinki with the request that he discuss with the Company's counsel there whether and in what way the Canadian Government might give diplomatic support to the International Nickel Company in its claim to priority in repayment of debts owed to it by the Petsamo Nickel Company over the claim of the Finnish Government. The British Minister has now replied that both he and the International Nickel Company's counsel consider that the claims of the two parties should be submitted to arbitration and that diplomatic negotiations would not be desirable in view of the Finnish Government's reluctance to make a decision involving the Finnish State in a large financial liability.

14. The Department has informed the International Nickel Company that, in view of these comments, it is felt that the Company should propose to the Finnish Gov-

ernment that the matter be settled by arbitration. If the Finnish Government is reluctant to agree, the Department might consider supporting the Company's proposal by an official note to the Finnish Government. If it were found that there had been any discrimination by the arbitration board the question of diplomatic support for the Company's claims would then arise.

...

1057.

DEA/9559-A-40

*Note du sous-secrétaire d'État par intérim aux Affaires extérieures
pour la Direction économique*

*Memorandum from Acting Under-Secretary of State for External Affairs
to Economic Division*

Ottawa, September 30, 1948

Mr. [Urho] Toivala, the Finnish Minister, mentioned to me today a problem which he has been discussing with you [H. Moran] and that is the extension by Canada to Finland of M.F.N. treatment.¹⁰ He very much hopes that if there is going to be any delay in a multilateral grant of M.F.N. treatment Canada might be willing to go ahead on its own.

2. He said that the exports from Finland to Canada are infinitesimal at the present time and would not become great even if M.F.N. treatment were given.

3. My feeling from the conversation was that he would like Canada to take this action partly because it would demonstrate to his Government that he had been able to accomplish some specific task here and partly because it would indicate the sympathy of the Canadian Government to the Finnish Government.

4. On both these points I think we should go as far as we can with him. He himself is doing a good job of representation here and his Government has shown amazing courage in sailing so close to the wind in its relations with the Soviet Union. I think no one would have forecast a few months ago that it would have been possible for Finland to set up a government which contains no Communists, which has thoroughly investigated Communist penetration into its police and which is now engaging in purging the police.

E[SCOTT] R[EID]

¹⁰ Cela fut accordé par C.P. 4978 du 29 octobre, qui fut révoqué et remplacé par C.P. 5203 du 17 novembre.

This was accorded by P.C. 4978 of October 29, which was revoked and replaced by P.C. 5203 of November 17.

3^e PARTIE/PART 3

FRANCE

1058.

DEA/1-AE (S)

*L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures*

*Ambassador in France
to Secretary of State for External Affairs*

DESPATCH 366

Paris, May 31, 1948

TOP SECRET

Sir,

The increasing tension between the Soviet Union and the West and particularly the situation which has developed in Berlin have inevitably had serious repercussions in France. It may therefore be of some value at this time to attempt to estimate the reactions of opinion in this country towards the possibility of war. Although at times I shall be discussing gloomy possibilities I should not like to give the impression that I believe an outbreak of war with the U.S.S.R. to be inevitable. I do feel, however, that the time has come when the state of French preparedness, both moral and material, is a very important factor in the struggle between East and West which should be considered with all its implications.

2. The attitude of the French people in the face of the threat of another war can only be understood if one bears in mind all they have been through in the last ten years. These have been years of strain and shock which have left the French not only materially weakened but emotionally exhausted. They are in no mood for heroic enterprises. On the contrary, they want to go about their own business and pleasure peaceably and in reasonably prosperous circumstances. Their principal preoccupation is with the multitude of daily difficulties and shortages which interfere with their return to normal life as they knew it before the war. Most of them are more interested in the price of food than in any Cause. A symptom of this state of mind is the passivity of the French under trials and provocations which in any other period of French history would probably have produced an explosion of popular feeling. Again and again in the last two or three years it has been freely prophesied that France was on the eve of civil war. Certainly the Communists have done their best to foment trouble, but the people have refused to respond. They seem to have lost their traditional taste for the barricades. They want to avoid trouble at home as well as abroad. If geography allowed them to be so, the French might be quite as isolationist in another war as the mid-West States of the United States were in 1939. Indeed the daydream of the French might well be to tow France out into the mid-Atlantic as far as possible from the Continent of Europe and there find a haven of rest. Failing this, as the widespread desire to emigrate shows, many Frenchmen would like to remove themselves physically from the soil of France.

3. But as France is obliged to remain part of the European Continent and as the French people are unable to leave their country in any numbers, they realize that if war comes they will be involved. They feel that they are trapped by geography. The doctrine which Petain endeavoured to inculcate that France was paying by her sufferings for her past sins is now less popular than ever before. But the vogue of existentialist philosophy (popularly understood, or misunderstood) reflects the fatalism and the claustrophobia which are the legacy of defeat and occupation. Indeed the last wars have left such scars on European civilization that many Europeans ask themselves whether anything, even submission to tyranny, could be worse than another war. Perhaps the fate of Jan Masaryk may be considered as symbolic of this state of mind. Masaryk was willing, in order to spare his people a civil war, to collaborate with the Communists. He preferred submission to fighting but in the end he preferred death to either.

4. It must be remembered too that the French have already experienced one crusade against Communism. The Vichy regime drew its support from those who believed that Communism was the principal danger to European civilization. The French now see Vichy personalities reappearing not only in the worlds of business and the arts, but even in political life and such people are in a position to say to their fellow Frenchmen — "We told you so. What was the use of defeating Germany in order to clear the way for a Soviet invasion of Western Europe? Why did you waste your time in resisting the Germans when if the counsels of Marshal Petain had been followed the Western nations, including Germany, would have united against the Communist peril, which is now exactly what they are attempting to do?" Such a swing, however slight, of the political pendulum so soon after the struggle of the Resistance against Vichy is apt to breed cynicism and bewilderment in the mind of the average man.

5. Apart from these psychological and political influences there are the more tangible questions of the pattern which war might be expected to follow and the state of French military preparedness. It seems to be very generally assumed in this country that war would mean the early occupation of France by the Soviet Armies, that, at any rate at the beginning, it would be waged by the United States primarily by means of air bombardment and the use of the atomic bomb. Whether such a conception of the war is tenable is for the moment beside the point. The important — and unfortunate — thing from the point of view of French morale is that it is widely held. Most French people would agree, I believe, that the United States would eventually win a war against the Soviet Union and that France would in the end be liberated. But this is a remote consolation.

6. The reports of our Service Attachés, based on information from French military and air sources, and the conversations which I have had with members of the Government and responsible officials, give the measure of French military weakness. The fact is that if war were to break out now the French authorities do not consider that it would be possible to defend the soil of France for more than a matter of weeks or, in the view of the more pessimistic, of days. I do not propose here to go into details concerning the weakness of the French in arms and equipment. Suffice to say that there is an appalling shortage of tanks, guns and ammunition and that little or no progress has so far been made in standardization of

weapons between the British, French and Americans, so that the French could not be readily supplied from British or United States sources. The condition of the Air Force is deplorable. Almost all the planes are obsolescent and there are too few even of these. It would take months or even years to divert French factories to the production of equipment, ammunition and aeroplanes. In addition to the dangerous weakness of her defences, France suffers from the presence inside the country of a fifth column which in the event of war with the Soviet Union would be immeasurably more numerous and very much better organized than any which the Nazis could count upon in 1939 and 1940. The Communists gained first-hand experience of underground fighting in the Resistance. They are well trained in sabotage, expert in defeatist propaganda and in the technique of terrorism. It is more than probable that as the Soviet Armies advanced across the French frontiers or their airborne troops descended upon French cities, the Communists would rise, according to preconcerted plans, in all the principal centres of France. It is certain that in the event of Soviet occupation a French Communist Government would be installed in this country. The fate of France under Soviet occupation and with a Communist puppet regime in power is painful to contemplate. It is very doubtful whether France could ever recover from such a further ordeal. Certainly it would leave behind it a prostrate country in which divisions between Frenchmen had been intensified by all the horrors of ruthless class warfare.

7. I have emphasized the darkest possibilities in order to bring into relief the fears which haunt the French people when they contemplate the possibility of war. It is a remarkable fact that knowing the extent of their own weakness the French Government should have taken so firm an attitude in the face of recent Soviet pressure and they deserve a good deal of credit for their courage in doing so.

8. The only conclusion that one can draw from the present situation is that the French in their present state could not be effective allies in any war waged in the near future. Speedy rearmament and re-equipment of the French forces is therefore an urgent necessity, but decisions as to timing do not depend on the French Government alone. No Frenchman deludes himself that the Treaty of Brussels has any value as a weapon of defense against Soviet attack without the military backing of the United States. In fact, as M. Bidault said to me when I saw him on March 11th (see my Secret telegram No. 152 of that date),[†] without the support of the United States the Treaty might appear to be provocative without having sufficient backing to be effective. Meanwhile, it is of course all to the good that the staff talks between France, the Benelux countries and the United Kingdom provided for in the Brussels Treaty should go forward, that plans should be laid down, that the standardization of weapons in so far as this is practicable should be achieved and that the integration of defensive strategy should be arrived at. All this, France and the other Western European nations can do for themselves. But every month which leaves France and the other nations of the Western European Continent totally exposed to Soviet invasion is dangerous. The present situation presents a standing temptation to the Soviet Union to attack while there is nothing to block their path. There is no doubt that the formal adherence of the U.S. to the Brussels Treaty would be a valuable gesture of political and moral solidarity but the really important thing, from the point of view of the French, is that they should be furnished with the resources

which would enable them to make a stand on their own frontiers and that they should know that the Americans will fight side by side with them in Europe to defend French soil from invasion.

9. The question of the future of Germany is so intimately linked with that of France that it is impossible to discuss one without considering the other. The French, as we all know, are still very frightened of the possibility of German military revival. They thus have a double cause for fear — from the Soviet Union and from Germany. In this, their position is different from that of the United Kingdom or the United States where there does not seem to be much real fear of Germany left. The pattern of French thought regarding Germany has come out again and again in conversations which we have had with members of the French Foreign Office. They dread the possibility that the United States and United Kingdom Governments, obsessed with the threat which the Soviet Union offers, will re-create a centralized and militarily powerful Western German state as a buffer against the Soviet Union. This possibility alarms the French for several reasons. In the first place, they fear that if the Germans once recovered their independence of action and their industrial and military power they might betray the cause of the West and ally themselves with the Soviet Union, as Hitler did in 1939. This is their more remote cause for alarm. In the more immediate future they are worried lest the re-creation of a powerful German state should prompt the Soviet Union to immediate counter-measures. On several occasions recently Frenchmen in responsible positions have expressed the view that the rearmament of Germany, if it ever occurred, would precipitate a Soviet attack on the West. Added to these two preoccupations about Germany which are in a sense contradictory, the French have a third source of anxiety. They are concerned lest a revived Western Germany should be favoured at their expense by the United States. French fear of Germany, however well justified, inevitably makes for divided aims in their long-term strategic thinking, for they cannot concentrate their whole attention on the Soviet danger so long as they are thinking in terms of the German menace also. Moreover, the German question has important repercussions in French domestic politics as it affords the Communist Party the opportunity to play on French fears of German revival and to represent the Anglo-Saxon countries as putting the interests of Germany above those of France. For all these reasons it is most desirable that the French point of view over the form of the future German Government should receive sympathetic consideration in London and Washington. Even if it does not prove possible to fall in with the main French demands (the French Government have already made very extensive concessions) every effort should be made to save the face of the French Government and not expose them to damaging Communist attacks on this sensitive subject.

10. Among the factors involved in French preparedness either to face the threat of war or to play their full part in a defensive alliance, not the least important is the political one. The reactions of the main French political parties are becoming more and more clearly defined as the crisis deepens, for the middle of the road attitude which sought to strike a balance between the United States on the one hand and the Soviet Union on the other in foreign affairs, and between General de Gaulle on the one hand and the French Communist Party on the other in domestic affairs,

becomes more and more impossible to maintain. Every stage in the deterioration of relations between East and West strengthens the extreme elements in French politics to the disadvantage of the Troisième Force. This development accounts for the importance of General de Gaulle and the R.P.F.¹¹ in French political life. There is a strong probability that in the event of war, or even of an international situation which contained the direct threat of war, General de Gaulle would come to power in France. This is a prospect which certainly does not appeal to the United Kingdom Government nor, I should suppose, to the Government of the United States. General de Gaulle and the R.P.F. have had a bad press in Anglo-Saxon countries. I do not think that the United States or United Kingdom Embassies in Paris have much direct contact with R.P.F. circles. In this Embassy, however, we have made a point of keeping in discreet touch with members of the R.P.F. and, as you know, have reported at some length on the policy and personalities of the movement. Because they disapprove of much of General de Gaulle's political programme and of many of his entourage it would be unfortunate indeed if London and Washington were to underestimate the importance of the R.P.F. or the possibility of his coming to power in the event of an international crisis. For we may all find ourselves obliged one day to cooperate with General de Gaulle as the head of a French Government. The essential point about General de Gaulle's policy is that it is an emergency or war policy. His concentration on the idea of national unity, his appeals to French pride and patriotism, are intended to strengthen the will of France to resist Communist infiltration or invasion. This obsession may also account for the notorious weaknesses of the R.P.F. programme in its more constructive aspects. Granted his own premise — the inevitability of the struggle with Communism — the most damaging criticism that can be made against General de Gaulle is not that his policy is weak on the side of economic and social planning or even that it exalts the power of the executive, for in war long-term constructive planning must go to the wall and the executive inevitably takes on additional powers. The real question is whether General de Gaulle would be able to unify France in time of crisis or whether his presence at the head of the Government would not rather intensify existing divisions and make national unity even more difficult to attain.

11. General de Gaulle is no doubt fully informed of the weaknesses of the French military position. He is also evidently perturbed at the pessimistic attitude with which many Frenchmen regard the fate of their country in the event of war. With reference to the conception that war will mean the occupation of France and the departure of the French Army for North Africa, he said in a recent speech at Marseilles, "Nous tiendrions pour criminelle une politique et une stratégie qui sous prétexte qu'il existe ailleurs de foudroyantes bombes atomiques, abandonneraient délibérément le sol de la métropole d'abord à l'invasion des uns, puis aux bombardements des autres."

12. The significance of this statement is that General de Gaulle protested openly against the fatalistic acceptance of the idea of Soviet occupation in the event of war and demanded that plans should be made now for the defence of the soil of France.

¹¹ Rassemblement du peuple français.

As you know, M. Teitgen,¹² the Minister of National Defense, shares this view that the battle for Europe must take place in Europe itself and East of the Rhine if possible, and not in North Africa.

13. The M.R.P.¹³ members of the Government need no prodding from General de Gaulle to realize the gravity of the present situation nor do they lack clear-sightedness in facing its implications. You will recall that in my Top Secret despatch No. 16 of the 12th January† I gave an account of a talk which I had had with M. Teitgen, in which he put the essentials of the problem with remarkable frankness and clarity. You will remember that he went straight to the point by saying that the United States must answer the question "do you mean to meet the Soviet attack in Germany itself or, if not in Germany, will you fight in any event on the Rhine?" M. Teitgen followed up his analysis of the situation with a series of suggested steps, some of which seemed bold and even startling at the time although since then the Western European powers have moved a long way in the direction which he indicated.

14. Unfortunately the Socialist Ministers in the Government do not show a similar degree of realism. Under pressure from the rank and file of their party they are still opposing the 18 months period for military training and their attitude on defense problems in general is less firm than that of their M.R.P. colleagues. In all probability the Socialist members of the Government appreciate the realities of the situation clearly enough but the fissures within the party are serious. In the event of a real show-down with the Soviet Union it seems very likely that the Socialist Party would split. The party leaders and M. Blum, foremost among them, have not yet dared to look the possibility of war in the face. It is symptomatic of this state of mind that in the last Socialist Congress the Party committed itself once again to a resolution condemning the Communist Party and General de Gaulle's R.P.F. movements as *equal* dangers to France. It is natural enough that British Socialists should have a special regard for the French Socialist Party — the leaders of the two parties have a long tradition of comradeship and share the same political ideals. It is to be hoped that this does not blind the United Kingdom Government to the increasing divisions in the French Socialist Party. It would be a mistake to lean too heavily on the French Socialists for support for they are apt to prove — if not a broken reed — a reed which would break under any undue strain.

15. I have already discussed the Communist attitude in the event of war. I need only add that every element of weakness and disunion is grist to the Communist mill.

16. If it is possible to draw any general conclusions from the above, I should like to emphasize that:

(a) France has perhaps never in her history been more helplessly exposed to foreign invasion as she is at the present;

¹² Paul-Henri Teitgen, ministre des Forces armées de France.

Paul-Henri Teitgen, Minister of Armed Forces of France.

¹³ Mouvement républicain populaire.

(b) war in the near future might find the mass of the French people passive and acquiescent as they might feel that resistance in such conditions was an impossibility;

(c) the continuance of this situation is acutely dangerous;

(d) only the knowledge that the United States are prepared to arm and equip the French forces for the defense of French frontiers and to fight side by side with them to defend the soil of France from occupation will create a firm will to resistance in France;

(e) in the event of war it is probable that General de Gaulle will be at the head of the French Government whether we like it or not and that his importance and that of his movement should therefore not be under-estimated.

17. I have not touched on the part which Canada might play in strengthening the defensive alliance of the Western European powers against the danger of Soviet aggression. This is of course a matter of high policy but any indication which you might be able to give me from time to time of our Government's intentions in this respect would be of the utmost interest.

18. I am sending copies of this despatch to our Missions at London, Brussels and The Hague.

I have etc.

GEORGES P. VANIER

4^e PARTIE/PART 4

ISRAËL
ISRAEL

1059.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], May 18, 1948

RECOGNITION OF JEWISH STATE; APPLICATION OF FOREIGN
ENLISTMENT ACT

5. *The Secretary of State for External Affairs* pointed out that U.K. responsibility for Palestine had ended on May 15th. A Jewish State had been proclaimed by the Jewish inhabitants and had already received recognition from the governments of the United States and the U.S.S.R.

In view of numerous uncertainties in the situation including imprecision in the matter of boundaries and the position under the U.N. Charter, it would not be desirable for Canada to reach any hasty decision in the matter of recognition.

In this connection, the question of application of the Foreign Enlistment Act to Palestine, which had been considered at the meeting on May 6th, should also be

deferred for further consideration at a time when the present situation had taken more definite shape.

6. *The Cabinet*, after discussion, noted the Minister's report.

...

1060.

DEA/48 (S)

Extrait d'une note du chef de la Direction des Nations Unies

Extract from Memorandum by Head, United Nations Division

[Ottawa], May 27, 1948

Mr. Ignatieff and I had lunch with Mr. St. Laurent on Saturday, May 22. Mr. Ignatieff gave Mr. St. Laurent an extensive account of the discussions which have taken place in New York concerning Palestine, and particularly of the estimate which the Delegation made of the United Kingdom and United States position. In the course of the discussion Mr. St. Laurent made it clear that he had no intention of recommending immediate action in regard to the recognition of Israel, nor did he think that the Delegation should take any initiative other than to support as much as possible efforts at agreement between the United States and the United Kingdom. In regard to recognition, however, Mr. St. Laurent said that he thought there was some advantage to the action which the United States Government had taken in recognizing the new State of Israel. In spite of the fact that it was precipitate and apparently ill-considered, it had made clear to the sponsors of the new State that they could count on sympathetic consideration for their claims in the West. It was now apparent, he thought, that a Jewish State of some kind would be established. It was all to the good, therefore, that the leaders of this State could be assured of the support of the centre of power in the Western world and that they would not feel compelled to look to Moscow for sympathy.

...

R.G. R[IDDELL]

1061.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], August 3, 1948

...

RECOGNITION OF ISRAEL

8. *The Secretary of State for External Affairs* reported that he had, that morning, received a delegation who had urged that the Canadian government now give *de facto* recognition to the State of Israel, a move which, in their view, would have substantial benefits internationally and domestically.

In reply, it had been said that, for the present, it would not be possible to accede to their request. The matter would, however, be kept under review.

9. *The Cabinet*, after discussion, noted with approval the Minister's report.

...

5^e PARTIE/PART 5

POLOGNE
POLAND

SECTION A

RELATIONS GÉNÉRALES
GENERAL RELATIONS

1062.

DEA/8508-40

Extrait du procès-verbal de la réunion des chefs de direction

Extract from Minutes of Meeting of Heads of Divisions

SECRET

[Ottawa], January 20, 1948

...

EMPLOYMENT OF POLISH GIRLS AT THE DIONNE SPINNING MILLS

11. *Mr. Reid* said that for some time consideration had been given to preparing a suitable reply to a note of September 29, 1947, from the Polish Chargé d'Affaires asking for information about a number of adverse reports which he had received concerning conditions under which Polish girls were employed at the Dionne Spinning Mills. The Chargé stated that he had been informed that the girls were paid less than the minimum wage for Quebec, that they were kept under very strict supervision during leisure hours, that in the selection of girls the aim had been to choose only the most helpless kind of persons who would make docile workers, and that they were not allowed to learn English.

12. A misleading summary of this note had been published in the official bulletin of the Polish Foreign Ministry. This summary and stories which appeared in Polish newspapers suggested that the allegations had been proved true. The Department had therefore considered releasing to the press a copy of our reply to the Polish note and requesting that the Polish Government publish in the *Foreign Office Bulletin* a corrected summary of their note and a copy of our answer.

13. The Canadian Chargé d'Affaires in Warsaw had, however, reported that there had been a lessening of Polish press attacks on Canada; it was felt therefore that no useful purpose would be served by giving further publicity to the matter at this time. Accordingly, a note was sent on January 16, setting forth the facts concerning conditions of employment and making it clear that if any of the girls was dissatisfied with conditions in Canada and wished to return to Poland, neither the Canadian Government nor her employers would have any objection.

1063.

DEA/10258-40

*Le chargé d'affaires en Pologne
au sous-secrétaire d'État aux Affaires extérieures*

*Chargé d'Affaires in Poland
to Under-Secretary of State for External Affairs*

CONFIDENTIAL

Warsaw, May 24, 1948

Dear Mike [Pearson],

A few members of the Commons, in the External Affairs debates, seem to have rather deprecated the usefulness of diplomatic offices in the hostile countries behind the Curtain.

It is true that there seems little of positive character that can be accomplished on a frontier outpost such as this, since grand policy-making is centred elsewhere.

But even a moderation or a truce of provocative expression, in the press, radio, or Foreign Ministry, has some value and importance in allaying tension and animosity.

I am glad to realize that since last autumn, when the Polish Treasures, the Anders Poles, and the Dionne affair poisoned the amicable relations between Poland and Canada, there has been a very agreeable lull; in general, the Polish press has been quiescent on Canadian matters. It gave little notice to the Duplessis action concerning the Polish treasures; it has said nothing so far about Mr. Drew's introductory remarks of Mr. Mikolajczyk;¹⁴ it has relaxed its comments on Canadian immigration matters. I regard this cessation of acrimony as, if not a cure, a sedative. Even if this is the most we can accomplish here diplomatically at the moment, in the face of the ideological gulf between East and West, it is, I think, beneficial. Any alleviation of provocations or provocative propaganda has, even in a negative and indirect way, a merit. While not guaranteeing what may break out hereafter at any time, I feel that the quieter attitude as regards Canadian-Polish matters over the past six months is fortunate.

Yours sincerely,

K.P. KIRKWOOD

¹⁴ Le premier ministre Drew présenta Mikolajczyk comme le chef du gouvernement-en-exil polonais.
Premier Drew introduced Mikolajczyk as leader of a Polish government-in-exile.

1064.

DEA/8508-40

*Extrait du procès-verbal de la réunion des chefs de direction**Extract from Minutes of Meeting of Heads of Divisions*

SECRET

[Ottawa], June 1, 1948

POLAND

12. Mr. Drury said that on May 29, while calling on the Under-Secretary, the Polish Minister had expressed the dissatisfaction of the Polish Government concerning the slowness with which assets of residents of Poland, vested in the Canadian Custodian, were being released. Mr. Pearson took this occasion to mention the dissatisfaction of the Canadian Government about the settlement of claims of Canadians for property located in Poland which had been nationalized. In view of the decision taken in 1947 to delay the release of the assets of residents of Poland pending settlement of Canadian claims for nationalization, a reply to the Polish Minister regarding the release of these assets will be delayed, but in the meantime a note has been delivered to the Minister suggesting that negotiations for the settlement of claims arising out of the nationalization be started immediately.

1065.

DEA/10258-40

*Le chargé d'affaires en Pologne
au secrétaire d'État aux Affaires extérieures*

*Chargé d'Affaires in Poland
to Secretary of State for External Affairs*

CONFIDENTIAL

Warsaw, November 6, 1948

Dear Mr. Pearson,

I refer to my letter of October 21st, on the subject of Canadian diplomatic relations with Poland.† Again this morning Dr. Leszczynski¹⁵ broached the matter in a conversation I had with him in his office on other routine business.

He felt that Canada was not manifesting the cordiality toward Poland which Poland felt toward Canada. Poland, he said, had good will and friendly feelings and great admiration toward Canada. It had demonstrated this, among other things, by appointing two successive Ministers to Ottawa; and was interested in promoting some cultural and scholarship exchanges with Canada. It would like to send more Polish scholars to Canada, especially in the technological fields. It wished to establish better commercial connections.

But Canada had shown an unreasonable and somewhat incomprehensible coolness. He understood and allowed for the ideological differences, such as disagree-

¹⁵ Chef, Direction des Affaires américaines, ministère des Affaires étrangères de Pologne.
Head, American Affairs Division, Ministry of Foreign Affairs of Poland.

ment on Marxism, Communism and other "isms": these differences were in the nature of things to-day. Canada was a capitalist country; Poland was not. But the coolness was shown in other, more particular ways. Canada had closed down on its former generous and sympathetic aid and relief services to Poland, although Poland still required relief aid. The Art Treasures question was still an unsolved issue. Canada had not been enthusiastic about discussing a commercial accord which Poland desired. Canada had not appointed a Minister to Poland. Mr. Milnikiel, Dr. Leszczynski said, was so discouraged over these manifestations and this lack of friendly interest in Poland that he was talking of returning to Poland and leaving only a Chargé d'Affaires in Ottawa.

I replied in a few interpolations that Canada was opening its doors to a number of Polish scholars through the Lady Davis Foundation and the Canada-UNESCO Fellowships; and that it proposed sending 2000 school boxes to Polish schools; and that some Canadian relief aid was still coming into the country. I pointed out that there were a number of other countries in which the appointment of Canadian Ministers had been delayed and in some cases including Sweden were still delayed. Dr. Leszczynski remarked that the failure to complete the arrangement for a Minister to Poland was more exceptional and noticeable because press announcements had been made and exchanges on notes had resulted in the Government's agrément. The deferment therefore was conspicuous, and aroused misgivings as to Canada's good will and good faith. "We Poles are a proud people," he said. They notice and feel the non-appointment as a slight to their country.

I closed further discussion on this topic by saying that I had, on each previous occasion, duly reported Dr. Leszczynski's sentiments on this matter to my Government, and would do so in this case.

Dr. Leszczynski also informed me that Dr. Bielski¹⁶ has returned to Poland, and was now taking a holiday with his family. Later he would doubtless call on me. It was not yet certain whether he would continue in the Foreign Service, or might join in United Nations activities, or might take up some other form of official employment. He had been about three years in Canada, and had become a great admirer of things British and things Canadian.

Yours sincerely,

K.P. KIRKWOOD

¹⁶ Z.R. Bielski, premier secrétaire, légation de Pologne.
Z.R. Bielski, First Secretary, Legation of Poland.

SECTION B

TRÉSORS D'ARTS
ART TREASURES

1066.

DEA/8508-40

Extrait du procès-verbal de la réunion des chefs de direction
Extract from Minutes of Meeting of Heads of Divisions

SECRET

[Ottawa], January 6, 1948

...

POLISH ART TREASURES

26. In regard to Polish art treasures, *Mr. Riddell* referred to the fact that efforts made during the summer to reach a settlement by agreement had failed and the Canadian Government had been criticized in the Polish press for its endeavours in this regard. Inaccurate accounts of the proposals made had appeared in the Polish press. These statements were not only disagreeable but were also a breach of confidence. The Polish Government had subsequently requested the Canadian Government to institute judicial procedures for the return of the treasure. The Polish authorities have now been informed that the Government would request the police to locate the treasures if it were possible to do so but that it would not itself institute any legal proceedings. It was the intention to announce this decision, and at the same time to correct the misleading statements which had appeared in the Polish press on this subject. A copy of the draft press release was given to the Polish Chargé d'Affaires who had objected to its publication. Consideration is now being given to these objections and it is expected that some kind of public statement will be made shortly.

...

1067.

DEA/837-40

Le préfet de la Gendarmerie royale du Canada
au ministre de la Justice

Commissioner, Royal Canadian Mounted Police,
to Minister of Justice

TOP SECRET

[Ottawa], February 4, 1948

Dear Mr. Ilsley:

RE POLISH ART TREASURES, OTTAWA, ONTARIO

With further reference to the matter of the missing Polish art treasures, attached are copies of Montreal Detachment report† of the 30th ultimo outlining the police enquiries made at St. Anne de Beaupré, P.Q. and Quebec City, which resulted in the location of a portion of the treasure, contained in twenty-three trunks and one

box, which is presently stored in l'Hotel Dieu, a hospital and church institution situated in Quebec City. Also attached are copies of Ottawa C.I.B.¹⁷ report† of December 31st last, which outlines the unsuccessful enquiries made in the Ottawa area with respect to the remaining missing portion of the treasure which is stated to be contained in eight trunks and for a time appears to have been stored in the Convent of the Precious Blood of Jesus, Ottawa. There are several other documents on our file concerning this matter which are not being forwarded as they do not seem to contain any relevant information not already included in the above-mentioned reports or on the file at the Department of External Affairs.

2. Briefly, it seems that in 1940 a collection of Polish art treasures was brought to Canada for safekeeping and after being lawfully entered into Canada, were stored in rooms at the Experimental Farm, Ottawa, the keys to which were in the possession of representatives of the then Polish Government. The treasure had been entered without Customs inspection, no inventory at the time was supplied to the Canadian Government and it seems clear that the Canadian Government did not at any time accept any responsibility as to the custody and safekeeping of the treasure. It further appears that during the spring of 1945 the greater portion of the treasure was removed to other storage places, two trunks being taken to the Bank of Montreal, Sparks Street, Ottawa, eight trunks to the Convent of the Precious Blood of Jesus, Ottawa, and twenty-three trunks and one wooden box to the Redemptorist Monastery in St. Anne de Beaupré, P.Q. A small and less valuable portion of the treasure was left at the Experimental Farm and subsequently was taken possession of by representatives of the present Polish Government. During the spring of 1946 a representative of the present Polish Government attempted to obtain possession of the portions of the treasure stated to have been stored in the two church institutions but was informed that these two portions of the treasure had been released to persons not identifiable but who had been in possession of proper receipts and the previously agreed upon password. The two trunks taken to the Bank of Montreal are apparently still there, it seems that the bank is refusing to release the same without the joint signatures of the original custodians or unless, on the other hand, a proper court order is produced.

3. An investigator from the Ottawa C.I.B. interviewed the Mother Superior at the Convent of the Precious Blood of Jesus and was informed that eight trunks had been stored in that institution by two persons named Zaleski and Polkowski but that in May or June, 1946, the trunks were removed by a person who was in possession of a copy of the original receipt and gave the previously agreed upon password. Our enquiries indicate that Polkowski is the person who later removed the trunks since Zaleski in the meantime apparently had gone over to the present Polish Government. The Mother Superior further stated that neither she nor any of the nuns saw the trunks at any time and added that the negotiations had been transacted through a small grill. It seems that the nuns in this institution are cloistered and are not permitted to leave the cloister under any circumstances. The files at the Department of External Affairs on this matter have been examined, representatives of the present Polish Government interviewed and Polkowski and Zaleski questioned, all

¹⁷ Criminal Investigation Branch.

with negative results insofar as determining the present location of the eight trunks. No doubt Polkowski knows the present location and probably so do other members of the former Polish Government but we have no authority to demand the truth or to conduct searches.

4. The police enquiries at the Redemptorist Monastery in St. Anne de Beaupré produced more positive results, it appearing that the Provincial Superior of that institution, Reverend Father Laplante, after communicating with higher church officials in Quebec City, informed our investigator that in May, 1946, on the written orders of the late Cardinal Villeneuve, he had turned over the portion of the treasure stored in his institution to a Mr. Babinski, who at the time was accompanied by a Mr. Polkowski and a Mr. Zurowski. The twenty-three trunks and one wooden box were transported at this time to l'Hotel Dieu by means of a truck, the property of the Redemptorist Monastery. Mr. Babinski was a member of the former Polish Government and Zurowski was apparently a former member of Mr. Babinski's staff. Mother Superior St. Henri, in charge of l'Hotel Dieu, was interviewed, stated that the trunks and box were presently in her custody and showed our investigator to the room in the institution where the trunks and box were stored. She stated that they had been brought to the institution by Babinski, Polkowski, Zurowski and a fourth person stated to be the latter mentioned person's son. The Mother Superior further stated that she would not turn over the trunks and case to any person without first notifying the Officer Commanding our Quebec Sub-Division, Sub-Inspector Belec. It would seem that the Mother Superior is being most cooperative and there is no reason to believe that the trunks will be removed without our Officer being first notified.

5. When the file on this matter in the Department of External Affairs was examined in the first instance, it was obvious that there was a dispute as to ownership or lawful possession and also it seems that some of the treasure may be the property of private individuals who formerly resided in Poland, other articles are stated to be church property in Poland and on the other hand, a portion is said to be the property of the Polish State. Under these circumstances there would not appear to be any reasonable grounds for believing that a criminal offence has taken place and that the matter is simply a dispute as to property rights and is one that properly should be settled by way of a civil action and it is presumed that the present Polish Government representatives may have access to a civil court in this country if they are willing to submit to its jurisdiction. Our enquiries have not brought to light any information that would properly justify a member requesting that a search warrant be granted, consequently no seizure action is being considered. In view of the fact that the late Cardinal Villeneuve had personal knowledge of the storage of the portion of the treasure at St. Anne de Beaupré, it is possible that some church official connected with the Archbishop's Palace in Ottawa may have information concerning the present location of the eight trunks formerly stored in the Convent of the Precious Blood of Jesus. An enquiry along this line is presently being made and the result will be reported to you in due course.

Yours faithfully,
S.T. WOOD

1068.

DEA/837-40

*Note du secrétaire privé
au secrétaire d'État aux Affaires extérieures
pour le sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Private Secretary
to Secretary of State for External Affairs
to Under-Secretary of State for External Affairs*

TOP SECRET

[Ottawa], March 11, 1948

I am bringing to your attention hereunder some correspondence dealing with the removal of the Polish Art Treasures from the Hotel-Dieu to the Quebec Provincial Museum, which I have obtained from a reliable source. The following might be useful to have on file.

My informant has seen copy of a letter written by the Mother Superior of the Hotel-Dieu to Premier Duplessis, dated Feb. 25, 1948, in which she says first that Bielsky wrote her to say that the treasures should be returned to him without delay and then that Babinski told her that the said treasures should not be given to anyone but himself. She adds: "Babinski nous requiert maintenant de confier ces biens au conservateur du Musée;" and further: "pour satisfaire à la loi il ne semble nous rester comme alternative que celle de vous demander de bien vouloir accepter ces colis et d'en prendre le même soin que celui donné aux objets d'art que contient le Musée. Nous prenons pour acquis que les effets ne seront remis, pour aucune considération, que du consentement de monsieur Babinski ou sous l'autorité d'un jugement exécutoire d'un tribunal compétent. En autant que la communauté est concernée, elle entend demeurer étrangère à ce litige. Nous vous remercions, monsieur le Premier Ministre, de ce que vous voudrez faire pour dégager, comme nous le désirons, notre responsabilité dans cette affaire, et nous vous prions d'accepter l'expression de notre haute considération."

The very same day, Premier Duplessis replied to the Mother Superior as follows: "Je viens de recevoir votre lettre en date du 25 février courant au sujet des 24 colis déposés chez vous par monsieur Waclaw Babinski. Ces colis, dès aujourd'hui, seront déposés au Musée de la province, à Québec, et ne seront remis pour aucune considération à qui que ce soit sauf sous l'autorité d'un jugement exécutoire d'un tribunal compétent. Il est entendu cependant que la province n'assume aucune responsabilité quant à la garde de ces effets. Il fait plaisir au gouvernement de contribuer à rendre un nouveau service à votre noble communauté. Veuillez agréer, très Révérende Mère, nos sincères hommages."

Now, Guy Hudon, a Quebec lawyer, got in touch with Babinski to have him accept the transfer of the treasures to the Provincial Museum, as is shown by the following letter which he received from Babinski. The letter is dated Feb. 27, 1948 and reads as follows: "Conformément à notre entretien, j'ai l'honneur de confirmer par la présente mon télégramme d'Ottawa du 25 courant conçu dans les termes suivants:

“Guy Hudon, c/o Mgr Vandry, Université Laval, Quebec City. Requier transport et remise au conservateur du Musée tous mes droits réservés. Lettre suit.” Babinski.

Il est évident que le transport concerne 24 caisses déposées par moi à l'Hotel-Dieu, à Québec, en 1946, et que le “conservateur du Musée” signifie le conservateur du Musée provincial à Québec. Je comprends également que je garde tous mes droits à la disposition et au contrôle des caisses en question. Tout en vous remerciant sincèrement de vos soins, je vous prie, cher monsieur Hudon, de bien vouloir agréer les assurances de ma haute considération et gratitude. Bien cordialement à vous.” (Signed) W. Babinski.

G[UY] S[YLVESTRE]

1069.

DEA/10258-40

*Le sous-secrétaire d'État aux Affaires extérieures
au chargé d'affaires en Pologne*

*Under-Secretary of State for External Affairs
to Chargé d'Affaires in Poland*

Ottawa, May 6, 1948

Dear Mr. Kirkwood,

The new Polish Minister, Mr. Milnikiel, called to see me on Wednesday of this week, accompanied by Dr. Bielski. I found him, as you suggested he would be, an amiable and agreeable person and I think that he will do his best to be as friendly and co-operative with us as his Government's policy permits.

After the usual amiabilities were exchanged I told him how sorry I was that the shadow of the Polish treasures had lain so long across the good relations between our two countries. I urged him to believe that the Government had done everything it appropriately could do to assist in this matter but there were limits beyond which it could not go. I emphasized that the steps that we had taken in discovering part of the treasure had been very severely criticized by certain provincial authorities, as he no doubt already knew. Mr. Milnikiel did not dispute our good intentions but emphasized, in his turn, the harmful effects the present situation was having on Polish-Canadian relations. He said that his people received a painful impression when they went into their National Museum and saw vacant places on the walls and in the showcases, with signs indicating that the treasures, formerly in these places, were now in Canada. Mr. Milnikiel was particularly disturbed at the possibility of certain perishable treasures, such as tapestries, deteriorating through lack of care. He said in a fortnight or so, when he became more familiar with the details of this problem, he hoped to discuss it with me officially in the hope that some solution could be reached. I told him that no one would be more pleased to see this done than I would and I would be glad to see him whenever he was ready. I added that Dr. Bielski had put the Polish case in this matter very effectively and continuously

but that we had no reason to complain of his fairness. I think that Dr. Bielski was pleased at this reference to his own endeavours.

I repeated to Mr. Milnikiel the assurance that you no doubt have already given his Government, that the Canadian authorities do not associate themselves with the description of Mr. Mikolajczyk by the Premier of Ontario as "The Prime Minister of Free Poland."

Yours sincerely,

L.B. PEARSON

1070.

DEA/837-40

*Note du chef de la Direction des Nations Unies
pour le sous-secrétaire d'État aux Affaires extérieures*

*Memorandum from Head, United Nations Division,
to Under-Secretary of State for External Affairs*

SECRET

[Ottawa, September 1], 1948

I attach the papers concerning Polish art treasures. You will recall that when we last saw the Polish Minister and Dr. Bielski we told them that other formal claims than those of the Polish Government had been made for part of the treasure and suggested that, even if the Canadian Government were prepared to take action in regard to the treasures, this action would at once be challenged on the basis of these other claims. The Polish Minister asked us if we could tell him the source of these other claims, and we said that we would consult the Minister and communicate with him later.

The other claims to which we referred were made on behalf of the Catholic Church in Poland. One of them reached Mr. St. Laurent from the Cardinal Sapieha by way of Archbishop Vachon. The other was sent to Mr. St. Laurent on behalf of the Polish clergy through the Apostolic Delegate in Ottawa.

We informed Mr. St. Laurent of our conversation with the Polish Minister, and he agreed that we might inform the Polish Legation concerning the source of the other claims to the treasure. It was understood, therefore, that I should get in touch with Bielski and give him this information. In spite of this direction, I have not communicated with the Polish Legation, although I have been on the point of phoning Dr. Bielski on a number of occasions. I have not done so because of a continued feeling of uneasiness. It seemed to me that, in informing the Poles concerning the approach of the Catholic Church in Poland we might not only be exposing the Polish clergy to attacks but we might also run the risk that the rumour would get abroad in Quebec that we had betrayed the confidence of the Catholic clergy and had thereby deliberately exposed them to their enemies. I mentioned these circumstances to you on the telephone yesterday morning and we agreed that I should turn the papers back to you.

Mr. [B.M.] Williams in this Division is familiar with the file. If you do decide to inform the Poles concerning the source of the other claims to the treasure, I would

be grateful if you would let me know in Paris, since Lachs of the Polish Foreign Office may be there, and he will certainly raise the question with me.

R.G. RIDDELL

1071.

DEA/837-40

*Note du sous-secrétaire d'État par intérim aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Acting Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

SECRET

[Ottawa], September 14, 1948

RE POLISH ART TREASURES

The Polish Minister and Dr. Bielski came to see the Acting Under-Secretary of State for External Affairs, this morning. Mr. Mayrand was present at the interview.

2. Mr. Milnikiel explained that the Polish Government has asked the Legation to ship on the *Sobieski* the Polish treasures which were found at the Experimental Farm and remitted to the Polish Legation in 1946. The *Sobieski* will call at Halifax on Sunday, September 19th.

3. These treasures are contained in 3 boxes and 2 trunks. Moreover, the Polish Legation would like to take this opportunity to ship the personal belongings of two officers of the Legation who are to leave Canada next month: Dr. Bielski and Mr. Zalewski. Dr. Bielski's luggage will consist of some 10 boxes, whereas that of Mr. Zalewski (who has resided in Canada for many years) will probably consist of 20 boxes and 1 trunk.

4. The Polish Legation desires to send all these boxes and trunks by truck from Sparks Movers, which would leave Ottawa on Thursday morning, September 16th, in order to reach Halifax on Saturday the 18th.

5. Mr. Milnikiel did not conceal his apprehension that the Quebec authorities might endeavour to seize the Polish treasures involved, if they knew that they were passing through the Province.

6. In order to prevent the possibility of any difficulty at Halifax, the Polish Legation suggested that a Customs official might inspect all the luggage and seal every piece of it before it goes. Mr. Milnikiel even suggested that the seal might be affixed on the truck and that a Customs officer might travel on it to Halifax, at the expense of the Legation.

7. Mr. Mayrand has called upon the Deputy Minister of National Revenue, who has agreed to send a Customs officer to examine and seal the luggage as well as the truck. Mr. Sim will also give confidential notification to the authorities at Halifax, in order that the effects may go on board without further examination there. These arrangements are not exorbitant and could be made in favour of any other mission which would request them from the Department of National Revenue.

E. R[EID]

1072.

DEA/837-40

*Note du chef de la Direction européenne
pour le sous-secrétaire d'État par intérim aux Affaires extérieures*

*Memorandum from Head, European Division,
to Acting Under-Secretary of State for External Affairs*

SECRET

[Ottawa], September 28, 1948

RE POLISH TREASURES

When the Polish Minister came to see you on September 14th, he raised two accessory questions which, you said, we would examine. These questions concerned (1) the preservation of the Polish treasures now in the custody of the Quebec Government, and (2) the disclosure of the names of such persons or bodies which have filed counter-claim for these treasures.

2. For a summary of the facts, I may refer you to the attached draft memoranda dated September 18th[†] and 16th,[†] which were prepared by Mr. [E.H.] Gilmour on these two questions.

I. Preservation of the Treasures

3. Regarding the question of preservation, I am afraid it would be politically inadvisable to approach the Quebec Government with a view to organizing a multi-lateral inspection of the treasures, as Mr. Gilmour suggests. The occasion might be seized by Mr. Duplessis as one for further unnecessary and disagreeable publicity, and I do not think that such an inspection would actually take place.

4. Mr. Milnikiel has proposed that Mr. Zalewski be authorized to inspect himself the treasures before his departure for Poland, next month. This, in my opinion, would be refused by the Quebec Government if we raised the question officially and directly.

5. In the circumstances, it seems to me that the best we could do just now might be to ascertain what steps are actually being taken in Quebec towards the preservation of the treasures, and to inform the Polish Legation of the situation. I happen to have a very good friend in the person of the Assistant Under-Secretary of the Province, Mr. Jean Bruchési. I could approach him on a purely personal and confidential basis, and I am sure that nothing would be made public. I could even ask him, always confidentially, whether the Quebec Government would not allow Mr. Zalewski to see the treasures without it being known, for the sole purpose of his giving the Quebec curators the benefit of his advice on the question of preservation.

II. Disclosure of Counter-claims

6. It would obviously be delicate to disclose the counter-claim of the Archbishop of Cracow at present. On the other hand, it is undesirable to leave things as they are. Insofar as international law is concerned, it is clear to me that we must try positively to settle with the Polish Government, whatever our relations with a particular Province happen to be.

7. Since counter-claims have been made by (1) Mr. Babinski, etc., and (2) the Apostolic Delegate, on behalf of the Archbishop of Cracow, I submit that the first thing to do is to ask these people to furnish detailed lists of the objects which they claim. When we have the lists, we might ask them to agree formally to the release of the non-listed articles as belonging to the Polish State. In a memorandum on file dated December 3rd, 1947,† I find that in September of that year, the Polish authorities expressed their complete unwillingness to negotiate in any way with the representatives of the ex-Polish régime. From a general conversation which I had with Mr. Milnikiel in the course of a reception, a few days ago, I understand that he would now be willing to negotiate on a basis of this sort.

8. Once the Poles would agree among themselves, at least over part of the treasures — the Quebec Government would no doubt release such articles as would cease to be under litigation. Indeed, the Quebec Government would probably say that its action had prevented an injustice from being committed and brought the happy outcome.

III. Conclusion

9. Since Mr. Zalewski will be leaving soon, I should like to receive authorization to go to Quebec and discuss the matter with Mr. Bruchési at his home, during a week-end. Afterwards, in the light of my conversation with Mr. Bruchési, we might initiate the correspondence with Mr. Babinski and the Apostolic Delegate, as outlined above.¹⁸

LÉON MAYRAND

1073.

DEA/837-40

*Le chargé d'affaires en Pologne
au secrétaire d'État aux Affaires extérieures*

*Chargé d'Affaires in Poland
to Secretary of State for External Affairs*

DESPATCH 627

Warsaw, October 21, 1948

SECRET

Sir,

I have the honour to state that Dr. Leszczynski, chief of the American Affairs Division of the Foreign Ministry, in an informal conversation with me to-day, referred again to the vexatious question of the Polish Art Treasures. He said that for well over a year the situation has been an impasse; and now that Mr. Duplessis had been reelected with a strong majority the possibilities of a solution were worse. Dr. Leszczynski was under increasing pressure of the Polish Government to solve the question or cut the Gordian knot. He felt he would have to take some determined

¹⁸ Note marginale :/Marginal note:

No action was taken on this memorandum. L. M[ayrand]

and very positive action. Neither Dr. Fiderkiewicz nor Mr. Milnikiel had been able to make any headway; and it was likely that the Foreign Minister, Mr. Modzelewski, while in Paris, would raise the question, both in Assembly discussions, and with the senior Canadian representatives. It was becoming more essential that some positive action should be taken to settle the problem.

2. I emphasized the lack of jurisdiction of the Canadian Government in the matter, except through the Courts, and the constitutional inability of the Federal Government to interfere with acts of a provincial Government. Dr. Leszczynski said that this was a matter of "external relations", and therefore was within the exclusive and supreme competence of the Federal Government, even over the provincial Governments. The Polish authorities seem entirely reluctant to pursue the matter through the Canadian Courts.

3. I remarked that all the Canadian Government authorities concerned were sympathetic with the Polish difficulties of a solution, and would be glad to see the matter acceptably settled. But no new suggestions were made in this conversation. No reference was made to the shipment of boxes by the SS "Sobieski".

4. It is not unlikely that a new drive will be made on the matter; but I cannot say in what manner. Dr. Leszczynski feels that some strong action must be taken to end the impasse.

I have etc.

K.P. KIRKWOOD

1074.

DEA/837-40

*Note du chef de la Direction européenne
pour le sous-secrétaire d'État par intérim aux Affaires extérieures*

*Memorandum from Head, European Division,
to Acting Under-Secretary of State for External Affairs*

SECRET

[Ottawa], October 22, 1948

RE POLISH TREASURES

With reference to your memorandum of October 16th,† I did see Mr. Jean-Marie Gauvreau¹⁹ in Montreal on the 21st October. I made it clear that I approached him in a purely personal and confidential manner, explained the problem of preservation about which I was concerned, and left with him a copy of our press release of March 4th, 1948, together with a clipping from *La Presse* of September 25th, 1948 (a copy of which is attached hereto).†

2. Mr. Gauvreau admitted that the matter was very "explosive" and promised to be extremely cautious in his proceedings. He said that Mr. Duplessis was exerting more and more direct control of everything and anticipated that it would be difficult to secure any authentic information except through the Premier's office.

3. I suggested to Mr. Gauvreau that he might:

¹⁹ De/Of "École du meuble".

(1) endeavour to secure information as to the steps which have so far been taken with a view to preserving the treasures; and

(2) if there is need for it, that he might enlist the cooperation of a few friends who would raise the question of preservation with the Quebec Government for the pure sake of art.

4. Mr. Gauvreau said it may take some time before he is in a position to conclude this enquiry. He will probably begin by talking with his good friend Mr. Gérard Morisset, who is the head of the artistic patrimony of Quebec. In this capacity, Mr. Morisset may well have been present when the treasures were examined the last time.

5. In order to protect Mr. Gauvreau whose *École du Meuble* comes under the Quebec Government, I think it would be advisable not to leave any correspondence relative to his benevolent intervention on file.

LÉON MAYRAND

6^e PARTIE/PART 6

ESPAGNE
SPAIN

1075.

DEA/9939-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

[Ottawa], March 8, 1948

METEOROLOGICAL SERVICES: PROPOSED NEGOTIATIONS WITH SPAIN

The Consul-General of Spain, on February 26th, sent a note suggesting that the Canadian Government start negotiations with the Spanish Government with a view to arriving at a bilateral agreement on these services.

The Controller of the Canadian Meteorological Services was consulted and advised that from a technical point of view this bilateral agreement would serve no useful purpose since the receipt of meteorological information is on a regional basis. From a political point of view it is very possible that a bilateral agreement of this sort between Canada and the Spanish Government could be regarded as an evasion of the resolution of the General Assembly on Spain and of the Constitution of the World Meteorological Organization.

For these reasons, it has been considered impracticable to accept the proposal of the Consul-General of Spain. A note declining the invitation is attached for your signature, if you agree.²⁰

L.B. P[EARSON]

7^e PARTIE/PART 7
UNION SOVIÉTIQUE
SOVIET UNION

SECTION A
VUES SUR L'URSS
ASSESSMENTS OF THE USSR

1076.

DEA/2-AE (S)

*Le chargé d'affaires en Union soviétique
au sous-secrétaire d'État aux Affaires extérieures*

*Chargé d'Affaires in Soviet Union
to Under-Secretary of State for External Affairs*

SECRET

Moscow, February 10, 1948

Dear Mr. Pearson:

There are several aspects of the Soviet attitude towards the United States as it appears in the press, which I find puzzling. As the Soviet calculation of United States policy may be the single most important fact determining whether or not there is to be a war, it seems important to come to the right conclusions. I need not bore you with a general description of Soviet comment concerning life in the United States and the policies of the United States Government. Suffice it to say that this comment has reached a pitch of hysteria which could scarcely be raised. It is no exaggeration to say that virtually every article in the Soviet daily press and in Soviet journals is either devoted to a full attack on the United States or given an anti-American twist. Every United States policy is described as unscrupulous, and every aspect of American life is described as decadent and depraved. Although the Americans are not yet "cannibals", the language used to describe them is now almost as strong as that used about the Germans in 1941. Whether the writers of these articles believe all they say or merely wish to delude Soviet citizens into believing that they live in the best of all possible worlds is a question which I do not propose to answer at the moment. For one reason or the other there is an obvious intention of persuading the Soviet citizen that he is in grave danger of aggressive attack from American imperialism.

²⁰ Saint-Laurent donna son accord.
St. Laurent agreed.

What puzzles me is the exception to this picture of American depravity provided by Henry Wallace and the Progressive Citizens of America. It is not surprising that the Soviet press has a certain fondness for Mr. Wallace, but I do not understand their reason for making such a tremendous fuss over him. From the day on which he announced his intention to establish a third party he has been front-page news in the Moscow press. The impression given is that the workers, the liberals, the down-trodden masses, the genuine American people, are devoted to Henry Wallace, but they are prevented from expressing their will by a small clique in Wall Street and Washington. This is familiar stuff. The question, however, is why does the Soviet Union wish its citizens to overestimate so grossly the "progressive" forces in the United States? If their present attitude to the Western powers is primarily intended, as is sometimes suggested, to spur the Soviet worker into greater activity, why let him think that there may be a revolution shortly in the United States and an end to the Truman doctrine?

Perhaps the explanation is simpler — the Soviet press merely wants to give a hand to a friend. If so, do they not realise that the applause of *Pravda* is for Henry Wallace the kiss of death? Is it possible that their intentions are still more devious? It was sometimes suggested that their purpose last November in France was to force a Right Wing Government on the country so that they might later exploit the reaction against it. Perhaps by the same process of reasoning they are pleased about Wallace's decision, because they think that it will result in the election of a Republican President, Rightist reaction and a capitalist explosion.

I find myself tempted to wonder if there is not more ignorance than calculation involved in Soviet policy towards the United States. The Swedish Ambassador, Mr. Sohlman, who is, I think, wise and well-informed, told me that when he was at the recent United Nations Assembly, he used, when he was listening to Vyshinski, to wonder whether Vyshinski really did want to prevent the Marshall Plan from being accepted by Congress, because he was so obviously going out of his way to make its adoption certain. However, both at Lake Success and after he returned to Moscow, Mr. Sohlman talked this matter over with some of his friends in the satellite countries and also a few Russians, and he was now convinced that the Russians simply do not realise the effect their speeches are having on American opinion. It seems to me not impossible that the leaders here, misled by their own doctrines and by their own misreporting of events in the United States, seriously thought at first that Wallace might have some success. At present they admit that Wallace will probably not be elected President, but their pessimism came after the defection of some of his former supporters. The only frank statement on the subject which I have seen was the remark made by a lecturer in the Institute of History of the Academy of Sciences several weeks ago. After lecturing on American expansionism, Mr. Zubok was asked what he thought were Wallace's chances at the forthcoming elections. His reply was as follows:

"A study of American history shows us no positive results for any third party even with a popular and progressive leader — take for example the case of La Follette in 1924. The appearance of a new party may influence the platforms of the other parties. The USA is fast becoming fascist. The greatest evil of all would be Eisenhower. I, personally, think a victory for Wallace very unlikely."

This answer is, of course, a personal opinion, but one need have no doubt that it reflects an authorised view. An open recognition that Wallace will not be elected is not to be found in the public press, but the reader is being prepared for his failure. The tone of current comment may be judged from the following quotation from an article in *Pravda* of 2nd February on the "Progressive Citizens of America":

"To judge from everything the Progressive Citizens of America soberly appraise the prospects of the unequal struggle at the forthcoming presidential elections. They are aware of the fact that the parties of Wall Street, commanding the apparatus of the state and possessing unlimited financial opportunities and a powerful propaganda machine, can still control a majority of votes. At the same time, however, progressive forces in the USA are boldly throwing down the challenge to their enemies in the knowledge that only in the harsh struggle with them will they acquire the necessary tempering and experience needed in the future."

I should like very tentatively to suggest consideration of the possibility that there is something of a crisis of confidence in their own theories among Soviet officials. Such a suggestion may be labelled ingenuous, but I think it is at least one possible explanation of some of the things which are happening here. The doctrine which is repeated endlessly is, of course, that imperialism is the final stage of capitalism on the eve of revolution. The United States, having reached this advanced stage of monopoly-capitalist imperialism, is certain to enter into a stage of acute depression. In the capitalist system booms are always followed by depressions. It has confidently been predicted for several years by Stalinists that the extraordinary war and immediate post-war boom in the United States would be followed by a devastating depression with greater unemployment than has ever been experienced before. Many intelligent observers have considered that Soviet policy during the past year has been based on the belief that they need be in no hurry to consolidate their gains in the form of final peace settlements, because in a very short time the depression will have set in in the United States, capitalist prestige will be lowered, American aid to Europe will cease, and the American people will again become isolationist. Whether the inscrutable ones in the Kremlin really believe this theory cannot, of course, be proved. Nevertheless, if the vast majority of Soviet citizens, including most of the "intelligentsia", do not believe this theory, they are much more sceptical of the propaganda fed to them than has usually been assumed. Unfortunately, however, for these theorists, the facts are not in accordance with what they predicted. The War has been over almost three years, and there is no sign of depression or serious unemployment in the United States. It is true that because of inflation the economy of the United States is not entirely healthy, but this is a different disease from what was expected. Even if the higher-ups are not surprised, the Soviet citizen must be getting a little impatient. What explanation is to be offered him if a depression does not come in the United States, and what is to be the alternative Soviet Policy in the light of unexpected circumstances?

At present the Soviet authorities seem to be grasping at any sign that the trend towards depression has set in. There has been a good sample of this wishful thinking in the past few days when the papers have featured exciting reports from New York about a drop in grain prices, which is said to have caused great alarm, about the inevitability of an economic crisis. The Washington authorities are said to be

really worried about how to stop the fall, not the rise, of prices. We have not yet had an objective report of what has taken place in New York, but as I note that President Truman on February 5th emphasised the need of controls to halt the rise in prices, I take for granted that the Moscow interpretation is, to say the least, distorted. This anxiety to find signs of depression and unemployment has led also to an interest in Canadian developments. A good sample of the objectivity of the Soviet press is the fact that the same figures of unemployment emphasised in recent Canadian official statements because they are the lowest in history, have been torn from their context to prove to the Soviet reader that unemployment is, in fact, widespread in Canada.

There is a relevant argument going on in more learned circles at the moment. Some of the Soviet economists who have not completely abandoned scientific methods have been publishing examinations of recent economic developments in the United States and other countries. Although most of us would consider these Communist authors to be orthodox enough in their interpretations of capitalist developments, they have, in fact, been describing phenomena which were not foreseen by Marx or even Lenin. In particular, these economists have been describing the way in which in the United States the state planned and organised war production. They have been describing also the changes which have been taking place in the structure of capitalism, and emphasizing what has been called the "managerial revolution". They indicate a transformation of capitalism which contradicts the Stalinist-Leninist line because it indicates that the people, through the state, can control and plan their economy even in an admittedly capitalist country. They have shown, without venturing to underline the fact, that the power of Wall Street is by no means unlimited. For sowing these dangerous doubts in the minds of Soviet citizens, the counter-attack of orthodoxy has been swift and ruthless. It is not a caricature of the criticism of these economists to say that they have been accused primarily of coming to conclusions on the basis of the evidence rather than on the basis of the predictions of Stalin and Lenin twenty-five years ago. In the third paragraph of my letter to you of January 31st,† I quoted a sample of this kind of comment in criticism of the economist Varga. Varga has been the principal victim, possibly because he has undoubtedly been the best Soviet economist. What has, in fact, happened to him, is clothed in secrecy, but he has almost certainly been removed from his position by the closing down of the Institute of World Economy and World Politics, of which he was the head.

A further sample of the intolerance of the authorities is to be found in a long article in the magazine *Bolshevik* of 15th December, entitled "A Vicious Book on the United States Industry." This article attacks a book by M. Bakshitski entitled *Technical-Economic Changes in United States Industry during the Second World War*. This book was published also by the heretical Institute of World Economy and World Politics. The author is accused of blindly following prejudiced American authors, accepting United States official statistics, eulogising the technical and organizational changes in the industry of the United States, and of failing to expose to a sufficient degree the aggressive policy of American capital and the mad aim of American imperialism to attain world domination. "Unfortunately", says the reviewer, "instead of a Marxist analysis of the reactionary rôle of the monopoly

companies, instead of a scientific analysis of the general crisis of capitalism, some Soviet economists are following the path of bourgeois methodology providing anti-scientific 'studies' on 'technical-economic changes' in capitalist industry. Such, for instance, is M. Bakshitski's book, which contradicts the chief propositions of Marxism-Leninism on imperialism. Instead of giving a serious analysis of the contradictions of American imperialism, Bakshitski describes the technical-economic 'changes' in United States industry, uncritically quoting the lying inventions of bourgeois literature. His book is imbued with obsequiousness to bourgeois culture and technique.

"In defiance of the requirements of Marxism-Leninism, the author examines the economy in isolation from politics: this means that he slurs over the principal contradictions of American imperialism — first and foremost, the conflict of interests between labour and capital. The book fails circumstantially to disclose that economic 'advances' in capitalist conditions result in the intensification of oppression on the part of the monopoly companies, it fails duly to expose the growth of anarchy of production and the aggravation of all the contradictions of imperialism. Bakshitski presents the capitalist economy of the United States in a rosy light.

"Proceeding from the erroneous view that the American wartime economy was imbued with a spirit of collaboration between the capitalists, Bakshitski describes the 'collaboration' and 'mutual aid' between the chief and subsidiary suppliers and associated producers, but says nothing of the main thing — the furious competition, the absorption and ruin of medium and small 'suppliers' by the big monopoly companies.

"The book wrongly describes the development of specialisation and co-operation in American industry. Bakshitski presents matters as if American capitalism were able to set up and co-ordinate the uninterrupted and organised work of a wide network of specialised and co-operated enterprises throughout the country. The book represents the United States capitalist economy as an organised production organism working according to plan.

"A two-page table inserted in the book advertises the mobility of American industry, blindly citing hundreds of figures from the eulogistic report of the United States War Production Board. The author does not even make an attempt to analyse the data taken from bourgeois sources. He by-passes the most acute contradictions, major failures and other significant phenomena that have taken place in the course of the mobilisation of American industry.

"The author wrongly explains the reasons for the delay in war reconstruction of industry and the sabotage of war production on the part of American monopoly companies. When dealing with this question, the author, as in other instances, overlooks the main thing — namely the reactionary aims of the American monopoly companies in the war and their efforts to prolong it, not only in order to get rid of their rivals in the markets (Germany, Japan) and attain world domination, but also to weaken the USSR."

These quotations are, I think, sufficient evidence of the fury which is being loosed on those who suggest that the explosion of American capitalism will not take place as predicted. It may be said that all this is propaganda intended to

remove dangerous thoughts from the minds of Soviet citizens, and that it does not necessarily reflect in any way the views on world events of the directors of Soviet policy. If it is only propaganda, then one can only say that it may be as dangerous as the Nazi leaders' predictions that no bombs would fall on Berlin. The fact is that Messrs. Varga and Bakshitski are a good deal closer to the truth than those who denounce them. The truth can be hidden from Soviet citizens pretty successfully, but it is going to be hard to invent a full-scale United States depression which does not take place. There is something frenzied about these assertions of faith in Marx, Lenin, and Stalin. They could be interpreted as the shrill cries of those who are afraid to believe that what they have always considered fundamental truth may be error. The Soviet revolution does seem to have reached the inquisition stage. No deviation whatsoever is to be permitted in thinking, in science, economics or art. Orthodoxy is so severe that the faithful are even denouncing each other. The present phase of the Soviet state is frequently compared with the Counter-Reformation, but it lacks the heroic quality of the latter movement. The intellectual level of discussion seems to me about the same as the arguments between proper Mennonites and Amish Mennonites as to whether God prescribed the wearing of buttons or hooks-and-eyes. My knowledge of Russian history is not thorough, but I should think the obscurantism of the new orthodoxy has much in common with that of the "Old Believers" who resisted the Greek reforms in the Church in the 17th century — and who still stubbornly and hostilely practise their rites in Moscow. Is it possible that Soviet education and terror has produced a race of intellectual pygmies so soon? It would be going far to say so, but it is depressing to compare the ignorant, irrational, at best sophomoric, discussions which now appear in the best economic journals with the scope and logic of Lenin.

Before concluding this letter I should, of course, make one further reservation: perhaps the orthodox are right and there will be a devastating depression in the United States.

I am sending a copy of this letter to the High Commissioner in London.

Yours sincerely,

J.W. HOLMES

1077.

DEA/52-F (S)

*Le deuxième secrétaire au haut-commissariat au Royaume-Uni
au sous-secrétaire d'État adjoint aux Affaires extérieures*

*Second Secretary, High Commission in United Kingdom,
to Assistant Under-Secretary of State for External Affairs*

TOP SECRET

London, February 26, 1948

Dear Mr. Reid,

I have just read the memorandum entitled "Influences Shaping the Policy of the United States Towards the Soviet Union",^{†21} prepared in the Embassy in Washington, which you forwarded under cover of a letter of the 17th January to the High Commissioner.† I was impressed by the striking similarity which I see between many of these influences in the United States and the influences shaping Soviet policy towards the United States. I should like in this letter to offer a few comments for what they are worth, not as criticism, but rather as amplification of the memorandum.

The memo states that inexperience is partly responsible for several noticeable United States characteristics in international affairs, leading to abnormal sensitivity, among other things. This is combined with the habit of indulging in moral indignation over the machinations of imperial ambitions of other powers. This combination of inexperience and self-righteousness in international affairs does not make it any easier for the United States to see the point of view of others.

I think very much of the above would also apply to the Soviet Union. Certainly inexperience in international affairs leads to many of the diplomatic mistakes made by Moscow. This is combined with a very great shortage of qualified diplomats. But it is not just a question of shortage of individuals but a lack of experience of the outside world on the part of the leaders of the country, which is infinitely greater comparably than the lack of knowledge shown in the United States by the public and statesmen alike. Similarly the history of Soviet diplomacy up to 1939 permitted her to indulge in the same kind of moral indignation over European imperialisms as the United States. Abnormal sensitivity is also undoubtedly one of the supreme characteristics of the Soviet conduct of affairs. Whether there is the same justification as in the United States is probably irrelevant.

If there is a blinding, unbalanced fear and hatred of Russia and Communism in the United States, there is a similar fear of the United States and capitalism in the Soviet Union. There is not the same hatred among the people, but that is rapidly being rectified by the Soviet press. Furthermore, if the United States fear of attack seems exaggerated when she is the richest, most powerful and strategically most favourably situated nation in the world, similarly the Soviet Union's fear of attack seems equally psychopathic in view of her immense territory and war-time acquisitions. But this psychology does exist in both capitals.

²¹ Voir le volume 13, la pièce jointe 2 du document 243.
See Volume 13, enclosure 2, Document 243.

In paragraph 17, the memo says that ignorance of history heightens United States difficulties in international affairs. I should say that the same applies in Russia, except that it is not necessarily an ignorance of history, but rather a distortion of history which prevents a true picture of international events being reached. There is probably also a definite distortion of events abroad presented to the Politburo by their foreign representatives who often send only stories which jibe with what they know their bosses want to hear. The recent fate of Professor Varga is a fair example of what happens if you don't.

In paragraph 18, it is stated that the danger of under-estimating the attachment of other nations to their own culture and institutions, while over-estimating the sales value of the American way of life, is also wrapped up in these influences. I think this would also definitely apply to the Soviet Union, and has been, in fact, one of their headaches in Eastern Europe. Combined with this is an unrealistic attachment to the belief in the international solidarity of the proletariat, a credo which dies hard.

If many of the influences shaping United States and Soviet policy vis-à-vis each other are in many respects similar, the problem of effecting a reconciliation in the relations of the two countries becomes that much more difficult. A Frenchman or Englishman can detect these influences and make allowances for them. I should think it much more difficult for an American or Russian.

I should be grateful to know if you think there is any validity in these suggestions.

Yours sincerely,

R.A.D. FORD

P.S. Isn't the statement that the foreign policy of the USSR can be "damned practically in toto" assuming a rather unorthodox basis for the critical examination of foreign policies? From the point of view of advancing Soviet interests I don't think Soviet foreign policy has been entirely unsuccessful. We can condemn it from the point of view of our own interests, of world peace, or of some international code in the conduct of foreign relations; we may not like Soviet foreign policy from any of these viewpoints, but I don't think we can necessarily damn it in toto. But perhaps this is quibbling.

1078.

DEA/2-AE (S)

*Le sous-secrétaire d'État aux Affaires extérieures
au chargé d'affaires en Union soviétique*

*Under-Secretary of State for External Affairs
to Chargé d'Affaires in Soviet Union*

SECRET

Ottawa, March 30, 1948

Dear Mr. Holmes:

I was very interested to read your analysis of the Soviet view of the United States as given in your letter of February 10th. The problem you have raised is a fundamental one and it is probable that no simple explanation would be adequate.

Whether there is, among Soviet leaders, a crisis of confidence in their theories or whether they are themselves misled by these theories is difficult to judge with certainty. I personally feel that the Soviet leaders are so confined within the strait-jacket of their Marxist-Leninist-Stalinist dogma that they can see no fact which is not coloured and distorted by it. It is in the nature of an organic, totalitarian society that the truth or rightness of a thing lies in its being *willed* to be true (and not, as in western society, which is based on the cultural inheritance of the western scientific method, in whether the new fact or development objectively verifies or alters the existing pattern of society in accordance with the free play of independent forces). This organic theme runs through Nineteenth Century German philosophy particularly Fichte and Hegel (in which Marxism has its roots). In Communist theory there is no fact or development within Communist society which does not fulfil a Communist purpose; and there is no fact or development outside the Communist society in the non-Communist world which is not intrinsically seen as the negation and the proof-of-the-rightness of the Communist creed.

To ask for a formal objective assessment of facts from the Soviet leaders is therefore to ask for something which is repudiated by the faith which they profess. If Communists were to view facts in this way they would have to renounce the basic tenet of their theory, i.e. the organic, dialectical view of life.

If communism could evolve and be less rigid, if it could view facts objectively, if it could, to take the phrase from the article in the *Bolshevik*, examine "the economy in isolation from politics" i.e. not coloured by Marxist dialectic, its high-priests in the Soviet Politburo would have been able to evolve a more successful and pliable post-war policy and would probably have made far less enemies in the three years since the war ended.

There does not appear, however, to be much evidence that the Soviet leaders are conscious of the re-action which their policy produces in the outside world or that they take such re-action into account in formulating their tactics or altering their theory. As you mention, they do not appear to realize that their support of Henry Wallace can do him no service with the United States public. Nor do they realize that the tactics of their representatives in the United Nations only serve to increase the determination of other states to oppose any Soviet proposals. They did not realize that the attempt to destroy the Marshall Plan in Western Europe by strikes aimed at dislocating the whole national economy of each of the western European states (especially France and Italy) could only lead to the formation of governments which could claim to safeguard the national interest; similarly, that the pressure on Iran could not but lead that country to orient itself towards states which did not threaten its national sovereignty. In the Soviet view, the struggle is a clearcut one between capitalism and the proletariat and all other problems have their roots in this economic conflict. In attacking capitalism, therefore, they fail to take into account the many other factors which form part of a nation's heritage, because, from their vantage point, such factors are but superficial manifestations of the underlying dialectic which is economic in its nature. Their view of the possibility of an economic depression in the United States might be interpreted in the same way. The Communist system demands that United States development be viewed as an ever-increasing exploitation of labour by capital. Orthodox Communist the-

ory cannot take into account the influence of other factors on United States development — the free play of political and cultural forces and especially the re-action which Communist tactics throughout the world themselves produce, namely that if the national sovereignty of the United States is to be safeguarded no depression can be allowed to occur and economic activity must be guided by wider considerations of national survival.

The matter is certainly far more complex than I have made it out to be. But I venture the opinion that Soviet policy is not so much cleverly contrived as it is rigid, and that, though the Soviet leaders may be governed, in any particular instance, by considerations of expediency, their world strategy is bound and stultified — as is their domestic cultural policy — by the dogmatic tenets of the faith by which they are enslaved.

Yours sincerely,

L.B. PEARSON

1079.

W.L.M.K./J1/Vol. 438

*Le chargé d'affaires en Union soviétique
au sous-secrétaire d'État aux Affaires extérieures*

*Chargé d'Affaires in Soviet Union
to Under-Secretary of State for External Affairs*

TOP SECRET AND PERSONAL

Moscow, April 9, 1948

Dear Mr. Pearson:

Since we are obviously facing an extremely tense period in international relations, it may prove useful to you if I endeavour to assess the probable direction of Soviet policy as seen from this post. During the weeks since the Czech coup the United Kingdom and United States Embassies have been working to produce reports on this subject, and they have been good enough to let me keep in close touch with them at all stages. The United Kingdom report has taken the form of several despatches confined largely to political factors. The United States Embassy has, on the other hand, produced an exhaustive J.I.C. report analysing political, economic, and military factors. I have had the opportunity of reading all these reports and discussing them at length with Mr. Harrison, the United Kingdom Minister, and with General [Walter Bedell] Smith and his Counsellor, Mr. Durbrow. I did not wish, of course, to take notes on these highly confidential documents which I read in the Embassies, but it may be that they will come to your attention through other channels. What I propose to do in this letter is to outline the general nature of the argument. It is easier to do this in that, working quite independently, the two Embassies have come to substantially the same conclusions. Although my qualifications for expressing any views are considerably more limited, I might add that the conclusions are very much in accordance with my own thinking. You will find, I think, that there is nothing particularly novel in them except, perhaps, a sense of urgency.

Both the United States and United Kingdom interpretations are based on an acceptance of the view that the Soviet leaders consider inevitable a struggle between the "socialist" world led by the U.S.S.R. and the "anti-socialist" world led by the U.S.A. For them it is merely a question of when this will take place. The Soviet leaders could have tried friendly co-operation with their erstwhile allies, but they have deliberately turned their back on this policy. Since the beginning of 1946 all authoritative statements have made it indubitably clear that there would be a return, after the wartime honeymoon, to the basic principles of Lenin and Stalin on relations with capitalist-imperialist states. Both Embassies agree, however, that the U.S.S.R. do not want to provoke a shooting-war until they have exhausted all their other tactics. They are not likely to want deliberately to provoke a shooting-war in the immediate future because for a number of reasons they expect to be in a better position in several years to sustain a hard fight. On the other hand they have relative advantages at the moment over their opponents which may be dissipated if they wait too long. Herein lies the immediate danger. If the Russians come to the conclusion that their cold methods will achieve no more success in the West and that the West is beginning to consolidate its strength so that it will become invincible, then they may take the decision to strike while their striking force is still much greater than that of their opponents. The decision as to whether or not to resort to war is under constant review. Because their recovery is still far from complete and because they have by no means used up all their other tricks, it is not likely that the Russians would deliberately start a war in 1948. It is more likely that they would do so in a year or two years' time.

The Soviet armies could occupy Europe to the Atlantic coast in a few weeks. Their army consists of about 3,000,000 men, including about 400,000 M.V.D.²² forces, but this could be increased to ten or twenty millions in several months. The air force is large but lacking in long-range bombers and bases. The navy has been developed, but it is hardly likely to be a serious opponent of the U.S. or British navies, although it might be able to exploit some of the later German submarine models. Whatever limitations these forces may have, they could not find adequate opposition to stop them in Europe now. Holding what they had conquered would, of course, be another matter. The Russians cannot be unaware of the formidable resistance they would meet in endeavouring to hold a continent, nor of the contamination their troops would suffer from such contact with a much higher standard of living. The Russians could not yet attack the United States or anywhere in North America except Alaska and possibly parts of Northern Canada. However, it would be, in General Smith's view, a year and a half to two years before the U.S. could assemble sufficient forces to launch a major offensive to liberate Europe. During this period the U.S.S.R. would have had an opportunity to exploit the conquered resources of Europe. The U.S. Embassy has no doubt, however, that because of their lack of technical capacity and the political problems they would face, the Russians could not possibly make as good use of that period as the Americans themselves. They have no doubts of their capacity to defeat the Russians eventually, but

²² Ministère des Affaires intérieures.
Ministry of Internal Affairs.

the effort required would be tremendous and there are some doubts as to whether their own people and their European allies would stand the strain.

The Americans do not underestimate the capacities of the U.S.S.R. for operations of at least a limited kind, although the British perhaps take a less rosy view of the Soviet economy. Soviet resources the Americans estimate to have reached a level slightly below that of 1940-41, but well above that of 1942-43 with lend-lease supplies included. The economy is unevenly developed, of course. Being well dispersed it is less vulnerable, but the dispersion on the other hand accentuates the grave problem of transport, which is the most serious bottleneck in Soviet production. (It is interesting to note throughout the U.S. memorandum great respect for the monolithic nature of the Soviet economy, and the strength the Soviet rulers derive from their absolute control over all production, as compared with the difficulties Washington would face in recreating its war-production machine — an attitude which would be of great interest to Mr. Varga and his critics). The economy, however, will be in a much better position to sustain a war in several years' time, after the completion of the current Five Year Plan and the further exploitation of the industrial resources and technical developments of Eastern Europe, not to mention, of course, those of Eastern Germany. It is believed that the Soviet economists would certainly recommend delay to the political leaders. As for agriculture, the U.S. Embassy consider this country to be in good shape to sustain a war. It is believed that they must have reserve stores of food; production is on a considerable scale, and the prospects for future crops are good. On the other hand, it is doubtful if the Russians could feed Europe well enough to keep it submissive. Furthermore, their agricultural surpluses are perhaps their most powerful short-of-war weapon, and their existence may be a further argument for continuing this kind of struggle.

As for the question of popular support for a war policy, there are many considerations. There cannot be much doubt that the Soviet people do not want a war and that there is a good deal of apathy and cynicism in the country. Such is the complete control of Soviet propaganda, however, that the people could probably be whipped up to another great effort — particularly by an appeal to their Russian patriotism. The fact that the war would probably begin with easy victories would have a considerable effect on morale. Nevertheless the morale of the country would probably be better after a couple of years in which the people had enjoyed a few more fruits of their own produce. This breathing-space is even more necessary in order to bring the satellite states into shape. The Soviet leaders realise the strength of the opposition in all the satellite countries and the need for it to be systematically reduced by the new regimes. A little post-war prosperity at home might also improve the attitude of the dissident elements in the Union itself. Even though it is unwise to think of an organised opposition in this country, one cannot forget how many Soviet citizens rallied to the Germans when they had a chance. There is a bitter and desperate spirit of resistance to the regime among the non-Russian peoples, particularly along the Western frontier from the Ukraine to the Baltic States.

As for the immediate prospects, everyone seems agreed that very much depends on the Italian elections, the results of which will probably be known by the time this letter reaches you. If the Popular Front get over 40% of the votes, whether or not they get into the Government, it is considered that the Soviet policy will be one

of intensified cold war in the West. Their principal aim will be to prevent the success of the Marshall Plan by industrial and civil disturbances. Successes of this kind, the U.S. Embassy think, will be infectious in France. In both France and Italy it is considered that one of the gravest dangers is the outbreak of civil war, provoked perhaps as much by right-wing as by left-wing extremists. (The Embassy takes what may be an unnecessarily despondent view of the situation in France, an attitude which is due to some extent at least to General Smith's own prejudices, the historical origins of which are not hard to seek.) The Americans see Soviet strategy as designed to proceed through Italy to France and up into the Low Countries, thus leaving Greece well isolated in the first stage and Western Germany in a later stage. General Smith thinks it likely the next step after the Italian election is the firmer establishment of an Eastern German government in Leipzig — unless the Allies can be driven out of Berlin. He doubts, however, if they will put special pressure on Western Germany when they can hope to isolate it. With all these possibilities of cold action, both Embassies seem to doubt if the Soviet leaders are likely to consider it necessary in the immediate future to try for a sudden decision. They will probably want to wait, at least until they see how E.R.P. is getting along.

In these calculations the situation in Asia cannot be left out of account. Here the prospects of success without direct military intervention are so promising that they might well affect over-all Soviet policy. The Russians are not likely to turn away from Europe to concentrate on Asia — at least not yet — but they will continue to apply pressure round their whole periphery. Hence the renewed though relatively mild pressure on Iran, considerably increased interest and a more decisive policy in India and in South-East Asia generally. As for China and Korea, the chances of development are obviously good, and the Chinese Communist party is a strong and capable ally. The Americans think that the chosen instrument of Soviet policy in Japan is the Japanese Communist Party rather than diplomatic negotiations over a peace treaty.

The dilemma at the moment seems to be that although the consolidation of the economic, political and military strength of the democratic countries is of urgent importance, the determination with which it is done may provoke the Russians into action while they retain their present advantages. It seems unlikely, however, that they will underestimate their prospects in a cold war. Even, if their party receives a reverse in Italy, they have all of Asia, the Middle East, and Africa to work on and their agents are already active. What is more, there is the prospect of capitalist collapse to count on. How seriously the Politburo take their own propaganda about the immediate collapse of monopoly-capitalism is a matter of much dispute here. They are probably not as simple-minded as their propaganda suggests, but they almost certainly do over-estimate both the prospects of a depression in the United States and the strength of the domestic opposition to the present foreign policies of all the Western countries. The British reports place special emphasis on the decisive — almost panic — effect on Soviet calculations of the formulation of the Marshall Plan. The British think that, in spite of their propaganda, the Soviet leaders do realize that this Plan represents an unforeseen development of monopoly capitalism and a real possibility of postponing its collapse and the internecine struggles which are an expected feature of the imperialist stage.

Our best hope, therefore, as General Smith has put it, is to confront the Russians with such decisive action in the West that they will realise they could not win in the end or that their own regime would be threatened in the process of military action. Having come to such a conclusion the Soviet leaders might well decide to consolidate their gains in Europe, bore away in Asia and Africa, build up their fifth columns, and with that patience which has characterised the Russian Communists wait for the collapse of capitalism and a situation generally more favourable. It would, of course, be quite out of line with Leninist thought to think of such waiting as being passive, as Communists have always been told that capitalism will not collapse simply of its own weight.

I have said nothing here of the role in these calculations which might be played by decisive weapons of destruction. You will, I think be in a better position to estimate this factor than I would. I know the views of the United States and United Kingdom Embassies on the subject, but I am inclined to wonder if they are very well informed even about their own resources. The United Kingdom Embassy frankly say they are not, and would not want to be. It would certainly seem reckless to me to provide such information to a post in Moscow. The tendency of the United States Embassy, however, is to be cautious in estimating their capacity at present to knock out this country with atom or other bombs. They have no doubt that they could eventually do so, however great the immediate gains of the Soviet armies. What is important about their opinion is, I think, that they are hardly likely to recommend a "preventive war". It is frequently said here among Westerners that the real danger of war in the near future comes from the trigger-happy U.S. military, who argue that the best way to prevent the next war is to drop an atom-bomb on the Kremlin. Such a policy, if it is to succeed, must be decisive, and the U.S. Embassy seems to doubt if it would be decisive.

An interesting point in these discussions has been made to me by Geoffrey Harrison, the United Kingdom Minister, who was in the Berlin Embassy up until the outbreak of war in 1939. He has pointed out the danger of seeing too close parallels between Stalinist Russia and Hitlerite Germany. That there are many similarities is obvious, but it is important also to see the differences. The difference which is of primary importance to our calculations is that Hitler did not mind provoking a hot war and counted on only limited gains from his cold war. Hitler wanted to fight when he was ready, and there was nothing in his philosophy to lead him to believe that the opposition would collapse. Perhaps this argument should be qualified somewhat, but I think the fact does remain that there is more encouragement for patience in the Stalinist-Leninist than in the Hitlerite textbooks. It is important also that Hitler did not have nearly so good a line for export as Stalin, and the strength of the Soviet Fifth Column and the chances of success by methods short of war are infinitely greater in the latter case.

The British here are inclined to emphasise that, ever since they were prematurely rash in 1905, the Soviet Communists have been essentially cautious. I should not have considered the Bolshevik seizure of power in 1917, or the collectivisation of the farms in 1930, for example, as characterized by undue caution, but there are many examples of cautious manoeuvring in order to avoid being stranded on a limb, particularly in relations with foreign countries. The British point out that it

has been a cardinal point of Soviet policy never to risk the Socialist homeland. Even of late they have not infrequently retreated, as from Aserbaijan, even though they have, of course, had no intention of abandoning their ultimate aims. There is plenty of evidence to suggest that the Soviet leaders are still not satisfied with the extent to which the regime at home is established in the hearts and minds of the people, and they may well hold back from too rash a course lest they lose everything they have worked so hard to build. Stalin is, of course, generally supposed to exert a restraining influence, but it is impossible to tell whether this is in fact the case, or to what extent. I asked General Smith what the sum total of their views was on the distribution of power and influence in the Kremlin. He said that in fact they knew nothing at all. They had a few hunches but nothing more. There was some evidence to the effect that Stalin has less and less to do with policy, which was more and more under control of Molotov, Zhdanov²³ and Beria, but they did not really know. He reminded me, however, that they were arrogant, fanatical, ignorant men, and one could never count too much on their behaving sensibly. Both the Embassies emphasize in their estimates the fact that we have reached a stage when "any damn fool with a gun" could start a spark. They also agree that the Soviet leaders might miscalculate how far they dare go without provoking their opponents.

There are certain differences in emphasis between the United Kingdom and the United States estimates of the situation. The British report is more reassuring on the whole, but one important reason for their greater confidence is that they have a higher opinion of the striking power of the United States than the Americans have themselves. The British do, however, place more emphasis on the caution which has characterized Soviet policy in the past, and they have supported their thesis with an impressive historical analysis. The Americans do not dispute this interpretation, but are somewhat less certain that the Russians might not risk a desperate move to occupy all of Europe in the expectation that they could render themselves impregnable against counter-attack from the United States. The British, however, are very doubtful if the Soviet leaders would take the leap until they were sure of their overwhelming strength and their ability to make a direct attack on American power at its base.

I should say, I think, that it would be unwise to attach too much weight to these opinions out of Moscow. Because we are on the spot, it by no means follows that we are in a better position to judge Soviet aims. Our representatives in New York who come in contact with Soviet representatives every day are in a much better position to assess Soviet aims. I cannot emphasize too much how completely contact has ceased between Western diplomats and Soviet officials. We meet on social occasions and we meet officially to discuss (if one can properly use the verb) certain administrative and consular matters, but not even the most distinguished Western ambassadors have any way of finding out what Soviet officials are thinking. It is no longer possible even to establish contact with the satellite ambassadors. In this

²³ A.A. Zhdanov, président, Commission des Affaires étrangères de l'Union soviétique; L.P. Beria, vice-président, Conseil des ministres.
A.A. Zhdanov, Chief, Commission on Foreign Relations of Soviet Union; L.P. Beria, Deputy President, Council of Ministers.

respect, I think, the U.S. Embassy report is deceptive. It is an extremely competent and lucid statement, but it is too categorical and perhaps too lucid. I have grave doubts if the Embassy officers, although they are undoubtedly all very able, can know as much as they appear to know about the state of this country. Nothing could possibly be more valuable than a clean-cut and accurate estimate of the capacities of the U.S.S.R., but it would be dangerous to invent it because we want it. I think the United States estimate is probably the best that could be produced, but it is not the final word. I should have no basis on which to argue that it overestimates or underestimates Soviet strength, but it is as dangerous to do one as the other.

If I might presume to draw one conclusion concerning Canadian policy from this report, it is that we should in the next few months take particular care to leave the Russians grounds for retreat. Certainly we should leave them no room to advance. Whatever the risks of firmness, the risks of weakness are greater. If we accept, however, the premise that the Russians will go as far as they possibly can but will not want to start a war, we must be particularly careful that we have not drawn them on to ground from which they cannot retire without a loss of face they could not contemplate. I think this has been a guiding principle of our policy in the Security Council, and I do not pretend that mine is a new suggestion. It seems to me, however, of desperate importance that we use our considerable influence in the coming months to prevent the United States from taking heady action without calculating the consequences.

Both the United Kingdom and the United States Embassies have asked me to emphasize that any connexion between their views and those of their governments are purely coincidental. They ask that you should not quote these as the views of their Governments. I said that I was quite sure you would not quote the views at all. I should be grateful if you would give this letter an extremely limited circulation. It is an indication of the special position they accord to Canada that both Embassies have shown me — and I think no one else — their reports. The advantages of being on especially confidential terms with the two best-informed missions in Moscow are considerable, and I should not want them to think that our discretion could not be depended upon.

I am sending a copy of this letter to Mr. Robertson, but am not keeping a copy for our files.

Yours sincerely,
J.W. HOLMES

1080.

DEA/323 (S)

*Le délégué permanent aux Nations Unies
au sous-secrétaire d'État aux Affaires extérieures*

*Permanent Delegate to United Nations
to Under-Secretary of State for External Affairs*

TOP SECRET AND PERSONAL

New York, May 4, 1948

Dear Mr. Pearson:

I have your top secret and personal letter of 29 April, 1948† with which was enclosed a copy of Mr. J.W. Holmes' letter, also top secret and personal, dated from the Canadian Embassy, Moscow, 9 April, 1948.

I have read Mr. Holmes' letter with the greatest interest and I am impressed with the information which he gives, with his marshalling of the evidence and with the conclusions which he has drawn.

As you know our contacts here at Lake Success with the members of the delegations of the U.S.S.R. and their satellites are limited practically to our formal meetings with their representatives in the Committees where the discussions, even in the intervals, are mostly confined to the subjects on the agenda. In consequence, there is for all practical purposes no greater opportunity here than in Moscow to assess the situation behind the iron curtain on the basis of first-hand information gleaned from conversations with representatives of the countries in question.

I think that we here, as well as Mr. Holmes and his associates in the British and United States Embassies in Moscow, are driven to rest our views on the Soviet intentions largely on accumulated impressions rather than by logical reasoning from definite facts which have been verified with the certainty that one would wish.

However, when you live with a situation day after day and week after week you get impressions which perhaps transcend logic and which you feel though you cannot prove to be valid.

It is from this background that I have looked at Mr. Holmes' conclusions and I would say that I find myself in very close agreement with what he has said. In fact, as I have gone over his letter the second time I cannot find a major point on which I disagree.

I have valued the opportunity to read this correspondence and I hope you will let me see any further communications of the same sort which come from our Embassy in Moscow.

Yours sincerely,

A.G.L. MCNAUGHTON

1081.

DEA/2-AE-1 (S)

*Le sous-secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Under-Secretary of State for External Affairs
to Ambassador in United States*

TOP SECRET

Ottawa, May 21, 1948

Dear Hume [Wrong],

Thanks very much for your letter of May 10 enclosing a memorandum recording your conversation with Lovett on relations with the Soviet Union.† You are quite right in thinking that Lovett's views are rather less depressing than most of the other views we have been getting recently.

2. While he may be right in his conclusion that there has been a lessening in the possibility that the Soviet Government might in the near future deliberately seek a trial of strength, I am somewhat sceptical about the validity of the illustrations which he gives to support this conclusion — the quiescence of the French Communist Party, the mildness of the terms imposed on Finland, etc. I would have thought that one could equally well argue from past experience in dealing with the Russians that a period of relative calm is a danger signal that can presage a storm. My impression is that their practice has been to press hard and be tough for some months or a year or so, then relax the pressure, only to renew it later when conditions are better for them.

3. Haven't we been told that this is the kind of technique which they use in the examination of political prisoners — periods of kindness alternating with periods of toughness? They are pretty adept in this carrot and whip technique and we shouldn't be fooled by it.

4. Another analogy might be of operations in war. As Nicolson²⁴ has pointed out, totalitarian powers conduct their diplomacy as all of us conduct war. An offensive is preceded by a probing of the weak spots in the enemy's position, a successful offensive is pressed as far as possible, and then a period of relative calm ensues while the gains of the offensive are being consolidated and the way is being prepared for another offensive. During that period of relative calm it may be a good idea to start some peace rumours floating in the hope that the enemy may be caught off guard when the next offensive starts.

5. Lovett's view of the offensive capabilities of the United States air force is encouraging, but, as you suggest, one should discount his opinion because he may have been trying to impress the Norwegian.

6. It is going to be extremely difficult to keep up the morale of the Western Europeans unless the United States can give them good grounds for believing that any period of occupation to which they might be subjected would be short. They

²⁴ Harold Nicolson, auteur et critique britannique.
Harold Nicolson, British author and critic.

will get little encouragement from a promise of ultimate victory if, by the end of the period of occupation, the conditions in their countries were approaching those which now exist in the Baltic republics.

7. I do not believe that we and the United States can expect to secure for an indefinite period the wholehearted and loyal support of our allies in Western Europe unless we can demonstrate that we intend and are able to give them effective assistance in their defence against occupation.

8. I also shudder at the thought of the kind of political conduct of the war and of the peace making which would be likely to flow from a Soviet occupation of Western Europe. The only going concerns on the allied side would be the United States, the United Kingdom (if it were not occupied), Canada, and I suppose Australia, New Zealand and South Africa. The other allies would be represented by governments-in-exile, and the record of the United States in listening to the views of governments-in-exile is not very good. Moreover, governments-in-exile easily lose touch with opinions at home.

9. The danger would therefore be that virtually the whole of the political conduct of the war and of the peace making would be in the hands of the United States and, under the United States tradition, a great deal of that power would be lodged in the United States War Department. In the event of war, the United States is going to be the dominant partner, but, if the Western European countries are not occupied, they will be able to make some effective contribution to the political direction of the war. I have more confidence in the wisdom of their political views than in the wisdom of the political views of the United States in matters of this kind.

10. This brings me to another point about the Atlantic Union. One reason why we need an Atlantic Union is that we must establish in peace time some international constitutional machinery which could be used in war time as the basis for a supreme war council, or some such body. The existence of some sort of constitutional machinery enables governments which have wisdom and maturity to have greater influence on the formulation of policy than would be warranted by their mere power alone. Assistance to them by the United States without any organic connection through some machinery between the giver and receiver would not possess this important advantage.

11. I am sending to Norman [Robertson] a copy of your letter to me of May 10 and of this reply.

Yours sincerely,

MIKE [PEARSON]

1082.

W.L.M.K./J1/Vol. 443

L'ambassadeur en Suisse
au sous-secrétaire d'Etat aux Affaires extérieures
Ambassador in Switzerland
to Under-Secretary of State for External Affairs

TOP SECRET AND PERSONAL

Berne, May 25, 1948

Dear Mr. Pearson,

I wish to acknowledge with thanks receipt of your top secret and personal letter of April 29th, enclosing a copy of the most interesting personal letter of April 9th which you received from Mr. Holmes, and in which he assessed the probable direction of Soviet policy as seen from the Canadian Embassy in Moscow.

2. Like you, I have been most impressed with the carefully reasoned and well balanced analysis which Mr. Holmes has given of this all-important problem. It is extremely interesting for me to see the direction in which the thinking of the United States and United Kingdom Embassies in Moscow has been tending. The United States Embassy, in particular, has certainly become more pessimistic about the chances of an early war than they were when I was in Moscow.

3. I have given a lot of thought to this problem, and, as you know, have clung to the view that a major war is not likely in the near future because (1) it would not suit the Russians to start a war unless they knew for sure that they would win, and (2) it is not possible for the democratic countries to secure the necessary popular support to wage a preventive war.

4. To predict that there will be no war always involves greater risk than to predict that there will be a war. It is possible that my view may be disproved before you and others in the Department have had time to forget about it, whereas those who predict an early war can always continue to say, "not yet, but soon". However, at the risk of being classed with Sir Norman Angel, the State Department 1941 Japanese expert, and other false prophets, I still think a careful appraisal of the situation leads to the conclusion that the Soviet leaders are not likely to take the great risk involved in provoking a major war now or in the course of the next few years. The reason why I believe this is that the Soviet leaders know the war will be a protracted one and they want to be pretty sure that they will not only be able to stand a protracted war but also that they will win in the end.

5. I agree with the United States and United Kingdom Embassies' acceptance of the view that the Soviet leaders consider inevitable a struggle between the "Socialist" world, led by the U.S.S.R., and the "Anti-Socialist" world, led by the U.S.A. Their whole policy is to prepare for this struggle but their main obsession is to see that the struggle, when it comes, does not result in their undoing. They are fearful of anything which might threaten their own personal positions of power. Stalin, in particular, is sure of his position in history, and does not want to take any action which might undermine all that he has done to make Russia relatively the greatest power that she has ever been. Unlike the United States Embassy, I still believe that

Stalin determines policy. He is, in every sense of the word, a dictator. Because representatives from the West have at times found Stalin more reasonable to deal with, they try to attribute the more nefarious aspects of Soviet policy to people like Molotov, Zhdanov and Beria. This only means that Stalin, like all men of great power, likes to give the impression of being amiable. The others, however, are only carrying out his instructions and it is he who determines Soviet policy.

6. What will happen when Stalin goes is, of course, a problem which only the future can decide. It is not likely to bring any change in the main lines of Soviet policy but may weaken the internal organization if the successor is unable to establish himself completely or match the marked capacity of Stalin.

7. I can quite understand General Smith feeling depressed when he considers the Red Army of three million men and with nothing effective to stop it on its marches to the English Channel, the Persian Gulf, the Suez Canal and the Skagerrak. He must also be considering the long time it took to place the United States economy on a war footing, the tremendous preparations that were required in order to land armies on the beaches of Normandy, and the difficulties encountered in advancing to the heart of the enemy's territory. This is how the coming war looks to an American soldier who has had personal experience of what is involved. I think, however, it is more profitable for us to look at the situation from the point of view of Stalin, because it will be he who will make the decision that will determine whether or not there will be a major war. The lessons Stalin must have learned from the last war are the following:

- (1) The successful invasion of Russia is not militarily practicable;
- (2) Long-range air bombing can be effective in disorganizing an enemy's economy even when that economy is widely dispersed;
- (3) The outcome of a modern major war depends largely upon the relative strengths of the military-industrial potential of the two antagonists;
- (4) It does not do to win battles and then lose the war.

It will be noted that the first two of the above points largely cancel out one another, so that it is the last two points that are likely to be decisive.

8. In line with the above thinking, Stalin must feel that it would be very easy for him to overrun all of Europe, except possibly the British Isles, most of Asia, and parts of Africa. This he would no doubt try to do in the shortest time possible. He particularly would endeavour to deprive the Western powers of any footholds on territory from which they might send long-range bombers to vulnerable centres in the Soviet sphere. He would want to be well supplied with harbours from which submarines could prevent aircraft carriers advancing near enough to launch bombers to attack objectives in Soviet territories. The war essentially would be one between a land power and a naval-and-air power. This will give great importance to those two waterways which lead into the heart of the Soviet sphere, viz., the Mediterranean and the Baltic, and of these two the former is the more important. To capitalize upon his internal position, Stalin would want to attack on all fronts, so as to disperse the attacks of the Western powers and to deprive them of as many footholds as possible from which they could bomb objectives in Soviet territory.

9. All of this needs tremendous preparation by the Soviet Union. They must have plenty of fighter aircraft to defend their more vulnerable targets and a large number of submarines to keep aircraft carriers away from the approaches to the Soviet Union. They must get their factories, which were badly run down during the war, into working order again, increase their supplies of oil, coal and steel, and, above all, assure the efficiency of their transport services.

10. I cannot believe that Stalin is satisfied that even a beginning has been made in this direction. He still sees the Soviet Union and its satellites as a long way behind the United States and its allies in military-industrial potential, and before staking everything on an all-out war he will want to lessen the gap between the relative industrial strengths until the superior military-industrial potential of the United States is not sufficient to offset Soviet advantages in manpower, their strategic location in the heart of Eurasia, and their monolithic organization geared to military objects.

11. We have also to take into account the question of popular support for a Soviet war policy, to which Mr. Holmes has referred. It is true the propaganda machine can whip up enthusiasm for a war by appealing to Russian patriotism, but there are limits to which this can be done. The Russian people have just emerged from a long war in which their sacrifices and suffering exceeded anything known in the West. Moreover, the morale of the Red Army has become disrupted by Occupation duty and by its contact with a superior civilization.

12. Another factor to be taken into account is the organization of the new countries. It is comparatively easy for the Soviet Union to secure complete submission from other Slav countries with low standards of living, like Bulgaria and Yugoslavia, but it will be a long time before Czechoslovakia, Poland, Hungary and the Baltic States can be brought into that absolute degree of submission which is necessary to make these territories complete assets, and not liabilities, in time of war.

13. What must impress itself particularly upon Stalin is the thought that whereas the United States can do a lot of harm to the Soviet Union there is not much direct damage the Soviet Union can do to the United States in a war with that country. The Soviet approach to a war with the United States is from the defensive aspect. Fighter aircraft and submarines figure largely in their calculations and their strategic aim would be to gobble up as much territory as necessary to keep the United States from hurting them.

14. Recently, when I have seen the Western European countries getting together for the purpose of forming a defensive alliance against Russia, I have thought it might be possible for Stalin to launch a preventive war on his own — that is, to conquer Western Europe before it has time to unite — but, when I have considered all the other factors, I have come to the conclusion that Stalin is not the kind of man to run such a risk. He would know that this would involve him in war with the United States, and would come to the conclusion that the Soviet Union is not yet ready to take on the United States.

15. The conclusion I derive from all this is that we are likely to see, for some time to come, a continuation of the "cold war", the purpose of which will be to divide and weaken the Western powers. Every possible advantage will be taken of interna-

tional developments to provide an opportunity for causing embarrassment to the United States and creating differences between the Western powers themselves. Probes will be made here and there to see that further territory can be acquired without running the risk of a major war, but care will also be taken to prevent the "cold war" from turning into a "hot war".

16. Naturally, everything will be done to support and give encouragement to Communist parties in other countries. This is one of the best ways in which the Soviet Union can embarrass and weaken the Western powers. I think, however, it is a mistake to conclude that, because the Soviet Union has facilitated the seizure of power by the Communists in Czechoslovakia, the same tactics will be pursued in Italy, France and other countries. Czechoslovakia was entirely in the Soviet orbit of power and there was nothing which the Western powers could do to help the Czechoslovaks. Italy and France, however, are very much accessible to the Western powers, and the Soviet Union has to reckon that any overt help given to the Communists of these countries may bring about war with the United States.

17. I hope that you will not think I am trying to be unduly optimistic. Nor would I, for one minute, advocate that we should relax our efforts just because war is unlikely in the next year or two. On the contrary, I think it is more essential than ever that we should consistently bear in mind the possibility of a major clash between the two great powers some ten, fifteen, or twenty-five years hence. In particular, I would like to see the consolidation of that part of the world which Walter Lippman, in his book on "United States War Aims", called "The Atlantic Community". The chief distinction between the Soviet sphere and this part of the world is that the one is totalitarian and the other still believes in liberty for the individual. We should stress this distinction wherever possible and attempt to imbue into our peoples spiritual zeal for that ideal of individual liberty. This has recently been lacking.

18. As regards the Soviet Union, the best policy we could follow would be to treat Soviet isolationism with the neglect it deserves. Since they have erected the Iron Curtain, I would treat the Iron Curtain as a fact and I would consistently strive to ignore the Soviet Union. In other words, I would not have General Smith submit Notes explaining United States policy, because this only gives the Soviet leaders the opportunity for scoring propaganda points. I would resist firmly any efforts they might make to extend the territory under their control or to disrupt any of the countries of "The Atlantic Community", but I would not pay them the compliment of talking and writing so much about them as has been done in the past. Rather, by stressing our own virtues and the benefits that we derive from respect for individual liberty, we can make ourselves more immune to Soviet propaganda instead of following the more negative course of constantly trying to wage propaganda battles with the Soviet Union on grounds of their own choosing.

19. Just as during the period of appeasement efforts in North America were directed to white-washing the Bolsheviks, now nothing is spared in attempts to blacken them. Some anti-Soviet propagandists try to make out a case for criticizing Soviet foreign policy in the period between the wars, and contend that after the Rapallo Treaty the Russians re-armed the Germans when the reverse is the case.

Almost any Canadian dispassionately comparing the foreign policy of Litvinov in the thirties with that of Chamberlain would decide in favour of the former. Nor is it fair to claim that the Russians had no grounds to mistrust the West, when we all know that every Tory in England was hoping the Germans and Russians would fight it out and leave Western Europe in peace. Suggestions are also made that we should force the withdrawal of the Soviet Union from the United Nations when I can think of no better way of securing sympathy for the Russians among peace-circles in Western countries.

20. The danger of overstating the case against the Russians is that it is apt to defeat itself. It builds up the atmosphere in which one bold peace offensive by Molotov can throw confusion into the ranks of the Western countries. I remember well writing from Moscow a personal letter to Mr. Hume Wrong around Christmas, 1944, in which I foreshadowed a marked reaction against the Soviet Union after the war when it was discovered that they were as totalitarian as the Germans. I feared this as a reaction against the excessive adulation of the Soviet war effort. Now I fear the reaction the other way because so many in North America are going to the other extreme.

21. It is on these grounds that I would so much like to see us ignore the Soviet Union, except when their actions directly threaten us. It should be sufficient to let Kravchenko and the other escapees from Soviet terrorism state the case against the Soviet Union. Let us recognise that the Soviet Union is a totalitarian dictatorship and a police state in which there is no liberty, but constant fear, for the individual. Let us point out that Hitler Germany borrowed everything from Bolshevik Russia — the one-party system, the cell-system, the secret police system, the propaganda system, the youth-stimulation system, the forced-labour system and the concentration-camp system. In some cases German efficiency improved on Russian methods, but not often. The only thing original in Hitlerism was the basic philosophy, but as it was bogus it was less dangerous than the Russian. The latter was founded upon the thought of great thinkers, since although their fundamental premises were false Marx and Lenin built up a great philosophy upon the basis of these false premises. That is the reason why the Soviet doctrine is so much more dangerous than the German. It has an intellectual as well as a sentimental appeal to the frustrated.

22. Because of this danger of the Soviet appeal, we have to meet it with something positive — something better than a mere negative blackening of the Soviet Union. The best positive approach I see is emphasis on the ideal of liberty for the individual and stressing the material as well as the spiritual benefits which the pursuit of this ideal has already accorded, as witnessed by the accomplishments of our civilization up to date. As professor Rappard pointed out the other day at the Liberal International Congress at Zurich, "Liberty" has to be given an equal if not greater value than "Equality". I hope you will not think me conceited when I say that I hope more attention will be paid to the despatches I am now submitting from Switzerland than to the excellent analysis submitted by Mr. Holmes from Moscow. That, at least, illustrates what I mean when I advocate ignoring the Soviet Union and concentrating on the positive approach to the problems of "The Atlantic Community".

23. I hope I will not be misunderstood as advocating complacency or a repetition of that fatal state of mind which prevailed in the West during the period between the wars. On the contrary, we should keep ever before our publics the fact that the Soviet Union is concentrating on preparations for war with all the thoroughness their monolithic organization makes possible. This should be the justification for us also to concentrate on preparations for the war, but by our democratic methods. We should take care to show the Soviet leaders that we are not afraid, that we are confident in our own strength and in the justice of our own cause. Any effort on their part to expand their influence or the territory under their control should be resisted by direct opposition. Since Germany is the chief meeting place of the two conflicting systems, we should hasten efforts to capture the soul of Germany and to capitalise on German fear of and contempt for the Russians. In my view this can best be done by concentrating on the economics rather than on the politics of Western Germany. Since we preach the advantages of free enterprise over a planned economy, we should strive to make Western Germany an example of the benefits of that system over the other which the Russians will install in Eastern Germany. By reforming the currency and removing controls as rapidly as possible in our zones, we may demonstrate, not only to Germans but to the world, what material benefits can be derived from the pursuit of the ideal of liberty for the individual even in an occupied country without political freedom.

24. Otherwise I would leave the Russians alone behind their Iron Curtain, where their power is supreme. I would stop talking about meetings to resolve the differences between East and West, stop explaining our policies to the Russians, and stop the foolish propaganda battles in which the Russians, having fewer inhibitions, usually come off best. I appreciate that all this places a strain upon our self-restraint that may be difficult to bear, but I agree with those who feel that we have tried to get along with the Russians and failed. The corollary I see to this is to leave them alone.

25. I hope you will not think I have strayed too far in commenting upon the excellent letter of Mr. Holmes, but I have done the best I could in compliance with your request for comments on this difficult problem.

Yours sincerely,

L.D. WILGRESS

1083.

PCO/Vol. 107

Note

Memorandum

TOP SECRET

[Ottawa], September 2, 1948

A REVIEW OF THE INTERNATIONAL SITUATION IN RELATION TO THE
PROGRAMME OF THE CANADIAN ARMED FORCES FOR THE FISCAL YEAR
1949/50

(This memorandum was prepared recently under the direction of the Joint Intelligence Committee for the guidance of the Joint Planning Committee in planning a Canadian Armed Forces programme for the fiscal year 1949/50. It is felt that it

provides a good appreciation of the present international situation. It should be understood that it has not yet been examined by the Chiefs of Staff who will only receive it when the Joint Planning Committee has completed its work.)²⁵

1. The deep divergence between the USSR and the Western powers, which for three years has made it impossible to agree on peace settlements with the principal enemy states, is no nearer solution now than it was a year ago when the Armed Forces programme for 1948/49 was submitted. There is, indeed, a new element of crisis and a graver apprehension of the possibility of war. It is unlikely that the outstanding disagreements would be settled by another conference of the four great powers.

2. This cleavage has been reflected in every political and technical organ of the United Nations. In particular, it has nullified the attempts to form a United Nations Armed Force and to agree upon methods for the regulation and reduction of national armaments.

3. In both groups of states there has been a process of consolidation in the past twelve months. This has naturally been more difficult for the free countries than for those with Communist governments. Nevertheless, the measures which the Western powers have adopted for rehabilitation and consolidation must be regarded as the most important developments of the year.

4. Those developments include:

(a) The European Recovery Programme, which averted the threat of a disastrous shortage of food and raw materials in Western Europe and provided the basis for closer economic association among the sixteen participating states.

(b) The Brussels Treaty, by which the UK, France and the Benelux countries bound themselves to provide full mutual assistance against any attack in Europe.

(c) The London Agreement on Western Germany, by which the USA, UK, France and the Benelux countries agreed to proceed with the formation of a federal government for Western Germany.

(d) US Re-armament, including conscription for a period of 81 months of enough men to maintain the US Armed Forces at a strength of 2,006,000.

(e) The preliminary discussions by the USA, Canada and the Brussels Treaty powers on a North Atlantic pact. These were preceded by a resolution of the US Senate and a statement of the Canadian Government indicating agreement in principle.

5. From the Soviet point of view the most favourable developments have been:

(a) The gradual assimilation of the Communist-dominated countries to the Soviet prototype.

(b) The establishment of the Cominform, heralding an intensification of Communist political warfare against the European Recovery Programme.

²⁵ Une copie de cette note fut transmise au premier ministre pour son usage pendant la réunion des premiers ministres à Londres en octobre.

A copy of this memorandum was provided to the Prime Minister for his use during the meeting of Prime Ministers in London in October.

(c) The Warsaw declaration by the Communist governments, advocating the establishment of a centralized German state and the early withdrawal of occupation forces.

(d) A marked increase in the activity and influence of Communist elements in South East Asia, resulting in the diversion of considerable effort by the Western European powers.

On the other hand there have been trends which indicate a certain weakening of the Soviet position in Europe.

(a) There has been a perceptible recession of Communist influence in France, Italy and Greece.

(b) There is open dissension between the Yugoslav Communist Party and Moscow.

6. On balance, the developments of the past year must have proved disappointing to the Kremlin. The Soviet Government has therefore chosen to launch a political counter-attack at a point where the Western powers are particularly vulnerable. The blockade of Berlin cannot be regarded merely as an episode in the struggle for Germany. It indicates the determination of the USSR to prevent the rehabilitation and consolidation of Western Europe except under Communist control.

7. A direct confrontation of will and power, such as exists now in Berlin and may occur elsewhere, increases the risk of war. For as measures and counter-measures increase, even if neither side desires war, the combination of an incident and a rising belief that only force can settle the issue may produce a clash beyond control. The risk is further enhanced when the armed forces in presence are so unbalanced that one side can reasonably anticipate early and substantial military successes. This situation will prevail in Europe as long as the Western European countries are relatively defenceless.

8. While it must be recognized that war is possible in present circumstances, we are not aware of any evidence that the Soviet Government desires war at this time. It is evident that the Politburo has no intention of abandoning any of the gains made in 1945 and that it will continue to advance the interests of the USSR and of the world communism to the maximum possible extent. Soviet policy will probably be directed principally to consolidating the position in Eastern Europe, disrupting Western plans for Germany, and hampering the economic and political recovery of Western Europe in the hope of a "capitalist crisis" in the West and a disintegration of US foreign policy. An attempt to expand Soviet influence in the Middle East, especially in Iran, Iraq and the Levant states, would also be consistent with the USSR's interest in oil and its concern for defence in depth.

9. If this analysis is correct, it would be unwise to ignore the possibility that the Soviet Government, apprehensive of the ultimate success of the measures taken by the Western powers to strengthen their own position, may attempt to frustrate these measures by pursuing a policy containing a large element of calculated risk. Such a policy might at any time produce a crisis out of which war could develop. In the long run, however, the consolidation and strengthening of the West may be expected to redress the balance and thereby reduce the likelihood of an incautious policy on the part of the Soviet Union.

10. The fundamental factor in a war beginning before the end of the fiscal year 1949/50 would be allied ability to conduct overseas operations in areas contiguous to Soviet territory, and Soviet inability to conduct such operations against the North American Continent. The USSR would therefore be obliged to seize or neutralize these areas from which the Western powers could strike at Soviet territory by atomic bombing, conventional bombing, or land/air invasion. The minimum areas which the USSR would have to seize or neutralize in order to defend itself against these forms of attack are Western Germany, France and the Benelux countries, the United Kingdom, the Arab states and Iran, Greece and Turkey, Italy, Spain and Portugal. With the exception of the United Kingdom and the Nile delta, we consider that all these areas could be effectively occupied by the USSR in the first phase of a war in the immediate future. Before the outcome of such a war could be decided, however, a subsequent phase would have to follow, in which the Soviet object would logically be to develop the potential and the means for a major assault against the North American Continent.

11. We estimate that the USSR is capable of defeating the forces at present in Western Germany, France, the Benelux countries and Italy in two to three months, and the Spanish and Portuguese forces in a further three or four months. The defeat of the Greek army could hardly take more than a month, but it would require at least four months to overcome Turkish resistance. Progress in the Middle East would be governed largely by supply difficulties. Thus, while the Persian Gulf could probably be reached in six weeks, it is unlikely that Soviet forces could reach the Suez Canal in less than six months, even in the absence of allied reinforcements.

12. The seizure of Norway and Sweden and Western Pakistan would be of strategic advantage to the USSR, but it must remain an open question whether this gain would be worth the considerable effort involved. There would be no compelling reason in the initial phase for extensive operations against China.

13. During the period under consideration, the ability of the Soviet Union to carry the war to Canada and the remainder of the North American Continent would be limited by two factors. First, the bulk of the Soviet forces would be employed in Europe and the Middle East. Second, we consider the USSR would not possess the means of sustaining direct attacks capable of seriously reducing the war potential of Canada. Long range bombers of the Soviet Union would, however, be capable of damaging selected installations in Canada. Such attacks might be made in the hope of influencing Canadian public opinion and of diverting Canadian effort from overseas theatres. Soviet submarines also are capable of attacks on shipping in ports and harbours, particularly by mining. The more serious threat of submarine attack on the high seas would have to be considered in conjunction with the Soviet main effort against Europe and the Middle East rather than merely as diversionary action against this country.

14. The USSR is deemed capable of the following forms of offensive operations against Canada in the period 1949/50.

(a) Subversive activities of all kinds, from anti-war propaganda to strikes and acts of sabotage.

(b) Two-way air attacks on a limited scale from Siberia as far as Vancouver and Edmonton.

(c) Submarine and "sneak craft" attacks against shipping in naval bases and ports, including the use of mines.

(d) One-way air attacks on a limited scale reaching all industrial areas in Canada.

(e) Airborne troops in small units against Western Alaska and the Aleutian Islands.

(f) Bombardment by submarines of coastal targets.

(g) Landing of small sabotage parties from submarines.

(h) Chemical warfare on a scale limited by the ability to deliver by air.

(i) Biological warfare on an experimental scale.

(j) A token attack with a weapon of atomic type is considered a remote possibility, but one that cannot be completely dismissed.

CONCLUSIONS

A review of the international situation as it relates to the Canadian Armed Forces programme for 1949/50 leads us to the following conclusions:

(a) There is in present circumstances a definite risk that some incident may occur which will lead to war, even though it does not appear that the Soviet Government desires to provoke a war at this time.

(b) The risk of a war developing out of such an incident will be particularly great until the Western powers by strengthening and co-ordinating their forces have succeeded in redressing the balance of forces in Europe.

(c) Canada could expect air attacks of a diversionary nature during the first phase of a war commencing in the period under review. We could also expect serious threats to our shipping and our internal security.

(d) The main Soviet effort in a war occurring during 1949/50 would be made in Western Europe, the Middle East and against allied shipping.

SECTION B

RÉCIPROCITÉ DES PRIVILÈGES
RECIPROCITY OF PRIVILEGES

1084.

DEA/8508-40

Extrait du procès-verbal de la réunion des chefs de direction

Extract from Minutes of Meeting of Heads of Divisions

SECRET

[Ottawa], January 27, 1948

VISIT OF SERVICE ATTACHÉS TO CAMP SHILO

16. Mr. Crean said that the announcement by the Department of National Defence concerning the non-invitation of the Soviet Military Attachés along with other for-

oreign service attachés to visit Camp Shilo had been made after reference to the Cabinet Defence Committee. In spite of repeated requests, Brigadier Allard, the Canadian Military Attaché in Moscow, had not been given opportunities to visit Soviet military establishments; in accordance with the principles of reciprocal treatment, it had therefore been decided that the Soviet Military Attachés would not be invited to visit military establishments in Canada unless similar privileges were accorded to the Canadian Military Attaché in Moscow. On receipt of this advice from the Director of Military Intelligence, the Soviet Attaché had expressed surprise that Brigadier Allard had not been given such opportunities and stated that he would take the matter up with his government. Mr. Crean added that the United Kingdom and the United States had already denied such privileges to Soviet Attachés in London and Washington. Mr. Reid remarked that it was unfortunate that this announcement should coincide with Brigadier Allard's return from Moscow for duty in Canada, because it might look as though he had been intentionally withdrawn from the U.S.S.R., whereas his posting had in fact been arranged some time ago. It was to be hoped that a new appointment would be made by the Chief of Staffs Committee in the near future to counteract such erroneous speculation.

...

1085.

DEA/2462-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le sous-secrétaire d'État adjoint aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Assistant Under-Secretary of State for External Affairs*

SECRET

[Ottawa], February 11, 1948

Recent despatches from Moscow indicate that a conscious effort is being made by the Soviet Government to make the lives and activities of diplomats in Moscow as difficult and complicated as possible. I wonder whether we should not give serious consideration to the pros and cons of closing our diplomatic mission in Moscow. This would be easier in our case than in that of a Great Power, though the arguments against it may still be conclusive. Certainly the Russians gain infinitely more from their Embassy activities in Canada than we do in Russia and possibly the only way to secure equality would be on the basis of zero.

Will you look into the matter?²⁶

[L.B. PEARSON]

²⁶ En réponse, Reid rédigea une longue note sur «La représentation diplomatique entre le Canada et l'Union soviétique» (13 février)†, mais le sujet semble avoir été mis de côté jusqu'à ce qu'il soit remis à l'ordre du jour à l'automne. (voir ci-dessous).

In response, Reid drafted a long memorandum on "Diplomatic Representation Between Canada and the Soviet Union" (February 13)†, but the subject appears to have been set aside until it was revived in the autumn (see below).

1086.

DEA/2462-40

*Le secrétaire d'État aux Affaires extérieures
au chargé d'affaires en Union soviétique*

*Secretary of State for External Affairs
to Chargé d'Affaires in Soviet Union*

DESPATCH 744

Ottawa, September 1, 1948

SECRET

Sir,

In your despatch No. 338 of August 19th,† enclosing a memorandum of August 17th† prepared by the Air Attaché concerning restrictions on travel by foreigners in Moscow, you raised the question of the possibility of taking some retaliatory action.

2. It is, I agree, unfortunate that the Western nations so far have had to accept passively the various restrictions placed upon foreign diplomatic personnel in Moscow by the Soviet Government. Although counter-action of some sort is certainly called for, it is difficult, having in mind the democratic nature of Western society, to find a method of retaliation which would succeed in forcing the Soviet Government to relax its restrictions or which would result in the imposition of real and equal burdens upon Soviet missions abroad. Your first suggestion, that we might intimate that we may have to close our Embassy, as restrictions on travel make it impossible for the Embassy to perform its function, is perhaps too drastic. A mere threat without the intention of going the limit would be a rather useless gesture, while a decision to close the Embassy would have to depend on considerations more weighty than the single factor of travel restrictions. We have already given consideration in the Department to the pros and cons of closing the Embassy in Moscow or at least of limiting the size of the Soviet Embassy here to correspond with that of the Canadian Embassy in Moscow. This problem arose in connection with the Soviet currency regulations at the beginning of this year and the various other Soviet measures designed to make life difficult in Moscow, such as customs inspection, import quotas, etc. It was decided, however, to postpone any action on this problem because we found that it would be very difficult for us to retaliate effectively and in like manner, and because the continued existence of the Embassy in Moscow does serve a useful purpose both as a source of reports on the U.S.S.R. and as training for officers of the Department.

3. As you mentioned, there would be little point in our acting alone to secure better travel facilities. In fact, we might find it difficult to take separate action when the Soviet authorities could point to the visit of Mr. and Mrs. [R.A.J.] Phillips²⁷ to Kiev and the Caucausus — in spite of the fact that the Phillips' success was due to

²⁷ Deuxième secrétaire, ambassade en Union soviétique.
Second Secretary, Embassy in Soviet Union.

their own perseverance and initiative rather than to the benevolence of the Soviet authorities.

4. Before retaliation is considered, it would be desirable to elicit from the Soviet authorities a definite ruling as to whether or not travel is free. This, I understand, some of the Western missions are now attempting to do. Once this has been done, consideration might be given among the Western powers to the possibility of taking concerted retaliatory action. Retaliation, however, should be based not only on the travel restrictions, but also on the various other restrictions imposed on foreign missions in Moscow. In embarking on such a policy, we should have to be prepared to pursue that course of action even if it were to lead eventually to a withdrawal of missions. The whole problem, therefore, depends on serious political considerations.

5. I should be interested to learn in due course whether the United Kingdom or the United States Embassies intend to propose any concrete method of retaliation to their governments. While we should prefer not to take the initiative in this matter, we should be prepared to give favourable consideration to any measures which would be taken in concert with other governments and which would have a good chance of being effective.

I have etc.

L.B. P[EARSON]

1087.

DEA/8508-40

Extrait du procès-verbal de la réunion des chefs de direction

Extract from Minutes of Meeting of Heads of Divisions

SECRET

[Ottawa], October 12, 1948

...

TRAVEL RESTRICTIONS IN THE U.S.S.R.

17. *Mr. Mayrand* said that the Canadian Embassy in Moscow had received notification by a note of September 30, from the Soviet Foreign Ministry that movements of foreigners and members of diplomatic missions in the U.S.S.R. would be limited to a 50 kilometer radius of Moscow. Journeys outside this area might not be taken without the specific consent of the Soviet authorities and there are many areas, presumably inside, as well as outside the radius, for which consent could not be given at all. The Department is awaiting receipt of the complete text of the Soviet note before considering whether corresponding restrictions might not be placed on Soviet personnel in Ottawa.

1088.

DEA/2462-40

*Note de la Direction européenne
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from European Division
to Secretary of State for External Affairs*

SECRET

[Ottawa], October 23, 1948

I attach a memorandum, dated October 23rd, which deals with reciprocity of privileges between Canada and the Soviet Union and its satellites.† The memorandum is divided into four sections, on

Reciprocity in the realm of publicity

Reciprocity in the realm of travel

Factors involved in a decrease in the status or size of our missions in Eastern Europe or in a withdrawal of representatives altogether

Conclusions and ultimate factors involved in all three of the above problems.

2. I regret that the memorandum is so long, but on a subject as important and complex as this, it was felt that you might wish to have all the facts.

3. A meeting was held on October 20th to discuss these problems. Mr. Measures, Mr. Rae, Mr. George, Mr. Erichsen-Brown, Mr. Mayrand and Mr. Wallis were present. The views expressed have been incorporated into the memorandum. Economic, Consular, and Legal Divisions have also contributed information on the questions for which they are responsible.

4. The memorandum attempts merely to give the factors involved in each alternative course of action with respect to each of the three problems. At the meeting, however, views were expressed on the merits of the alternatives.

5. With regard to publicity, it was felt that we should not try to circulate an information bulletin in the U.S.S.R. at the present time. We could take on publicity work in Yugoslavia and Poland, and probably in Czechoslovakia, *provided* the necessary staff (a responsible officer and translators) were made available. The Eastern European states, however, would be likely to make it difficult for us to give publicity to any political material. If we were to find that our bulletins were restricted to mere domestic news, we would have to decide whether to continue our publicity under those limitations, or discontinue it and ban the Communist bulletins in Canada. In the case of the U.S.S.R., we could decide to ban their propaganda by presenting them with publicity demands which they would refuse to accept and then retaliate by banning their bulletins. The Legal view was that we could find ways and means of putting the ban into effect. It was felt that we might get the benefit of the experience of the United Kingdom and United States, and also ask our missions in the Soviet Union and its satellites for their comments.

6. With regard to travel, it was felt that the Soviet restrictions do not prevent the Embassy from performing the work which it has performed in the past, since the Embassy's troubles stem from the totalitarian nature of the Soviet system in general, rather than from any particular restrictions. A ban on Soviet travel here would not seriously impede the Soviet Embassy, but it would, of course, be annoying. It

was felt that we should not try to do anything on our own in this matter, but act jointly with the United Kingdom and the United States. (Mr. N.A. Robertson has expressed a similar view in his telegram No. 1773 of October 11th).† The Chargé in Moscow doubts if any positive action can be expected from the United Kingdom at the present time. He says that the United States Embassy were prepared to urge speedy retaliation if it were found that travel to “free” zones *through* “forbidden” zones was not permitted. However, two United States Embassy members have now been permitted to visit Tiflis and Stalingrad so it appears that travel through forbidden zones is permitted. Of course, this relative freedom may be taken away at any time in the future.

7. With regard to the size and status of our missions in Eastern Europe, the proposal to reduce the size of our missions was not favoured. If the missions were to continue, they should have the necessary complement of working officers, and appropriate staff; otherwise, their effectiveness would be seriously reduced. Whether the missions were to be called Legations and Embassies, or Consulates-General was perhaps more a question to be decided on domestic considerations and on whether we wished to express our disapproval of Communism by a gesture of that sort. A withdrawal of staff altogether would depend on domestic factors and on long term political considerations with respect to our policy towards Eastern Europe. The missions in Eastern Europe were performing a useful job of reporting on political and economic questions, and importance should be attached to our having listening posts in the one group of states with which we could conceivably be at war in the foreseeable future — a group whose policies had such an important bearing on the whole development and future of Canada.

8. In the conclusion of the memorandum, it is pointed out that a “tough” policy with respect to publicity, travel, and the status or existence of missions ultimately depends on (a) domestic considerations, and (b) a governmental decision concerning Canada’s *long term* foreign policy. Probably the majority of the Canadian public would support a tough and momentarily spectacular policy on the “diplomatic” front. The long term wisdom of such a policy would have to depend on whether we expect to reach an eventual *modus-vivendi* with the Soviet Union, whether we wish to close the door to all contact, official and otherwise, whether we wish to fight a diplomatic cold war as well as a political one, etc. Our missions in Eastern Europe are doing a useful job as “listening posts”. A cautious and gradual policy in the realm of ‘diplomatic’ restrictions, retaining our missions at their present strength and status, would be consistent with the following purposes: It would enable us to retain our “listening posts”; in the event of our engaging eventually, in concert with other Western Powers, in an active campaign in supporting anti-Communist forces in Eastern Europe, our missions there would take on additional importance; and at the same time the door would always be kept open for an improvement of relations in the future.

1089.

DEA/10-ET-40

*Note du chef par intérim de la Direction de liaison avec la Défense
pour le sous-secrétaire d'État par intérim aux Affaires extérieures*

*Memorandum from Acting Head, Defence Liaison Division,
to Acting Under-Secretary of State for External Affairs*

SECRET

[Ottawa], December 2, 1948

GRANTING OF VISAS TO SOVIET DIPLOMATS AND OFFICIALS

On October 29th we implemented a policy which Mr. Pearson had approved early in September and instructed our Embassy in Moscow to refer to the Department all future requests for visas for Soviet diplomats and officials except couriers. Mr. Watkins has strongly recommended reconsideration of this policy which he feels would involve us in a visa war with the Russians which we would not possibly win. He points out in his letter to Mr. Chance of November 19th† that we are at present getting comparatively good service from the Russians for entry and exit visas for our officials. If we start holding up visas for the Russians, even for a comparatively short time, they will reciprocate by delaying our requests for six or eight months, instead of the two or three months that it is at present taking.

2. While I am inclined to agree that we could not hope to win a visa war with the Russians, I do think that we are getting a poor bargain with them at present when they are taking two or three months to grant visas to us and we grant their visas in two or three days. It has never been my intention that we should delay granting visas to Soviet officials for a matter of months but I do think there are advantages in requests of this kind being referred to Ottawa for decision so that we know in advance who is coming. Then, if, as happened last August, the Russians suddenly decide to double the strength of their Military Attaché's office, we have the opportunity to refuse. In other cases we should not normally delay the granting of a visa by more than two or three weeks.

3. To make my proposal more concrete, I have drafted the attached telegram† in reply to Mr. Watkin's letter of November 19th and his telegrams Nos. 228† and 234†. Mr. Chance and Mr. Mayrand agree with my memorandum and the attached draft reply to Mr. Watkins, so does Mr. Measures.

G.G. CREAN

SECTION C

ÉCHANGE D'INFORMATION
EXCHANGE OF INFORMATION

1090.

DEA/8508-40

Extrait du procès-verbal de la réunion des chefs de direction
Extract from Minutes of Meeting of Heads of Divisions

SECRET

[Ottawa], January 6, 1948

...

EXCHANGE OF INFORMATION WITH SOVIET UNION
(DISCUSSION OF DECEMBER 23, 1947)

23. Mr. Reid said that a review had recently been made of Departmental files dealing with the exchange of information with the Soviet Union in an effort to ascertain how the exchanges have worked in the past and whether or not an advantage might be gained by attempting to expand the exchanges in the future. The tentative conclusions set forth in a draft report are as follows:

(1) The Soviet authorities will not agree to supply any information which they consider to have a military significance. If any such exchanges are suggested by us, the Soviet Government will misinterpret our motives and will attempt to take what they can and to give little or nothing of value in return.

(2) The files indicate, however, that the Soviet authorities were anxious in the past to exchange information on non-military subjects of a purely scientific, technical, social or economic nature. Past exchanges in these fields have been, in general, from 33 1/3 to 50 per cent successful. However, it was found that, while many cases of failure could be attributed to the Soviet authorities, theirs was not the exclusive responsibility, for many exchange operations were left incomplete by the responsible Canadian authorities themselves. If the Departmental files give a *complete* picture of the operation of past exchanges, the conclusion may be drawn that, had these exchanges been dealt with more energetically, much more profit might have been derived from them than was in fact the case.

(3) Provided the present political conditions in general and the Soviet Decree on the Disclosure of State Secrets of June 1947 in particular, have not adversely affected the situation, it may be feasible to attempt to exchange information with the Soviet Union on non-military subjects (scientific, agricultural, etc.) in the future, with some hope of success.

(4) The exchange of cultural material presents a special problem. So far as Soviet material entering Canada is concerned, a distinction should be made between cultural material of a serious nature, which would be of value to Canadian libraries, universities, etc., and "cultural" material of a purely propagandistic character. So far as concerns Canadian cultural material entering the Soviet Union, such material in the past has not been given the publicity, circulation, or publication

acknowledgement within the Soviet Union necessary for the exchanges to have proved satisfactory from the Canadian point of view.

24. As the Departmental files were incomplete, and did not indicate, in many instances, whether particular exchange operations had in fact progressed satisfactorily, and had been of real value, it has been decided to circulate the report (based on the Department's files) to the various Government Departments concerned, and to request the views of each Department on:

(1) The operation of past exchanges, and whether the material supplied by the Soviet authorities in the past had proved of real value;

(2) Whether it would be profitable and feasible to continue and to expand the exchange of material with the Soviet Union in certain specific fields.

25. The ultimate purpose of this enquiry is to formulate a firm policy regarding any future exchanges of information with the Soviet Union, and to ensure that any such exchanges are carried out on a strictly controlled basis, and subjected to periodic review so as to ensure that reciprocity is constantly maintained. (December 23, 1947)

1091.

DEA/50185-40

*Le chargé d'affaires en Union soviétique
au chef de la Direction de l'information*

*Chargé d'Affaires in Soviet Union
to Head, Information Division*

PERSONAL

Moscow, August 11, 1948

Dear Saul [Rae]:

We have been worrying here recently about the policy which should be adopted with regard to the presentation of Canadian publications to Soviet authorities or institutions. As I am by no means certain in my mind as to what we should do, I thought I would like to raise the matter first of all informally with you. Our latest discussions on the subject have been provoked by the receipt of your Despatch No. 664 of July 22nd,† asking us to present volumes of the Canadian Geographical Journal to the Academy of Sciences of the U.S.S.R. We have had several communications of this kind of late. In some cases both the Department and this Embassy are merely agents for carrying out the requests of private organizations like the Canadian Geographical Society or the Arctic Institute. In other cases the donor is more officially the Canadian Government.

2. There are certain inescapable facts in connection with this sort of activity. In the first place, as I am sure you realise, there is little likelihood of these donations being acknowledged or any information being given to us as to the disposition made of them. It is very doubtful, in fact, whether we can present such material to any Soviet institution except through the Ministry of Foreign Affairs. Some time ago we received new instructions from the Ministry to the effect that foreigners could communicate with Soviet offices and institutions only through the Ministry.

Consequently, when we receive material such as the sets of the Canadian Geographical Journal, we will send them to the Ministry of Foreign Affairs, asking them to pass them on to the Academy of Sciences. Whether they ever reach the Academy of Sciences, we have no way of knowing. The extent of our difficulties may perhaps be realized if I add that there is in Moscow no such thing as a telephone directory, a directory of institutions, or any way except by means of a gossip chain of finding out the names of persons associated with private or public offices. Consequently there is no such thing as an informal approach. When one makes a presentation of this kind, one simply sends the material off into a void.

3. Naturally one tends to become exasperated with the unfairness and the discourtesy with which one is treated. One is tempted to say that if the Russians cannot even thank us for what we give them, let alone show some desire to reciprocate, then we should cease to present any more gifts. I have no doubt that whether or not the sets of the Canadian Geographical Journal or the magazine "Arctic" reach the institutions for which they are intended, the Soviet authorities would be pleased to have them. It is extremely unlikely, however, that they would ever be made available to the general public, but they might well be useful for specialists.

4. There are, I think, three courses we can adopt, and I am by no means determined which is the right one. (1) We may continue our present policy of sending along materials with our compliments simply in the belief that, although there are no immediate rewards, we are making at least a gesture in the direction of good relations which may some day bear fruit. We might also be spreading a little propaganda which, however narrow its circulation, is perhaps sowing a few seeds of doubt in fanatical minds. (2) We could stop sending any complimentary material. The reasons for doing so would be that we see no reason why we should go on giving gifts to people who show no signs of appreciating them, and that by being so soft we are only making fools of ourselves. (3) We should try to force bargains — that is, we should definitely tie our presentation of certain materials to the presentation in exchange of some journal or document we should like to have. This, in principle, is a good idea, but it is very difficult to work. The Soviet authorities consider a good deal of their published material to be secret, and they are hardly likely to pass it on to us, regardless of what we offer in exchange. Nothing that is published in Canada is secret to them, because they can obtain copies through their own channels. However, in this country a good deal of material can actually be published and circulated without our being able to lay our hands on it. The trouble also with arranging an exchange is that the process is so arduous that it is scarcely worth while. One can never communicate direct with the particular Soviet authorities concerned. One can only send notes to the Ministry which may or may not be answered within six months or a year. I am inclined to wonder if this understaffed and overworked Embassy has not wasted too many man hours on this kind of useless correspondence.

5. You might also in this connexion like to consider the related question of presenting National Film Board films to Soviet government departments and other bodies. Our last correspondence on this subject was your letter of April 10th[†] concerning the proposal to give films to the Soviet Ministry of Agriculture.

6. Please don't assume that we have made up our minds here that we should definitely stop this one-sided cultural exchange. We think, however, that it is time to review our policy. I hope to discuss the subject with John Watkins who will probably have taken over by the time you have a chance to reply to this letter.

Yours sincerely,

JOHN [HOLMES]

1092.

DEA/50185-40

*Le secrétaire d'État aux Affaires extérieures
au chargé d'affaires en Union soviétique*

*Secretary of State for External Affairs
to Chargé d'Affaires in Soviet Union*

DESPATCH 851

Ottawa, October 29, 1948

SECRET

Sir,

For the past year or more we have been reviewing in the Department the question of the exchange of information with the Soviet Union with a view to finding out whether it would be feasible to expand such exchanges on a reciprocal basis. Our research into the operation of the exchanges from 1941 to 1947 revealed that:

(a) there was little hope that cultural material (films, art exhibits, etc.) would be given the necessary publicity and distribution in the Soviet Union to make such exchanges profitable;

(b) up to 1947, exchanges of scientific and social material were from 33-50% successful. While the Soviet authorities did not meet a number of requests submitted by us, Canadian government departments in turn did not reply to quite a few Soviet requests. Had the exchanges been efficiently carried out in all cases, the degree of success would have been greater;

(c) such scientific and social exchanges might prove reasonably successful in the future if vigorously and thoroughly carried out, provided the growing political tension and the Soviet decree on state secrets did not adversely affect the situation.

2. These conclusions were reached in November, 1947. Since then, political tension has developed to a point where it is highly doubtful whether any approaches which we might now make would have any chance of success. The present would appear to be a bad time to try to reach any agreement with the Soviet Union on expanding the exchange of information.

3. There still remains the problem of how to deal with the occasional exchanges with which we shall be faced from time to time. It is these exchanges which, I believe, Mr. Holmes has in mind in his letter of August 11th to Mr. Rae. In this letter, Mr. Holmes suggests that there are three alternative courses of action:

(a) to continue the present policy of sending Canadian material without making it conditional on the receipt of something in return;

- (b) to stop sending any material whatsoever;
- (c) to try to force bargains.

4. I am sure you will agree that we cannot continue sending material into the void. The second alternative, to stop sending any material at all, means that when a government department asks us to try to obtain Soviet material (whether it offers something to the Soviet authorities in return or not), we shall have to be prepared to inform the department concerned that there is no use in our forwarding the request or transmitting any material. I do not see how we can adopt this policy with a government department. We could, of course, suggest, as Mr. Holmes mentions, that the process is so arduous for the staff at the mission as to make it scarcely worthwhile, and that the Soviet authorities are hardly likely to supply any material even if we offer something in exchange. This will not meet the reply which the departments can make, namely, that one of the reasons why we have a mission in Moscow is to meet governmental requests even when they are arduous and frustrating, and that there is no harm in trying, especially when the department concerned is anxious to get certain specific material and is willing to offer something in return. In my view, we cannot refuse to take action on requests by Canadian government departments, and I feel that the only practical procedure is to try to "force bargains". While it is extremely unlikely that the Soviet authorities will meet the requests of the government departments, I think that it is better for the blame to fall on the Soviet Union for having refused to agree to a satisfactory reciprocal exchange.

5. Our exchanges with the Soviet Union are of three principal types, not all of which can be handled in the same way. These are:

- (a) exchanges of government material of a scientific nature, for technical purposes;
- (b) exchanges of government material of a cultural nature for information purposes;
- (c) exchanges by non-governmental Canadian organizations (such as the *Canadian Geographical Journal*).

6. With regard to the exchange of government material of a scientific nature, we should rigidly adhere to the principle of reciprocity and should "force bargains" in all cases. This principle has already been laid down in general terms but has not always been strictly adhered to. From now on, when a government department sends us material (such as seeds, technical publications, etc.) for transmission to the Soviet Union, we shall inform the department that our policy is to make the supply of such material conditional upon *prior* agreement for a reciprocal exchange. We shall then request you to inform the Soviet Ministry of Foreign Affairs that Canadian government departments have certain material which they would like to exchange for certain Soviet material (or for any corresponding material of a general type if the Canadian department does not list any specific material which it would like to obtain). You would then ask the Soviet authorities whether they are interested in such an exchange and whether they agree to supply the information in which the Canadian government department is interested. If the Soviet reply is satisfactory, the Canadian material will be forwarded. In this way, the Canadian mate-

rial will be given to the Soviet Government only *after* agreement is reached for the supply of Soviet material in return. If a government department requests us to obtain Soviet material and has nothing to offer in return, we shall forward the request to you for transmission. If the Soviet authorities ask for Canadian material, we shall advise the government department here that it would be desirable to make the exchange reciprocal.

7. With regard to government material of a cultural nature, we ordinarily supply such material to a country without asking for material in return, since it is to our advantage to have the Canadian material given publicity in the country concerned. However, there is little or no hope that Canadian cultural material will be given the necessary circulation in the Soviet Union — among the broad mass of Soviet citizens as opposed to the specialists or professional propagandists — to make the supply of such material worthwhile. As we shall never succeed in reaching an agreement for the circulation of Canadian cultural material in the Soviet Union under the present state of international relations, I think that the supply of such material (films, etc.) should be discontinued.

8. There is one way in which we might do useful information work in the Soviet Union and that is by supplying suitable material for publication in *Britanski Soyuznik*. A few months ago, for example, the *Britanski Soyuznik* had a two-page spread on Canadian agriculture. This one article has probably done more to make Canada known in the Soviet Union than any amount of films or other material which we may have supplied to the Soviet Government. I am aware of the useful work which the *Britanski Soyuznik* is doing, and I shall continue to have sent to you any features which might be suitable for insertion in that publication.

9. The problem becomes more complex in the case of material which non-governmental organizations wish to send to the Soviet Union. It is rather difficult for us not to forward material which a non-governmental agency might wish to send since the organization can always forward the material to the Soviet Union itself if it so wishes. On the other hand, it is regrettable when such material is sent into the void without the organization receiving an expression of thanks and without anything to show in return. In future, on receipt of a request by a non-governmental agency (such as the *Canadian Geographical Journal* for example), I intend to inform the agency of our policy of reciprocity, and to suggest that it might wish us to ask the Soviet authorities for suitable material in return *before* passing to the Soviet Union the Canadian material. If the agency indicates that it does not wish to make the supply of its material conditional upon the receipt of Soviet material, I think we shall have to transmit its material as requested (provided there is no objection on the grounds of security).

10. By adopting the procedure of "forcing bargains", it is still highly doubtful whether we shall succeed in obtaining the material we want from the Soviet Government. Perhaps the most fruitful method of obtaining technical information from the Soviet Union might be that of buying whatever technical publications are available in the Soviet bookshops. Although, as Mr. Holmes points out in his letter of August 11th, it is not easy to get hold of material in Soviet bookshops, I think that we should not rely entirely on the good graces of the Soviet Government. I suggest,

therefore, that while continuing to offer exchanges on an official level, the Embassy should supplement this by trying to get whatever information it can from the bookshops, possibly in liaison with the United Kingdom or United States officers who are responsible for such work.

11. I should be pleased to receive your comments on this whole problem.

I have etc.

L.B. PEARSON

1093.

DEA/10591-AQ-40

*Le président du Conseil national de recherches au
sous-secrétaire d'État par intérim aux Affaires extérieures*

*President, National Research Council
to Acting Under-Secretary of State for External Affairs*

Ottawa, November 18, 1948

Dear Mr. Reid:

TECHNICAL INFORMATION FROM U.S.S.R.

A few months ago, the Council was approached by the Acting Commercial Counsellor of the Legation of the U.S.S.R. (Mr. N.S. Skvortsov) with regard to information on the testing of asbestos fibres. Since this was a purely technical inquiry, Mr. Skvortsov was directed to Mr. D. Wolochow, who is now the head of the Codes and Specifications Section of the Division of Building Research.

Before the war, Mr. Wolochow had been active in connection with research work on asbestos and had prepared a report in which were given details of a special testing device for use in connection with asbestos. One copy of this report (priced at \$25.00) was still available, and after consultation with the appropriate officers of the Council, Mr. Wolochow gave this copy to Mr. Skvortsov with our compliments.

In so doing, he had an interesting conversation with this gentlemen and, at the request of Mr. R.F. Legget, the Director of the Division of Building Research, asked Mr. Skvortsov if it might be possible for the Council to obtain some information regarding current research work in the U.S.S.R. on snow and ice in which the work of the Council is greatly interested. Mr. Skvortsov stated that he thought it would be possible to obtain some information of this character and Mr. Wolochow stated that a written request would be made in due course.

Realizing the delicacy of such an inquiry, a check has been made with officers of your Department, who advise that such an inquiry should be directed through you. I therefore write to advise you of the foregoing facts and to ask if you would be good enough to transmit this inquiry to the Legation of the U.S.S.R. if you consider that it is entirely proper for such an inquiry to be made.

It might be helpful if I add that we know the U.S.S.R. have two or three research institutes devoted to the study of snow, ice and permafrost. No publications from

these institutes are known to be available to us and it was this type of information which we hoped might be received in response to this inquiry.

Yours sincerely,

C.J. MACKENZIE

1094.

DEA/50185-40

*Le chargé d'affaires en Union soviétique
au secrétaire d'État aux Affaires extérieures*

*Chargé d'Affaires in Soviet Union
to Secretary of State for External Affairs*

DESPATCH 485

Moscow, November 26, 1948

SECRET

Sir,

I have the honour to refer to your despatch No. 851 of October 29th concerning the exchange of information with the Soviet Union.

2. I fully agree with the views which you have expressed on the necessity of evolving a co-ordinated policy on the exchange of all types of information with the U.S.S.R. In paragraph 6 of your despatch, you stated that when a government department sends you technical material, you would take steps to see that there is an actual exchange and not a gift. I should be very interested to know the present scale of exchanges or gifts. As you no doubt know, nothing addressed to Soviet institutions passes regularly through this Embassy; I understand that Canadian departments send their publications or other materials directly through the ordinary post. We therefore have no idea of the present volume of exchanges, and we would be grateful to receive any lists of current transactions which may be available. If you do not have exhaustive lists of material being sent directly to the Soviet Union by Canadian government departments, I should suggest asking all departments concerned what is now being despatched to this country; it may well be that you have done this already. Obviously, the policy which you have in mind can be implemented only if government departments cease their present practice of sending their information directly through the open post.

3. I agree that there is little point in continuing to send cultural material to the Soviet Union, and I think we should stop doing so even though this will not impose any hardships on the Soviet authorities who are at liberty to supply themselves through Ottawa bookshops.

4. The material which non-governmental organizations send to the Soviet Union is not of great importance in either content or volume, and the Russians can certainly obtain it in Canada without any difficulty. Nevertheless, if it is possible to do so, it might be well to discourage Canadian organizations from continuing to make gifts of this nature, if only because in the Soviet mind it seems to weaken our insistence on reciprocity in all matters of scientific and cultural information.

5. We shall, of course, continue to use *Britanski Soyuznik* to the fullest possible extent. As you are aware, all Canadian material for that journal is supplied through this Embassy and we are making continuous efforts to interest the editor in printing Canadian features. Within the next two months I expect that there will be articles on Canadian tourism (which, I hope, will make points about the freedom of travel in Canada) and on Canadian scientific progress in artificial rain-making. The amount of material which we can insert is naturally limited by the fact that *Britanski Soyuznik* is a United Kingdom publication on which we have no voice and for which we have no responsibility. The Information Division has been very helpful in the past by keeping us supplied with Canadian photographs and articles. We should be glad to receive more contributions particularly pictures accompanied by textual material.

6. I think that it would be most unwise to ask the United States and United Kingdom Embassies to buy books for us. The United States Embassy has made it very clear that it would be reluctant to receive such a request which it would be forced to refuse. The United Kingdom Embassy does not have a regular bookbuying section and relies on its large staff, particularly members of the Russian secretariat, to make purchases. As I pointed out in my letter of November 3rd,† we are competing with other missions when we buy books in short supply. We can, I think, acquire a great deal of useful published information by subscribing to more technical periodicals and sending all periodicals which we buy to Ottawa for filing. My letter of November 17th† to Mr. Rae referred to this question, and I intend to submit to you an additional list of Soviet technical journals to which we might subscribe.

7. The experiences of the United Kingdom and United States Embassies in the exchange of information with the Soviet Union are very like our own. Neither of those Embassies has a clear idea what technical information is being exchanged by government departments at home, and neither knows what private organizations are sending material to the Soviet Union. In the case of both, all scientific and cultural exchanges which were carried out through the Embassies have broken down. The United States Library of Congress once agreed to a very comprehensive exchange of books with the Lenin Library, but the Russians did not cooperate satisfactorily; the scheme finally broke down when a nervous official of the Lenin Library refused to accept any more books of United States origin. The British Council had a similar experience, but it still carries on a small-scale exchange of medical books directly with a Soviet institution. Both the United States and United Kingdom Embassies have stopped sending films or other cultural material to Soviet institutions for general exhibition, although the British are lending some films with a view to arranging a sale of British films. Neither Embassy sends information publications to the Soviet Government, with the exception of Russian-language publications prepared for distribution in this country, and the daily *United States Information Service Bulletin*.

8. The policy which you have outlined raises a few minor questions:

(i) *Films* Although no further Canadian films will be sent for loan to VOKS, it is hoped that no change will be made in the practice of sending us films for showing

in the Embassy or at the United Kingdom Embassy cinema. In view of our limited outlets, our needs would naturally not have high priority.

(ii) *Films* The Embassy once suggested offering to the Soviet Ministry of Agriculture certain old Canadian documentaries for which neither the Embassy nor the National Film Board has any further use. Your letter of April 10 refers. As these films are too slight to form the basis of any exchange, may we now destroy them? (The National Film Board has already agreed that we may either destroy them or give them away.)

(iii) *Arctic* We have on file a copy of the journal of the Arctic Institute of North America, which was sent under cover of your despatch No. 541 of June 2. It was not sent to a Soviet organization until the broad question of exchange of information was settled. May it now be left in the Embassy library?

(iv) *Canadian Weekly Bulletin* We have received no reply to our note of February 9th in which we asked the Ministry of Foreign Affairs what periodical we might receive in return for the *Bulletin*. Mr. Holmes' letter of May 7th to the Under-Secretary of State for External Affairs refers. Shall we take no further action until the Ministry answers our note?

(v) *Books* In view of the difficulties of buying specified books when they are requested, and in order to increase the amount of published information about the Soviet Union which we can acquire, could we have a small allotment of funds to use whenever the opportunity to buy useful books presents itself? An estimate of one hundred or two hundred dollars a year would probably be more than sufficient to buy all that it is possible to find of a useful nature.

9. I should be glad to receive your views and instructions on the matters which I have raised.

I have etc.

J.B.C. WATKINS

1095.

DEA/10591-AQ-40

*Le sous-secrétaire d'État par intérim aux Affaires extérieures
au président du Conseil national de recherches*

*Acting Under-Secretary of State for External Affairs
to President, National Research Council*

CONFIDENTIAL

Ottawa, December 16, 1948

Dear Dr. Mackenzie,

In your note of November 18th informing me of the approach made by Mr. N.S. Skvortsov, Representative of the Commercial Counsellor of the Embassy of the U.S.S.R., for information on the testing of asbestos fibres, you mentioned that Mr. Skvortsov was given a report on this subject prepared by the Codes and Specifications Section of the Division of Building Research, and that he was asked at the same time if the National Research Council could be given information on research work in the U.S.S.R. on snow and ice. As requested in your letter, I have transmit-

ted this request to the Soviet Embassy, and attach a copy of my note, No. 21 of December 16th, 1948.† As the Soviet authorities are neither noted for speed nor generosity in matters of this kind (especially when it concerns information on the Arctic), I doubt if we shall know their reply for quite some time. Nevertheless, I shall do my best to obtain from the Soviet Embassy the material requested.

The direct approach made by the Representative of the Soviet Commercial Counsellor to your Department raises a number of further problems pertaining to the channelling of communications to the Soviet authorities, which I discussed in general terms in paragraph 7 of my letter of April 9th, 1948.† In this letter, I mentioned the desirability of directing communications to the Soviet authorities in the U.S.S.R. through this Department so that we could judge the amount of information which government departments were supplying to the Soviet authorities in connection with the general policy concerning the exchange of information with the Soviet Union.

Experience in exchanging information with the Soviet Union has shown that the Soviet authorities, although anxious to get as much information as possible from Canadian government departments, try to supply as little as possible — if anything — of value in return. In view of the increasingly strained political situation, this Soviet attitude is likely to harden even more as time goes on. It is therefore our suggestion that government departments might consider adopting the policy of making the supply of information conditional on prior agreement being reached with the Soviet authorities for the receipt of some material of corresponding value in return. If this policy is agreed to, it could be made fully effective only if government departments which are approached, either verbally or in writing, with requests for material by the representatives of the Soviet Embassy in Ottawa, consult with the Department of External Affairs before meeting the requests. We propose that the departments approached should inform us of the request and signify what material they are willing to supply and what material they would like to receive from the Soviet authorities in return. This Department will then communicate with the Soviet Embassy and will offer the Canadian material in exchange for the Soviet material. If the Soviet authorities agree to supply this material, we shall forward to the Embassy the material supplied by the government departments. This will enable us to maintain control over the exchange of information with the Soviet Union and to ensure that Canadian government departments receive fully reciprocal treatment.

We propose that a similar procedure be adopted with regard to requests for Soviet material originating with Canadian government departments. These requests might be submitted to this Department with a list of material which can be given to the Soviet authorities in return. We shall pass this information to the Canadian Embassy in Moscow which will approach the Soviet Government regarding the mutual exchange of this material. If the Soviet authorities supply the information requested, the Embassy in Moscow will transmit the material supplied by the Canadian government departments.

I should be grateful if you would inform me whether you agree with the policy suggested and with the procedure proposed for its implementation. I am requesting

the views of all other interested government departments and am referring a copy of our correspondence to the Chairman of the Security Panel for his information.

Yours sincerely,
ESCOTT REID

SECTION D

GUERRE PSYCHOLOGIQUE
PSYCHOLOGICAL WARFARE

1096.

DEA/50182-40

Note

Memorandum

SECRET

[Ottawa], April 19, 1948

POLITICAL WARFARE

A meeting was held Friday, April 16, at 3.00 p.m. in Room 205 of the East Block. The following were present:

L.B. Pearson, Under-Secretary of State for External Affairs
A.D. Dunton, Chairman, Board of Governors of the C.B.C.
E. Reid
G. de T. Glazebrook
R.G. Riddell
J.B.C. Watkins
S. Rae
G.C. Crean
G.H. Southam
M. Cadieux

A. DISSEMINATION OF INFORMATION IN COUNTRIES DOMINATED BY COMMUNIST RÉGIMES

Mr. Pearson stated that in view of the existing international situation, it is now necessary to examine whether steps should be taken to disseminate information concerning Canada in communist dominated countries and to ensure that such information is presented in a suitable form, e.g., in line with the general objectives of our external policy. For instance, the C.B.C. should not give the impression, through their broadcasts to Czechoslovakia, that Canada is prepared to continue normal trade relations with that country under their present régime.

2. It seems clear that the only means which is now available to disseminate information in the countries under reference is, for all practical purposes, the international service of the C.B.C. Facilities for the distribution of films or printed material there are negligible. The question arises, however, whether there would be a large enough audience for C.B.C. broadcasts in these countries. It was agreed that the missions in Washington and London should endeavour to obtain from the

B.B.C.²⁸ and the F.C.C.²⁹ reports on jamming, the estimated number of listeners to foreign broadcasts in these countries. It may be that if the number of listeners is small, it would be preferable to concentrate our efforts on preparing broadcasts for friendly or marginal countries like Italy or Sweden.

3. If it is decided that broadcasts are to be directed systematically to communist controlled countries, close arrangements will have to be worked out with the C.B.C. so that their broadcasts are properly related to our policy objectives. This can only be done with the approval and the cooperation of the C.B.C. which is under no compulsion to accept advice tendered by this Department.

4. *Mr. Dunton* agreed that such liaison between the C.B.C. (I.S.) and External Affairs would be desirable. It was felt that while the Department could not undertake the actual drafting of scripts, cooperation could best be effected if the Department were to prepare for the international service guidance notes on matters of policy and on the interpretation of questions of current interest. No attempt should be made, however, to edit the scripts. C.B.C. writers and editors are specialists in their field and provided guidance is given to them in time on matters of policy, they should be left to deal with implementation in terms of their broadcasting technique.

5. In drafting these general guidance notes, *Mr. Pearson* suggested that the following principles might be taken into account:

(a) nothing should be done or said which might lead people in communist controlled countries to believe that Canada approves of their government;

(b) every opportunity should be used to give encouragement to the democratic elements;

(c) great care will have to be taken to avoid giving the governments of these countries valid grounds for protests, as technically Canada is on friendly terms with them.

6. *Mr. Dunton* reported that the C.B.C. had been giving some thought recently to the setting up of a small intelligence unit. If guidance notes prepared in the Department were accompanied by information material on conditions in these countries, the unit could make good use of this material. This would improve the value of the C.B.C. broadcasts and build up abroad their reputation for accuracy.

7. It was agreed that our missions in communist controlled countries should be consulted as to the general policy to be followed in preparing broadcasts. Their advice is also to be sought on the special interests of the groups which it is desired to reach in these countries.

8. The Department, in order to keep the guidance notes up to date and to ensure their usefulness as well as to check on their implementation, should receive the texts of the broadcasts. As some C.B.C. editors now prepare their scripts in foreign languages, translations are not always available. *Mr. Dunton* thought that if *Miss Sullivan* were assigned to the unit he mentioned above, she could check the scripts from the policy standpoint. It was agreed, however, that translations should be made available if possible.

²⁸ British Broadcasting Corporation.

²⁹ Federal Communications Commission.

B. CZECHOSLOVAKIA**1. Broadcasts**

Mr. Pearson suggested that *Mr. Nemeč*, the former Czech Minister, might be invited to prepare talks. The scripts would, of course, be submitted in advance. *Mr. Nemeč* understands that this would be necessary.

In conversation with *Mr. Pearson*, *Mr. Nemeč* reported that the U.S.S.R. in their propaganda picture themselves as the protectors of the Czechs against the Germans. As the Czechs are concerned about a future German aggression, this line of propaganda is very effective. *Mr. Pearson* thought that *Mr. Nemeč* could explain very usefully that no one in Canada or in the western democracies intends to allow Germany to threaten again her neighbours.

2. Newspapers

It has been reported that at present the only Czech language newspaper in Canada is communist controlled. It was suggested that the Chamber of Commerce or some such organisation might be advised to interest itself in helping to establish a truly democratic Czech newspaper or in reviewing the one which suspended publication shortly before the coup in Prague. Such a newspaper would, in addition, provide useful material for broadcasts to Czechoslovakia.

3. At present the Czech editor on the C.B.C. (I.S.) programmes writes his scripts in the Czech language. While there is no question as to his loyalty, to ensure that his programmes conform to Canadian external policy, it would be advisable to arrange for English translations of these scripts. *Mr. Dunton* undertook to look into this matter.

C. DECISIONS

The Canadian missions in London and Washington are to be requested to obtain reports on jamming, estimated radio audiences in communist controlled countries.

2. The Canadian missions in communist controlled countries (U.S.S.R., Poland, Yugoslavia) are to be requested to give their views on the advisability of directing broadcasts to their respective countries and as to the lines which might usefully be followed in preparing these broadcasts if it is considered advisable to undertake them.

3. The Department of External Affairs is to prepare for the C.B.C. (I.S.) guidance notes on current developments on matters of foreign policy. These notes are to be supplemented by such information material as can be released.

4. The Canadian Chamber of Commerce is to be requested through appropriate channels to assist in the establishment of a Czech language newspaper which would be completely outside communist influence or control.

5. *Mr. Nemeč* is to be invited to prepare talks for the C.B.C. (I.S.).

1097.

DEA/50182-40

Note pour le sous-secrétaire d'État par intérim aux Affaires extérieures
Memorandum for Acting Under-Secretary of State for External Affairs

SECRET. PERSONAL.

[Ottawa], September 8, 1948

As I have not been very closely in touch with all the developments leading up to this morning's meeting and the discussions on Psychological Warfare generally, I may have got off the point somewhat without knowing it.

I think the meeting was very useful because the proposals made by Pidgeon were dealt with and, in the process, as far as I was concerned anyway, I came away with a few of the major points better sorted out in my mind.

As I said, I think there are two reasonably distinct joint operations between the C.B.C. International Service and ourselves. The first is the broadcasting of news and comment about Canadian affairs by the Service. This is primarily a C.B.C. responsibility and it takes the initiative and works out its plans for maintaining the proper standards of speed, accuracy and coverage. Except on the general principle that Canadian news sent abroad should serve this country well and reinforce its international policies as far as possible, there is no clear-cut plan, specified objective or specialized technique other than that of a regular news agency.

In the effort to maintain the standards mentioned, the Service has or will set up quick means of communication between their office and ours, has appointed a liaison officer to keep closely in touch with the Department for all checks and counter-checks, and through him and the Information Division is now going on to utilize further their liaison officer so that their news broadcasting may be better handled on all counts so far as this Department is concerned. It is proposed that a member of the Information Division should be appointed to work with him on this, and that selected material clearly usable by the C.B.C. should be forwarded to Montreal and that general directions for the handling of news under major current headings should be prepared in the appropriate divisions.

After this machinery has been whipped into shape and the people who compose it are quite sure how to work amongst themselves and together, it seems to me that the news broadcasting by the International Service should be in fair shape. No doubt it will have some propaganda character and in so far as our suggestions are adopted by the International Service news will be slanted to definite needs which we hope will further Canadian policy.

I still think, however, that what is called Psychological Warfare which is the second problem before us, can be clearly and usefully distinguished from news broadcasting. If it is properly so-called, it is an active use of ideas, news, commentary, to resist and overthrow counter-policies which endanger our country and social system. While the C.B.C. is one of the main weapons in carrying on this "warfare", the directing mind and the driving force should come from this Department. It is essentially the planned use of information calling for its selection, its timing, its phrasing and its continuity. It is not information in the ordinary sense of the word, that is, the liberal and objective diffusion of news and facts so as to

inform other people about Canada. It is really the forging of verbal bullets and doodle-bugs to mess up the enemy's lines of communication and production centres.

Precedent to appointment of F.S.O's.³⁰ and establishing procedure for the flow of papers, I suggest that we try to list some of the main objectives of this attack, have them thoroughly discussed and agreed upon by the Heads of the Political, Economic and Consular Divisions and then draft a tentative opening programme.

This programme would include the use of news broadcasting of the C.B.C. but it should also allow for daily or periodical broadcasts based on a broad plan with long range and short range purposes and written according to clearly defined policy directives drawn up in the Department.

If we took this matter seriously, I think the Heads of Divisions concerned, or selected substitutes, with a continuing responsibility for the work, should meet every, say, Wednesday, and draft the outline of the directive for Thursday and the subsequent week. The executive officer of such a committee could be the F.S.O. appointed to the Information Division to deal jointly with the C.B.C. liaison officer on current news and on the planned Psychological Warfare.

As Gerry Riddell said this morning, this Psychological Warfare is a much more complicated and difficult undertaking than the other. Hence I think it will call for a good deal more preparation before it can be launched. Amongst others, Dunton and [I.R.A.] Dilworth³¹ should be closely advised of this development from the beginning.

Speaking generally, I have the feeling that we are just beginning to realize how little conscious manipulation we have made of our foreign policy. I mean by this that while we have of course worked out and recommended a policy on a multitude of problems as they have arisen, we have done little or nothing to apply the general principles behind any one of these special policies to a general end. Some of the public utterances of the Minister and others have embodied in certain well-worn phrases our desire to act collectively in defence of the West, but I do not feel that this underlying principle of action has been much more than a passive element hitherto.

Knowing as little as I do, however, about Departmental policy on the big issues, I should perhaps not go any further on this point. I am chiefly concerned at the moment in shaking out what I regard as the rather muddled collection of ideas with which we were dealing this morning, though I realize that the muddle was mostly in my own mind and partly caused by the in and out policy I had to follow towards the meeting!

T.W.L. M[ACDERMOTT]

³⁰ Foreign Service Officer.

³¹ Directeur général, Radio Canada (Service international).
General Supervisor, CBC(IS)

1098.

DEA/8508-40

Extrait du procès-verbal de la réunion des chefs de direction
Extract from Minutes of Meeting of Heads of Divisions

SECRET

[Ottawa], October 12, 1948

...

INFORMATION DISTRIBUTED BY FOREIGN MISSIONS IN CANADA

18. *Mr. Mayrand* said that a number of complaints had been received from Canadians protesting the use of the mails for the circulation in Canada of news and propaganda bulletins by missions in Ottawa from Communist states. Articles in these bulletins have frequently been offensive. The Department is considering the possibility of circulating in those Communist countries whose missions issue a bulletin in Canada, a corresponding Canadian information bulletin which would contain news about Canada, excerpts from speeches made by government leaders, etc. If the Communist states protested the circulation of a Canadian bulletin and requested its discontinuation, we could similarly ban the circulation of that state's bulletin in Canada.

19. The Department is also considering the possibility of giving publicity in Canada to information about the Soviet Union, and the Communist states of Eastern Europe, received from Canadian missions in these countries. Communist censorship of the reports of press correspondents leads to a situation where the Canadian public is often ignorant of the true significance of developments in the Communist states. The release of material received by the Department through the diplomatic bag might help to correct this situation.

...

1099.

DEA/50182-40

Note de la Direction de l'information
pour le chef de la Direction européenne
Memorandum from Information Division
to Head, European Division

[Ottawa], November 9, 1948

At a meeting held in Mr. Pearson's office on April 16th, 1948, which was attended by various members of the Department and by Mr. A.D. Dunton, Chairman of the Board of Governors of the C.B.C., it was decided that the Canadian Missions in London and Washington be requested to obtain reports on jamming of broadcasts to communist controlled countries and estimates of radio audiences in those countries.

It was also decided that the Canadian Missions in communist controlled countries be requested to give their views on the advisability of directing broadcasts to their respective countries and their suggestions as to the lines which might usefully

be followed in preparing broadcasts, if it were considered advisable to undertake them.

Another decision was that the Canadian Chamber of Commerce be requested, through appropriate channels, to assist in the establishment of a Czech language newspaper which would be completely outside of communist influence or control.

Still another decision was that Mr. Nemeč, the former Czech Minister, be invited to prepare talks for the C.B.C.(I.S.).

From the point of view of your Division, the most important decision was that the Department was to prepare for the C.B.C.(I.S.) guidance notes on developments in matters of foreign policy and to supply such supplementary information material as could be released.

I should be grateful if you would let me know whether your Division has implemented any of these decisions, and if so, if you would let me have the numbers of the relevant files so that I may see how matters stand.³²

E. BENJAMIN ROGERS

1100.

DEA/50182-40

*Note de la Direction de l'information
pour le sous-secrétaire d'État par intérim aux Affaires extérieures*

*Memorandum from Information Division
to Acting Under-Secretary of State for External Affairs*

TOP SECRET

[Ottawa], December 15, 1948

PUBLICIZING INFORMATION REGARDING CONDITIONS BEHIND THE
"IRON CURTAIN"

(This memorandum is marked *Top Secret* because of one statement which is clearly indicated. The rest of the memorandum should be classified as *Secret*.)

A memorandum entitled "Economic Heresy in the USSR", and other material on the subject have been sent to the Editor of the *Canadian Journal of Economics and Political Science* by Mr. MacKay.

In addition to the memorandum on *Economic Heresy in the USSR*, I have prepared an article on the *Sovietization of the Baltic Republics*, which I have sent to you, and another on the *Government Policy Towards Trade Unions in Czechoslovakia*. We have asked Moscow to bring up-to-date the information contained in a couple of despatches regarding the status of women in the USSR. Mr. Wallis is doing a memorandum on the purges of artists and scientists in the USSR.

We have just received a batch of reference papers on conditions in the USSR and communist-dominated countries from the U.K. High Commissioner. These were prepared in the Research Department of the Foreign Office, and are being fed

³² Note marginale :/Marginal note:

Mr. [B.A.] Wallis tells me that, so far as Eastern Europe is concerned, nothing has been done.
E.B. R[ogers]. 10/11/48

surreptitiously and "unofficially" to trusted editors and other people in the U.K. and abroad. The *Top Secret* fact is that the U.K. Government has adopted the policy of engaging in anti-Soviet, anti-communist propaganda. We may be able to use the material here.

I am discussing with Mr. Rae means of getting material of this kind published. We shall let you have our views on the matter in the near future.

We have also received from the U.K. High Commissioner copies of a Digest of significant items of information on current relations with the Soviet Union, the satellites and the principal agencies or organizations involved. Information in the Digest is stated to be prepared under official auspices. It may be published, *but without revelation of the source*, on the responsibility of the user.

I think we might issue a monthly digest using some of the material that appears in the *U.K. Digest* and including a section entitled "Canada in the Soviet Press"; or we might exclude the U.K. material and entitle our digest *Canada in the Soviet Press*. We have requested the Embassy in Moscow to send us translations of all significant articles on Canada in the Soviet press — translations that we can publish.

The American Council of Learned Societies will soon commence publication of a *Digest of the Soviet Press*. The *Digest* will be edited by a Russian linguist who will use J.P.R.S.³³ translations as bases for his own translations and summaries. In every case he will check the J.P.R.S. version against the original. The Information Division is preparing a list of Canadian universities, societies, newspapers and periodicals, and individuals, to whom the A.C.L.S. will send its announcement of the *Digest*.

E. BENJAMIN ROGERS

1101.

DEA/50182-40

*Note de la Direction de l'information
pour le chef de la Direction de l'Amérique et de l'Extrême-Orient*

*Memorandum from Information Division
to Head, American and Far Eastern Division*

SECRET

[Ottawa], December 15, 1948

A couple of weeks ago we asked the Embassy in Washington to obtain details of any plans that might have been drawn up for the conduct of psychological warfare in the event of war. We have now received a reply, a copy of which I attach to this note.† You will observe that Mr. Snow of the State Department has expressed a willingness to talk to you about the subject during the meeting of the P.J.B.D. in Montreal.

Our own plans are still in a pretty embryonic stage. The trend of our thinking is, however, that psychological warfare should be the responsibility of External Affairs and that there should be set up within the department a section headed by a

³³ Joint Publications Research Service.

senior officer, probably an assistant under-secretary. There will also be an inter-departmental committee including representatives of External Affairs, National Defence, C.B.C., Economic Warfare, and any domestic information agencies that might be set up. This inter-departmental committee would advise the Secretary of State for External Affairs on matters of policy.

The organization within the department would be responsible for operations, for liaison with corresponding agencies in other countries, for liaison with the military authorities, etc. The operating agencies would be the International Service of the C.B.C. and the Information Division of External Affairs. The production facilities of any domestic information organizations that might be established would doubtless be utilized.

We should emphasize that the above represents only the trend of our thinking. No decisions have been adopted as yet. It goes without saying that our activities in the field of psychological warfare would have to be on a very limited scale as we have only one shortwave transmitter.

I should be grateful if you would ascertain from Mr. Snow whether there is any information that he can give us in addition to that contained in despatch No. 2719 of December 9th, from the Embassy in Washington. † In particular we should like to know when it would be worth while for me to go to Washington to discuss matters with the appropriate people there.

E. BENJAMIN ROGERS

1102.

DEA/50182-40

*Note de la Direction de l'information
pour le sous-secrétaire d'État par intérim aux Affaires extérieures*

*Memorandum from Information Division
to Acting Under-Secretary of State for External Affairs*

[Ottawa], December 18, 1948

POLITICAL AND ECONOMIC INTELLIGENCE UNIT

I sent you a note a couple of days ago regarding my proposal for the establishment within the department of a political and economic intelligence section. The question naturally arises, What use would be made of the material that an intelligence section would collect?

My proposal was made with the needs of psychological and economic warfare primarily in mind. I therefore suggest that a start might be made by building up a set of files on the USSR and each of the satellite countries. It would be desirable to add files on the other European countries as quickly as possible.

I think that the information might be used in the following ways:

(1) It would be held in reserve for psychological and economic warfare.

(2) It could be used in determining the propaganda line that should be adopted in speeches in the United Nations and elsewhere, in broadcasts by the C.B.C. International Service, etc.

(3) Factual material might be used in speeches, radio programmes, etc.

(4) The information might be used in the preparation of articles on conditions in the USSR and satellite countries, for publication in Canada.

(5) Special kinds of information might be made available to anti-communist foreign language newspapers in Canada.

(6) Background information could be made available to the C.B.C. International Service.

(7) Certain types of information might be of interest to other departments of government.

I think that we should envisage the establishment eventually of a research division which would include the political and economic intelligence files, the library and possibly the old non-active files, or some of them. The research division would be staffed by foreign service officers whose duty would be to prepare memoranda or articles for propaganda purposes and, at the request of any division of the department, to dig up information on any subject that might be required.

E. BENJAMIN ROGERS

SECTION E

DÉTENTION DE WELD ET CLABON
DETENTION OF WELD AND CLABON

1103.

DEA/4494-B-40

*Le secrétaire d'État aux Affaires extérieures
aux chefs de poste à l'étranger*

*Secretary of State for External Affairs
to Heads of Post Abroad*

CIRCULAR DOCUMENT SPECIAL NO. 4

Ottawa, February 9, 1948

SECRET

Sir,

You have already been advised in the Minutes of the Meetings of the Heads of Divisions† and in Press Releases Nos. 63† and 64† of November 21st and November 24th respectively of the detention on November 12th, 1947, of Mr. J.D.M. Weld and Captain A.W. Clabon of the Canadian Military Mission, Berlin, by the Soviet authorities after these officers had crossed into the Soviet-administered part of former East Prussia on their return journey from Warsaw to Berlin.

2. In a note to the Canadian Embassy in Moscow, dated November 23rd,† the Soviet Ministry of Foreign Affairs stated that the investigation made by the Soviet authorities into this incident showed that Mr. Weld and Captain Clabon had entered the territory of the Soviet Union illegally. The Ministry of Foreign Affairs pro-

tested this illegal crossing of the border by the members of the Canadian Military Mission and expressed its conviction that measures would be taken by the Canadian authorities to prevent a recurrence of such actions in the future. The Ministry of Foreign Affairs also informed the Embassy that, taking into consideration the Embassy's request, the Soviet authorities had given permission for Mr. Weld and Captain Clabon to leave for Poland.

3. After the release of these officers on November 23rd and their return to Berlin, a committee of senior officers of the Department was formed to investigate the circumstances surrounding this episode. On February 4th, on instructions from the Department, the Chargé d'Affaires of the Canadian Embassy in Moscow delivered a note to the Soviet Foreign Ministry in reply to the Ministry's note of November 23rd. The text of this note is attached. In presenting the note to the Soviet Foreign Ministry, the Chargé d'Affaires added orally that it was the intention of the Canadian Government to arrange for the transfer of Mr. Weld and Captain Clabon from the Canadian Military Mission in Berlin as soon as suitable replacements were available. He also stated that, although the Canadian Government appreciated that it had been informed without delay of the detention, and that the two telegrams from the detained officers had been delivered to the Embassy, the Canadian Government would have wished that the Soviet Government could have responded to the Embassy's requests for telephone communication and visiting facilities. It was stated in reply that the absence of telephone communication and the wilderness of the country made it difficult to meet the Embassy's requests.

4. It is a matter of good fortune that the episode was not developed by the Soviet Government as an attempt at espionage. The Soviet Government has always treated foreigners with suspicion, but lately even the most minor incident has been magnified and distorted into a pretext to accuse foreigners of unauthorized activities and to discredit them in the eyes of the Soviet people. It is hardly necessary, therefore, to impress upon the members of Canadian Missions the necessity of exercising extreme care and circumspection if they are travelling in Eastern Europe. While officers are usually aware of the special conditions which exist in Eastern Europe, it may not at times be realized that the smallest incident may have very wide repercussions and cause considerable embarrassment to the Canadian Government.

5. A member of a Canadian Mission should therefore not travel to any country of Eastern Europe in which there is a Canadian Mission without first, through his own Head of Mission, informing that Mission and securing its approval of his itinerary and other arrangements, and he should adhere strictly to his itinerary. These rules apply to the Soviet Zone of Germany, to Poland, Czechoslovakia, Yugoslavia, and the U.S.S.R. He should not travel in the Soviet Zone of Austria, to Bulgaria, Roumania or Hungary without first securing the permission of his Head of Mission and of this Department.

I have etc.

ESCOTT REID
for the Secretary of State
for External Affairs

TEXT OF NOTE DELIVERED TO THE SOVIET MINISTRY OF FOREIGN AFFAIRS
BY THE CHARGÉ D'AFFAIRES, CANADIAN EMBASSY, MOSCOW,
ON FEBRUARY 4TH, 1948

The Canadian Embassy presents its compliments to the Ministry of Foreign Affairs of the U.S.S.R. and in reply to Note No. 40/2E-Ka of November 23 from the Ministry of Foreign Affairs concerning Mr. J.M. Weld and Captain A.W. Clabon has the honour to inform the Soviet Government of the results of the investigation which the Canadian Government has made of the circumstances attending the detention by the Soviet authorities of Mr. Weld and Captain Clabon, members of the staff of the Canadian Military Mission in Berlin.

2. The investigation reveals that Lt.-Gen. Maurice Pope, the Chief of the Canadian Military Mission in Berlin, gave permission to Mr. Weld and Captain Clabon to be absent from Berlin for the week-end of November 8 to 11 in order that they might pay a personal and unofficial visit to Warsaw where they wished to call on their friends at the Canadian Legation. It was General Pope's understanding that they would go to Warsaw via Wroclaw (formerly Breslau) and return to Berlin by a route no less direct. Before leaving Berlin they secured visas from the Soviet and Polish authorities.

3. While in Warsaw, without advising General Pope, Mr. Weld and Captain Clabon decided to return to Berlin by a northern route via Allenstein, Danzig, and Stettin. On arriving in Allenstein they were informed that they could not proceed to Danzig by highway 133 (the direct route) as the bridges were out. They therefore decided to proceed north on main highway 128, in order to connect with the autobahn to Danzig, which, they thought, would enable them to reach Berlin in the shortest time.

4. Their decision to take this route resulted in their crossing into that part of East Prussia which is now administered as part of the Soviet Union.

5. The evidence does not establish that either Mr. Weld or Captain Clabon knowingly or wilfully violated the regulations of the U.S.S.R. or that either of them was aware that he was entering territory not covered by his visas. Nevertheless, it is established that these officers did in fact cross into territory administered as part of the Soviet Union. This crossing would have been avoided if Mr. Weld and Captain Clabon had exercised better judgment.

6. Mr. Weld and Captain Clabon have been suitably admonished and counselled for the future. Measures have also been taken to prevent the recurrence of such happenings.

7. The Canadian Government regrets greatly the inconvenience to the Soviet Government which was occasioned by Mr. Weld and Captain Clabon and desires to take advantage of this opportunity to express to the Soviet Government its appreciation of the despatch with which the Soviet Government completed its investigation and facilitated the return of these persons to Berlin.

8^e PARTIE/PART 8YUGOSLAVIE
YUGOSLAVIA

1104.

DEA/9035-40

Note pour le secrétaire d'État aux Affaires extérieures
Memorandum for Secretary of State for External Affairs

CONFIDENTIAL

[Ottawa], June 22, 1948

You will perhaps recall that at the time of the campaign conducted largely by the Council of Canadian South Slavs for the repatriation to Yugoslavia of immigrants to Canada, there was publicized a scheme whereby funds were to be collected from sympathetic Canadian South Slavs, to be used to purchase relief and rehabilitation equipment for despatch to Yugoslavia, in order to assist in the rehabilitation of that country.

The drive for funds, a large portion of which were obtained from the departing repatriates, resulted in a substantial collection, from which some \$280,000 has been used to purchase a miscellany of commodities for shipment to Yugoslavia. Of this total about \$130,000 has been expended in the purchase of new machines and equipment, and about \$150,000 for the purchase of articles from War Surplus through War Assets Corporation.

Permission to export these commodities has been withheld for sometime, for the following reasons:

(a) There was a suspicion that duress had been applied to individual Canadians in order to persuade them to subscribe.

(b) It was felt that, while during the period of collection the collectors stated that the purpose of the fund was partly to set up the repatriates in their new life, that in fact the repatriates as individuals would receive practically no benefit from the import of the articles in question.

(c) The activities of the Council of South Slavs and of the Yugoslav representatives in Canada were objectionable to the Canadian Government from many points of view.

Up to the present, permission to export has been withheld on the grounds that the regulations of the Foreign Exchange Control Board require that the value of all exports must be received in hard currency from the recipient, except in the case of gifts to a value of less than \$100. Gifts to a value of more than \$100 may be exported, but only with the specific consent of the Foreign Exchange Control Board.

Last week it was drawn to Mr. Howe's attention that the Council of South Slavs, some two years ago, had reached an understanding with the Foreign Exchange Control Board to the effect that the proceeds of such a collection could be used for the purchase of goods for export to Yugoslavia. In the light of this, Mr. Howe has

come to the conclusion that we should not any longer withhold permission to export.

The Department of Trade and Commerce, however, intends to withhold permission for war-like materials such as parachutes and parachute cords, which have been purchased, and new equipment of United States origin, such as a Diesel engine which is also now in the hands of the representative of the Council.

The Department has not held very strong views on this subject. We have not opposed the sale of non-war-like goods to Yugoslavia in general, but we did, however, concur in the recommendation of the Interdepartmental Committee on External Trade Policy that permission to export in this particular instance should be withheld. As matters now stand, however, the prior agreement with the Foreign Exchange Control Board removes any argument we might advance to the Council of South Slavs for refusing permission to ship except for the categories mentioned above.

I would propose, if you agree, to instruct our Minister in Belgrade to inform the Yugoslav Government that the Canadian Government, in order to clean up this particular arrangement, has now granted permission to export, but add a word of caution so as to make it clear that the Canadian Government is not encouraging further exports to Yugoslavia of this nature.³⁴

Last Friday the Interdepartmental Committee on External Trade Policy, after reviewing the facts, agreed that permission to export should now be granted.

1105.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], December 21, 1948

...

EXTERNAL AFFAIRS; COMPENSATION AGREEMENT; CLAIMS
AGAINST YUGOSLAVIA

34. *The Secretary of State for External Affairs* said that in July 1947, the U.K. government had been informed that Canada accepted a U.K. offer to negotiate with Yugoslavia on behalf of Canadian claimants with respect to property nationalized in Yugoslavia. Subsequently, submission of claims from Canadians had been invited by public advertisement.

The U.K. and Yugoslavian representatives had now completed a general agreement for compensation. This agreement included settlement of the Canadian claims which had totalled in the neighbourhood of \$7 million. Of these, the largest had been a claim for \$5,600,000 for a nationalized mine.

³⁴ Ces instructions ont été envoyées le 24 juin.

This instruction was sent on June 24.

It was difficult to foresee the effect of the proposed settlement on the payment of individual claims but it appeared likely that the settlement would amount to about twenty to twenty-five cents on the dollar. Payments would be made in sterling to the United Kingdom and the Canadian government would have to make arrangements with the U.K. government regarding the use of this sterling.

(External Affairs memorandum, Dec. 20, 1948).†

35. *Mr. Pearson* pointed out that, failing acceptance of the agreement negotiated by the United Kingdom, the Canadian government would have to attempt to negotiate its own agreement with Yugoslavia, a course which offered virtually no prospects of success.

36. *The Cabinet*, after discussion, agreed that the government concur in the compensation agreement negotiated with Yugoslavia by the U.K. government, on the understanding that the Secretary of State for External Affairs would satisfy himself that the government were fully authorized to act on behalf of individual Canadian claimants.

CHAPITRE XIII/CHAPTER XIII

EXTRÊME-ORIENT
FAR EAST

PREMIÈRE PARTIE/PART 1

CHINE
CHINA

SECTION A

ACTIVITÉS ÉLECTORALES CHINOISES AU CANADA
CHINESE ELECTORAL ACTIVITIES IN CANADA

1106.

DEA/9820-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

SECRET

[Ottawa], July 15, 1948

CHINESE POLITICAL ACTIVITIES IN CANADA

You will recall that on April 12 I sent you a memorandum† regarding elections of representatives of Overseas Chinese in Canada to the Chinese National Assembly and the Legislative Yuan which had taken place in December and January. I pointed out that the United Kingdom, French and Siamese Governments had protested to the Chinese Government that the extra-territorial application to their territories of the Chinese electoral law involved an unwarrantable interference with the sovereignty of the local territorial administration concerned. The Chinese had accordingly desisted from holding elections in those territories. I also informed you that the Department of Justice had indicated that the holding of these elections in Canada by the Chinese Consular Service was not contrary to any positive Canadian law. However, the Legal Advisor of this Department is of the opinion that the Chinese authorities should not engage in the application of the Chinese electoral law to Canada without the permission of the Canadian Government. I proposed, if you concurred, to call in the Chinese Ambassador and, in a friendly way, let him know that the Canadian Government did not approve such activities and ask for his assurance that no further attempt would be made to apply China's electoral law in Canada.

2. In commenting on this memorandum you agreed that Chinese residents of Canada should not constitute a constituency to send elected representatives to their National Assembly and Legislative Yuan. However, you could see no objection to a

procedure by which Chinese residents of Canada, who would have the right to vote directly if they were in China, could send forward their ballots marked before the local Consular officials in the same manner in which they might exercise private rights with Consular authentication.

3. There are two observations which seem to me to be germane. The first is that Article 26 (5) of the Chinese Constitution provides for representation in the Chinese National Assembly and Legislative Yuan of "Overseas Chinese". This quota of representatives of Overseas Chinese has been selected by assigning one or two or more representatives to be elected by the Overseas Chinese in the various foreign countries in which they have principally congregated. I suppose that it would be possible for Overseas Chinese throughout the world to vote for certain representatives-at-large of all Overseas Chinese everywhere. This would only be a difference in degree from the direct election of one or two representatives to represent Overseas Chinese in Canada. The second observation is that Chinese representatives in Canada really have no right to attempt to organize or otherwise interfere with Chinese Canadian citizens or even long-time residents of this country who have some duties to this country by reason of their acceptance of certain rights and privileges here.

4. Quite a number of persons of Chinese descent in Canada are possessed of dual Canadian-Chinese nationality. Most of these are natural born Canadian citizens who have also acquired Chinese nationality through their Chinese fathers. In addition, there are an increasing number of Chinese citizens who have become naturalized Canadian citizens since February 13, 1947, and who have not yet relinquished their Chinese citizenship. This has been made possible by Order-in-Council P.C. 567 of February 13, 1947, which revoked P.C. 1378 of June 17, 1931 and P.C. 1760 of August 13, 1934. Under this new Order-in-Council Chinese no longer require to secure release from Chinese nationality through application to the Chinese Ministry of the Interior before applying for a certificate of Canadian citizenship.

5. Most writers on international law accept the principle that a person enjoying dual nationality is subject to the laws of the country in which he resides. This being the case, there would appear to be grounds for our objecting to Chinese Consular officers in Canada inviting dual nationals to participate in Chinese elections or in any other way making an effort to organize or interfere with such dual nationals in Canada. Our Embassy in China has consistently taken the attitude that it will not intervene on behalf of or otherwise attempt to exercise authority over Chinese-Canadians in China who are possessed of dual nationality.

6. In addition to the natural born and naturalized dual nationals mentioned above, there is the important group of Chinese residents who came to this country on immigrant visas with the implied intention of making their permanent homes in this country. These persons enjoy the advantages and privileges of Canadian domicile within the meaning of the Immigration Act, namely old age pensions, relief, free education, unemployment insurance, etc., even before they become naturalized Canadian citizens. It may be reasonably argued, therefore, that they have a strong moral obligation to this country of their voluntary adoption to conduct themselves

from the very first as probationary Canadian citizens. While these people are still only Chinese citizens by nationality and we could not object to them having recourse to the Chinese Consular officials, I think that in view of the privileges which they enjoy and their intention of making this country their permanent home implied in their landing here as immigrants, we have a right to object to the Chinese Consular officials putting on any campaign to organize them with a view to maintaining their loyalty to China and their interest in Chinese domestic and political matters.

7. If we exclude the three categories mentioned above, the only Chinese in Canada whom we would have no reason to object to exercising their right to vote in Chinese elections through marking a ballot at their local Consular office would be those who come within the non-immigrant classes as defined in Section 2 (h) of the Immigration Act, namely diplomatic and consular officers, tourists and travellers, students, businessmen, etc., who are exclusively Chinese citizens and who are only in Canada temporarily. It is doubtful whether Article 26 (5) of the Chinese Constitution which states that "the number of delegates to be elected by Chinese nationals residing abroad shall be prescribed by law," is designed to provide for the representation of this particular group. Strictly speaking, they are not Overseas Chinese and should only vote for representatives of their native constituencies back in China. If we adopt the attitude that dual nationals and Chinese enjoying the rights of domicile in Canada should not be invited by the Chinese Consular Service to cast votes in the National Assembly and Legislative Yuan elections, I think the whole purpose of Article 26 (5) of the Chinese Constitution providing for representation of Overseas Chinese would be defeated in Canada and it would probably not be worthwhile for the Chinese Consular Service to extend polling facilities to the small transient group that would be left. From an administrative point of view, of course, it would be difficult to ensure that only Chinese non-immigrants went to the polls opened at the Chinese Consulates and cast their ballots.

8. While there is some doubt whether the holding of elections in Canada by the Chinese Consular Service in a manner not contrary to the positive law of Canada would be a violation of international law, nevertheless I suggest that we would be ill-advised to continue to overlook electoral activity on the part of the Chinese Consular Service in Canada. Such activity can only serve to perpetuate among communities of Chinese living in Canada political divisions which have no *raison d'être* in this country. I therefore recommend that, in accordance with the attitudes adopted by the United Kingdom, French, Dutch and Siamese Governments, we should let the Chinese know, through their Ambassador in Ottawa, that the Canadian Government regards the extraterritorial application of the Chinese electoral law in Canadian territory as an unwarrantable interference with Canada's territorial sovereignty. We should ask an assurance that no further attempt will be made to apply this law in Canada. In order to have our views on this subject recorded, I think it would be well to give an *aide mémoire* to the Chinese Ambassador on this subject and ask for a written reply from him. I am attaching a copy of an *aide mémoire* for your approval. †

9. I should like to take advantage of this talk with the Chinese Ambassador to touch also on two other aspects of Chinese political activity in this country: the

sending of political organizers and newspaper editors to Canada. The Overseas Department of the Central Executive Committee of the Kuomintang is sending an inspector, Mr. Chang Wen-chung, to this country to investigate living conditions amongst the Overseas Chinese here. Our Embassy in Nanking suspects that he is a political organizer coming to inspect the various local headquarters of the Kuomintang. We instructed our Embassy to inform the Chinese Government that we would only issue a visa for this man to come to this country on the understanding that he would be subject to the authority of the Chinese Ambassador while in this country and that he would not engage in any activities exceeding those normally permitted diplomatic or consular officers. The Overseas Department of the Central Executive Committee of the Kuomintang has also made application to send a paid editor for the *Chinese Daily News* in Victoria, B.C. We are discussing with the Immigration Branch whether this man actually falls within any of the admissible non-immigrant classes. I am inclined to think that this type of political activity on the part of the Chinese in this country is undesirable and that it would be only proper that we should let the Chinese Ambassador know that we do not approve of their efforts to keep alive political organizations among their people in this country.¹

L.B. P[EARSON]

1107.

DEA/9820-40

*Note du sous-secrétaire d'État par intérim aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Acting Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

RESTRICTED

[Ottawa], September 29, 1948

At my request, the Chinese Ambassador called this morning to receive the aide-mémoire[†] outlining the Canadian Government's objections to the holding of Chinese elections in Canada. Mr. Menzies of the American and Far Eastern Division was present at the interview.

I told Dr. Liu that since the end of the war the Canadian Government had been disturbed by the activities in Canada of agents of the eastern European Communist-controlled governments. It had been necessary for the Government to warn the representatives of these governments on various occasions that attempts to perpetuate among residents of Canada political divisions existing in their countries of origin would not be tolerated by the Canadian Government.

Partly for this reason, it had been necessary for the Canadian Government to look a little more closely into the activities of the agents of other foreign governments among groups of Canadian residents of foreign extraction. On looking into this matter we had got the impression that the activities of some Chinese representatives in relation to the local residents of Chinese origin appeared to come pretty

¹ Note marginale :/Marginal note:

Agreed. St. L[aurant] Aug. 3, 1948

close to infringements of the type about which we had complained to the eastern European missions.

I mentioned that the proposed tour of Canada by a representative of the Overseas Chinese Affairs Commission seemed to be open to some question. Then again we were not at all happy about the Overseas Department of the Kuomintang sending a paid editor to take charge of the *Chinese Daily News* in Victoria, B.C.

I had been authorized by the Government to hand him an aide-mémoire regarding the elections held in Canada in December and January. We had had this question under study for some time as we wished to look into the legal aspects of the problem and also see how it affected our policy toward other foreign groups in Canada. We would, of course, have let the Chinese Government know our views on the matter before the elections were actually held had we been informed or consulted about them in advance. The aide-mémoire, as the Ambassador would see, indicated that the Canadian Government felt that it would be ill-advised to continue to overlook electoral activity on the part of the Chinese Consular Service in Canada because such activity could only serve to perpetuate among communities of Chinese living in Canada political divisions which have no *raison d'être* in this country. Our aide-mémoire asked for assurance from the Chinese Government that it would refrain in future from sponsoring such electoral activity in Canada.

Dr. Liu said that these representations by the Canadian Government would place the Chinese Government in a difficult position vis-à-vis the Overseas Chinese in Canada. The Overseas Chinese occupy a very special position in the Chinese Republic as they had largely sponsored the revolutionary movement against the Manchu dynasty. Dr. Sun Yat-sen, the Founder of the Republic, had been compelled to carry on his revolutionary activities in exile and it was among the Overseas Chinese that he had found the truest understanding of the democratic principles for which he was fighting. The Overseas Chinese had also largely financed the revolutionary movement. These people therefore had a special claim on the Republic which it could not easily disregard. They felt that their moral and financial support of the Republic through the years of its growth from a tiny exiled revolutionary movement entitled them to representation in such bodies as the National Assembly and the Legislative Yuan. The Chinese Government would find it difficult to take any overt steps which would deny them this privilege.

Dr. Liu said that he hoped that we would not press for a written reply at an early date, and that we would appreciate the difficult position which the Chinese Government found itself in.

I told Dr. Liu that we were anxious to adjust this matter in as amicable a fashion as possible. However, we could not accord the Chinese a special position in Canada without creating difficulties for ourselves in our relations with other groups in Canada of foreign origin.

Dr. Liu said that after his return from meetings of the General Assembly in Paris he would like to discuss with us informally whether anything could be done to liberalize the regulations now applied to Chinese Nationals which prohibited them from bringing their wives and children into this country without first taking out citizenship papers. He said that the concessions that had been made so far were

virtually worthless to the greater number of Chinese residents of this country. These people were concerned about seeing their number in this country falling off rapidly and hope that some liberalization of existing immigration regulations could be effected. I told Dr. Liu that I knew that both you and Mr. St. Laurent were sympathetic with the position of the Chinese in this country. The Government had already taken certain steps to alleviate the situation by repealing the Chinese Immigration Act and by making it possible for Chinese visitors and transients to enter Canada under the same regulations as all other foreign visitors and transients. The question of whether anything further could be done to improve the lot of the Chinese would have to be studied very carefully. I said that we would be glad to look into the matter with him on his return.

I am attaching a copy of the aide-mémoire handed Dr. Liu.†

E[SCOTT] R[EID]

1108.

DEA/9820-40

*Note du sous-secrétaire d'État par intérim aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Acting Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

[Ottawa], December 30, 1948

CHINESE ELECTORAL ACTIVITIES IN CANADA

When the Chinese Ambassador called on me yesterday afternoon he reported that he had discussed with Dr. Wang Shih-chieh, the Chinese Foreign Minister, the aide-mémoire protesting against Chinese electoral activities in Canada which I had handed him on September 29.

2. Dr. Liu said that he had explained in detail to the Chinese Foreign Minister the position of the Canadian Government in this matter as he understood it. He reported that Dr. Wang was able to appreciate our view point and had assured him that he would take the matter up on his return to Nanking and see what could be done to modify the arrangements to conform to our views. Dr. Liu said that since then Dr. Wang had left the Cabinet and in view of the preoccupation of the Government with the deteriorating military situation he was not sure what action could or would be taken. He was going to send a written report to his Government on the subject. In the meantime he hoped that we would not press him for written assurances from his Government. He did not anticipate any further elections being called for some time. Furthermore, should they be called while he was Ambassador he would take it upon himself to review the situation at that time and discuss the matter further with us.

3. Dr. Liu said that he hoped that we understood the difficulties of the Chinese Government in this matter. Because the overseas Chinese had contributed so much to the establishment of the Chinese Republic and, because those in western coun-

tries were familiar with the democratic form of government, the Chinese Government felt that it could not deny its citizens overseas the right to assist in the formulation of national policy through the election of representatives to the National Assembly and the Legislative Yuan. There was no desire on the part of the Chinese Government to break the laws of foreign countries by holding elections against their expressed will, nor would they wish to interfere with Canadian citizens of Chinese origin. He intended to explore however methods by which Chinese citizens in Canada could, without breaking Canadian laws, participate in Chinese elections. He wanted to be quite open about any arrangements of this type that were made and would discuss them with us further.

4. I thanked Dr. Liu for giving this information and said I would pass it on to you. I also said that we quite understood the difficulties of the Chinese Government at this time giving us any written assurances that they would not engage in further electoral activities in Canada among the Chinese residents in Canada.²

E[SCOTT] R[EID]

SECTION B

ÉVACUATION DE CHINE DES CANADIENS EVACUATION OF CANADIANS FROM CHINA

1109.

DEA/50055-40

*Note du sous-secrétaire d'État par intérim aux Affaires extérieures
pour le secrétaire d'État par intérim aux Affaires extérieures*

*Memorandum from Acting Under-Secretary of State for External Affairs
to Acting Secretary of State for External Affairs*

SECRET

[Ottawa], November 16, 1948

DETERIORATION OF THE CHINESE SITUATION AND EVACUATION OF CANADIANS

You may wish to make a report to Cabinet on the deterioration of the Chinese situation and the arrangements for the evacuation of Canadians.³ The following notes have been prepared for your use.

2. The collapse of the Nationalist position in Manchuria on November 1st has brought on a series of disheartening events in China. Encouraged by their successes and faltering morale among Nationalist troops, indicated by wholesale surrenders

² Note marginale /Marginal note:

I don't think we need press the Ambassador further on this matter in present circumstances. We can have a look at the matter again in a few months. L.B. P[earson]

³ Claxton fit ce rapport le 17 novembre. Le Cabinet endossa le jugement de Claxton qu'il fallait envoyer un avion de transport militaire canadien de sa base à Tokyo pour aider à l'évacuation des citoyens canadiens.

Claxton made this report on November 17. Cabinet endorsed Claxton's view that an RCAF transport plane based in Tokyo should be provided to assist in the evacuation of Canadians.

by units, the Chinese Communists evidently intend to try to capitalize on their successes by striking hard at the centre of Nationalist power, the lower Yangtze valley. Reports from China do not lend encouragement to hope that the Communists can be stopped short of the Yangtze. Speeding up of military supplies from the United States is not likely to affect the issue as the Nationalist forces are off balance and low in morale.

3. The military reversals brought on a collapse of the August economic reform measures in Nationalist China. The new gold yuan is slipping badly, with prices doubling daily. Rice riots have occurred in the larger cities. There is an atmosphere of panic. Premier Wong Wen-hao tried to resign but the Generalissimo would not accept his resignation. No political reforms have been announced. Chiang Kai-shek has just grimly announced that the Government will fight to the last.

4. It is difficult to predict developments in China in the next few months. All reports indicate that the Government of Generalissimo Chiang Kai-shek is in grave jeopardy. If the Communists break through to the Yangtze the Government may retreat to the South or the Generalissimo may be forced into retirement with men willing to negotiate with the Communists taking power. The United States is now considering what further aid can be sent to the National Government or provincial governments prepared to resist the Communists. Such aid could hardly affect the immediate crucial struggle now in progress in Central China. In addition the United States is reported to have proposed to Chiang Kai-shek that he take China's case to the United Nations. It is not known how the National Government will react to this proposal. It is evident, however, that Communist control is being rapidly extended over a great area of Northeast Asia. This development will have grave implications for the world.

5. On November 10th the Ambassador reported that there were 843 Canadians in China distributed as follows:

Manchuria	—	3
Peking — Tien-Tsin Area	—	42
North China — Kiangsu Area	—	105
Shanghai-Nanking Area	—	358
West China	—	201
South China	—	<u>134</u>
Total	—	843

6. The Communists are now in a position to dominate all China north of the Yangtse River. The probability of this situation arising was foreseen and as early as January 28th last Canadian missionaries were advised by the Ambassador that it might become increasingly difficult for them to work in the territory, and consequently they would be wise to withdraw. Further warnings were given to Canadians in the Peking — Tien-Tsin Area on November 1st and in the Nanking-Shanghai Area on November 11th.

E[SCOTT] R[EID]

1110.

DEA/50055-40

*Note du sous-secrétaire d'État par intérim aux Affaires extérieures
pour le secrétaire d'État par intérim aux Affaires extérieures*

*Memorandum from Acting Under-Secretary of State for External Affairs
to Acting Secretary of State for External Affairs*

SECRET

[Ottawa], November 23, 1948

DETERIORATION OF THE SITUATION IN CHINA AND EVACUATION
OF CANADIANS FROM CHINA

Since my report to you on November 16th the military situation north of Nanking appears to have been stabilized, at least temporarily. The Nationalist Forces are reported to have successfully resisted the Communist attacks about Hsuehchow, with consequent improvement in morale. The temporary nature of the situation, however, should be emphasized as there are large bodies of both Communist and Nationalist troops on the move in the Central China plain. It seems almost certain that the southward thrust of the Communist Forces will be resumed in strength. Consequently the threat to the Nanking-Shanghai area still remains.

The Canadian Ambassador has reported that he is not at all optimistic about the ability of the Chiang Kai-Shek Government to maintain itself in Nanking for any appreciable length of time. This view is shared by informed Commonwealth and United States authorities.

The wives and children of the Canadian Embassy staff and the female personnel have left Nanking: those in Shanghai are remaining for the present. Full warning has been given to all Canadians in the area to depart. The Ambassador has been asked for a report showing numbers of Canadians who have left, who are leaving, or who intend to stay.

E[SCOTT] R[EID]

1111.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], December 1, 1948

...

SITUATION IN CHINA; EVACUATION OF CANADIANS

32. *The Minister of National Defence as Acting Secretary of State for External Affairs* reported that the situation in China was deteriorating rapidly.

It had now been found possible to charter an aircraft to evacuate Canadians from the danger area. For this purpose it would be necessary to guarantee payment of some \$42,000 in U.S. funds. Passengers would, of course, undertake to repay the costs of their own transportation. In the circumstances it would not be necessary to maintain an R.C.A.F. plane in a full state of readiness.

It was recommended that authority be given to undertake the charter of a private aircraft on the terms indicated.

The wives and children of the Embassy in Nanking, and female employees, had already left the capital.

(External Affairs memorandum to the Acting Minister, Nov. 30, 1948).†

33. *The Cabinet*, after discussion, approved the Minister's recommendation for charter of a private aircraft, subject to approval of the Department of Finance with respect to the financial liability involved.

...

1112.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], December 8, 1948

...

SITUATION IN CHINA

11. *The Minister of National Defence*, as *Acting Secretary of State for External Affairs*, reported that the situation of the Nationalist Government was deteriorating rapidly.

It had been decided that the Canadian Embassy would remain in Nanking for the present at all events; all Canadian women and children had been evacuated.

The present position of Canadian credits to China had been reviewed with the Department of Finance; the course recommended by that department would be agreeable to External Affairs.

12. *The Cabinet* noted the Minister's report.

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SECTION C

CRÉDITS COMMERCIAUX POUR LA CHINE
TRADE CREDITS TO CHINA

1113.

L.S.L./Vol. 39

Le ministre des Finances au premier ministre
Minister of Finance to Prime Minister

Ottawa, December 6, 1948

My dear Prime Minister:

In view of the recent developments in China, I feel it is expedient to bring to your attention for consideration the present position in respect of the credits made available to China in 1946 by the Canadian Government.

A direct Government credit, totalling \$60 million, was extended to the Government of China by an agreement entered into in February 1946 under the authority of The Export Credits Insurance Act. Under supplementary arrangements set forth in an exchange of letters at the time of signing this agreement, \$35 million of this credit was to be used to purchase Canadian goods and services for reconstruction and other general post-war purposes in China, and the use of the remaining \$25 million was limited to supplies originally requested by China under Mutual Aid and other surplus war supplies, this being broadened later to include any surplus supplies purchased from War Assets Corporation.

Advances may be made under these credits up to the end of December this year, and are repayable in thirty equal annual instalments, the first instalment falling due December 31st this year, at which time approximately \$2.3 million is due on principal and interest. Almost the whole of the \$35 million portion and more than half of the \$25 million portion of this credit has been advanced or committed. At the end of last month approximately \$31.5 million had been advanced under the \$35 million portion and an additional \$3.5 million committed against outstanding orders placed by the Chinese Government through the Canadian Commercial Corporation; at the same date, advances under the \$25 million portion amounted to approximately \$16 million with additional commitments of approximately \$10,000. Because most of the general credit has already been utilized and the Chinese have purchased most of the items they wish from War Assets stores under the \$25 million portion, new applications for credit now being received from the Chinese from time to time by my Department are few and usually do not involve large amounts. Because the credit expires at the end of this month the Chinese Government, however, will undoubtedly wish to utilize as large a portion of the balance as possible and I have decided to withhold approvals on applications which involve additional commitments under this credit until this matter has received your attention.

A second and more involved aspect of our financial arrangements with China, is the Canadian Government Guarantee to a group of Canadian banks in respect of a credit provided by them to the Ming Sung Industrial Company, Ltd., a private Chinese company, and used by that company mainly to purchase specially designed ships built in Canada for use in its shipping operations on the Yangtze River. This credit, not to exceed \$12,750,000, was guaranteed by the Government of China as a condition of the Canadian Government giving its guarantee and as required by The Export Credits Insurance Act under which the Canadian Government Guarantee was given. The Chinese company agreed to put up 15% in cash and to that extent have a direct equity in the total program of \$15 million which has already been fully committed. The banks have to date established credits in favour of the Ming Sung Company totalling approximately \$12.2 million and approximately \$10.5 million of these credits have already been disbursed. Repayments on these credits are to be made in ten annual instalments commencing on June 30, 1951.

The most important purchases made by the Ming Sung Company under this program are six small (160-foot) and three larger (270-foot) passenger and cargo vessels specially designed for shallow water operation on the Yangtze River, constructed by two Canadian shipyards near Quebec City. The six smaller vessels have been completed and are being ferried to China, four of which have recently

arrived in Shanghai or Hong Kong. Of the three larger vessels which have not yet left Canada and which in value account for approximately \$7.3 million of the total program, one is due to leave Canada in a few days time.

The Canadian Ambassador to China has been requested to obtain from Ming Sung Company officials information regarding the use to which these vessels will be put and the precautions that may be taken to prevent them from falling into Communist hands. The Ambassador has been in touch with the President of the company and advises that the company does not propose to take any chances and that, if there is any danger, the ships which have already arrived in Shanghai will sail immediately for Hong Kong and the rest detained in Hong Kong pending developments in China.

Because of the situation which has now arisen in China, two questions present themselves at this time regarding the Chinese credit arrangements. In the first instance, we have to consider what effect the present political developments in China are likely to have upon the ability of the Chinese authorities to repay the credits in the future. If it is concluded that there is a strong likelihood that the present Chinese authorities or their possible successors will be unable, or unwilling, to repay the credits, we should consider whether it is desirable to continue to approve further applications for withdrawals from the credits.⁴

The second matter that has to be considered is whether in the light of overall political considerations shipments of goods already paid for out of the credits, such as the Ming Sung ships, are henceforth to be allowed to go forward.⁵

I feel that these are matters of some urgency, and shall be grateful if immediate consideration could be given to them.

Yours very truly,
D.C. ABBOTT

1114.

L.S.L./Vol. 39

Le premier ministre au ministre des Finances
Prime Minister to Minister of Finance

CONFIDENTIAL

Ottawa, December 14, 1948

My dear Colleague:

You will perhaps wish to bring before Council the matter of further advances to China.

My own view is that it would not be desirable to continue to approve the further application for withdrawals from the credits but it would seem to me that we could

⁴ Note marginale :/Marginal note:
No — but stall.

⁵ Note marginale :/Marginal note:
Yes — for same reason Embassy remains in Nanking.

not easily prevent the shipments of goods already paid for out of the credits such as the Ming Sung ships.

To do so might imperil whatever chances we may have of ultimately collecting the amounts already advanced.

Yours sincerely,

L.S. ST. LAURENT

1115.

DEA/6993-C-40

*Note du sous-secrétaire d'État par intérim aux Affaires extérieures
pour le secrétaire d'État par intérim aux Affaires extérieures*

*Memorandum from Acting Under-Secretary of State for External Affairs
to Acting Secretary of State for External Affairs*

SECRET

[Ottawa], December 15, 1948

CANADIAN CREDITS TO CHINA

The current crisis in China makes desirable a review of the position of the Canadian credits to China to determine

A. the likelihood of goods purchased with these credits, and which have not yet left Canada, being used for the purpose intended in the original agreements, i.e. will the munitions be used to stabilize the position of the National Government of China and the civilian goods for reconstruction purposes or are they likely to fall into the hands of a Communist dominated Popular Front Government; and

B. the prospects for repayment from a weakening National Government or from a Communist dominated Popular Front Government.

These questions were raised in a letter of December 6 from the Minister of Finance to the Prime Minister (attached Annex A) and were discussed briefly in Cabinet on December 8.

2. The items to be considered are the following:

A. Under the \$35 million portion of the \$60 million 1946 loan to the Government of China available for the purchase of civilian supplies.

(1) about \$2½ million of non-military commodities as set forth in Annex B. Funds for their purchase have been encumbered but not yet paid. The steel railway bridges and telecommunications equipment totalling nearly \$2 million likely would not be ready for shipment until next year.

(2) about \$27 thousand balance not yet encumbered.

B. Under the \$25 million portion of the \$60 million 1946 loan that was to be used for the completion of the Mutual Aid programme and other purchases from War Assets Corporation.

(1) about \$3,500 of ammunition not yet shipped but for which the money has been encumbered

(2) about \$9 million unencumbered. The Chinese wish to spend this before the credit expires at the end of the year but find little of interest in the hands of War Assets. Two specific requests have been received:

- (a) about 1000 Browning machine guns and some spare barrels worth \$187 thousand
- (b) about \$5 thousand of drop copper wire

C. Under the \$12.3/4 million loan extended by Canadian banks to the Ming Sung Industrial Company, Ltd., guaranteed by the Government of China and in turn by the Government of Canada under the terms of the Export Credits Insurance Act three 270 foot shallow draft vessels being built in Quebec shipyards and together worth \$7.3 million. One of these vessels is ready to leave almost immediately but delivery is being delayed until next Monday, after which further delay will be difficult. The Chinese have requested delivery of a second vessel by December 24th. The third will not be ready until the spring.

D. About \$5 million of small arms and ammunition ordered from the John Inglis Company by T.V. Soong, Governor of the South China provinces of Kwangtung and Kwangsi. Shipments are to begin at the end of the year and extend over a six month period. Payments will be made in United States currency as shipments are made. Cabinet approval for this export has already been given.

3. The National Government may be expected to continue to honour its obligations under the Loan Agreement. However, as it is pushed into smaller and smaller territory by the Communist offensive its real ability to repay the loan is obviously lessened. Initial payments may be made in order to protect the international credit position of the National Government. However, in view of the serious annual deficits in the balance of payments position of the National Government it would be a case of borrowing from Sam to pay Jack to make these payments.

4. In the event that a Communist dominated Popular Front Government is established in China, the question will arise as to the probability of its assuming the obligations of the National Government. While the National Government is in existence it is unlikely that a Communist dominated Popular Front Government will assume any responsibility for the former's debts. However, if such a Popular Front Government becomes the only Government of China and seeks international recognition the question of its assuming the obligations of the National Government of China will arise in more direct form. Statements issued by the Chinese Communist Party indicate that they will not recognize agreements concluded by the National Government against what the Chinese Communists consider to be Chinese interests. However, a Communist dominated Popular Front Government might come to the conclusion that it was in its own interest to recognize that portion of the \$60 million Canadian loan to China that corresponded to the non-military equipment of permanent value to China that was in existence when they took over control of China and that could be identified as having been purchased in Canada under the Loan Agreement. Reasons for their taking this attitude might be (a) a desire to establish international credit with a view to trying to borrow more money (b) to encourage western governments to allow private trade with a Communist controlled China (c) to encourage western governments to support various interna-

tional relief and aid programmes for China, and (d) so far as Canada is specially concerned, because we could bargain with them over release by the F.E.C.B.⁶ of about \$10 million annual remittances from Overseas Chinese in Canada and \$1-2 million in missionary and charitable remittances. No obligation would be recognized for military or semi-military equipment. Wheat and other non-military items that had been consumed would be in a doubtful position, particularly since it is thought that some or all of the foodstuffs were used for provisioning the Nationalist army. Provided the Ming Sung vessels were still afloat at the time the Popular Front Government took over they would fall within the category of permanent assets that the Communists might permit payments to be made on, particularly since they will be looking for additional shipping to be built abroad.

5. The Chiefs of Staff have approved a Joint Intelligence Committee paper dated December 10 (attached) with the following conclusions:

"It is considered doubtful whether the Chinese National Government will remain in effective existence until 15 June, 1949, unless:

(i) Nanking can be held for a period of not less than three months to allow a successful military withdrawal to the South. On present information it seems unlikely that Nanking can withstand a well prepared assault.

(ii) Chiang Kai-shek retains the loyalty of the principal southern Generals.

(iii) Military morale is maintained. It is possible that it may improve if effective forces can be withdrawn to South China from which most of the troops were originally recruited.

(iv) Civilian morale can withstand the shock of further military disaster or the defection of some of the important members of Chiang's régime."

6. There would be the following disadvantages to withholding at this time promised military and civilian supplies from the National Government of China:

(a) It would seem undesirable for Canada to take the lead in withholding supplies from the National Government of China, thereby indicating that we had lost all confidence in it.

(b) If information that the Canadian Government was withholding promised supplies became public — and it would be difficult to prevent this — it would strike a further blow at Chinese morale at this critical time.

(c) It would also chill relations between the Canadian and Chinese Governments and make more difficult Ambassador Davis' position in Nanking, for instance in requesting police protection for the Embassy as the situation deteriorates and the danger of rioting increases.

(d) It is in the Canadian interest to support the National Government in its resistance to the Communist bid to dominate all China. Even if this resistance is only a delaying action in South China it would be useful in that it would postpone the establishment of direct and easy contacts between the Chinese Communists and the Communist movements of Southeast Asia.

⁶ Foreign Exchange Control Board.

(e) Withholding promised supplies would lay the Government open to possible suits for breach of contract.

7. On the other hand, as the Chiefs of Staff have indicated that in their view it is doubtful whether the Chinese National Government will remain in effective existence for six months, the possibility of these supplies falling into Communist hands cannot be overlooked. If the Cabinet concludes that it would be undesirable to take action to prevent shipment of supplies whose purchase has already been approved, it may wish to consider whether it would be desirable to direct some agency of the Government to explore the possibility of supervising the shipment of these supplies to see that they are in fact delivered to the National Government in China.

8. In the light of the views expressed in the letter of the Minister of Finance dated December 6 and the considerations outlined above in this memorandum the following recommendations are submitted:

A. No action should be taken to interfere at this time with the production or shipment of items already approved, including the release of the Ming Sung Company ships, subject to

(i) any direction which Cabinet may give regarding possible measures to prevent shipments falling into Communist hands

(ii) continuing review of the delivery programme in the light of developments affecting China.

B. No further commitments should be made in respect of the 1946 loan to China except as may be necessary to give effect to commitments already made.⁷

E[SCOTT] R[EID]

1116.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], December 16, 1948

CHINA; SUPPLIES AND CREDITS FROM CANADA

1. *The Prime Minister* observed that, at the previous meeting, consideration had been given to the position of Canadian credits to China in relation to the current crisis in that country. The new factors involved were the possibility of goods purchased in Canada falling into the hands of a Communist-dominated government and the prospects of re-payment as the situation deteriorated.

The consensus of Cabinet opinion had been that the current situation did not justify interference by the government with deliveries of goods ordered and for

⁷ Claxton fit rapport au Cabinet sur ces événements le 15 décembre. En l'absence du ministre des Finances, une décision sur les recommandations fut reportée.

Claxton reported these developments to Cabinet on December 15. In the absence of the Minister of Finance, a decision on the recommendations was deferred.

which arrangements for payment had been made. On the other hand, it was generally felt that, in present circumstances, no further credit should be extended. However, no decision on the subject had been taken in the absence of the Minister of Finance.

2. *The Minister of Finance* expressed agreement with the views reported by Mr. St. Laurent.

Delivery programmes could be kept under review in the light of developments affecting China. For the present, however, no action should be taken to interfere with the production or shipment of items already approved.

3. *The Cabinet*, after further discussion, agreed that no action be taken to interfere at this time with the production or shipment of items for which arrangements for payment had already been approved, but that no further credits be extended to China for purchases in Canada.

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1117.

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 305

Ottawa, December 30, 1948

SECRET. IMPORTANT.

Yesterday afternoon the Chinese Ambassador saw the Acting Under-Secretary to make suggestions concerning the Chinese credit.

2. Firstly, he asked if it would be possible to extend beyond 31 December the credit under the 1946 Agreement. He was told that the Export Credit Insurance Act, under which the loan had been made, expired on that date, and that new legislation would be needed to extend the duration of the credit or to obtain fresh credit. It was also indicated that the prospects of Parliament authorizing fresh credits were slight.

3. Secondly, he pointed out that [Roy] Peers had endeavoured to make arrangements for payment of the next instalment to be made in antimony and tin, and wondered whether it might be possible to give effect to this proposal. The Ambassador was told that it would not be practicable to do so, and that we would hope for payment in cash. (Peers, on behalf of the Chinese National Resources Commission, had offered 550 tons of antimony at 35½ cents per pound, totalling \$430,000; 200 metric tons of tin at \$1 per pound, totalling \$441,000; and 500 metric tons of tin at 94 cents per pound, totalling \$1,036,000, all f.o.b.⁸ Hong Kong.) We are unable to accept the tin because of our inability to secure the necessary allocation from the International Tin Committee until the New Year. The value of the antimony represents only a small proportion of the 2.3 million dollar instalment. It was suggested

⁸ free on board.

to the Ambassador that the Canadian Government might be interested in the purchase of antimony provided the price was satisfactory, and that we would be prepared to consider this early in the New Year, but that it would be preferable to keep the purchase on a commercial basis. He feared that the Chinese Government might have been led to believe that payment in commodities would be acceptable, but he would endeavour to correct any such misunderstanding. He thought that, owing to disorganization in China, there might be a slight delay in transmitting the payment.

4. Thirdly, the Ambassador desired to know what other arrangement might be made to permit the Chinese to make use before 31 December of the 8.3 million dollar unexpended balance of the credit. He recognized that this balance was reserved for the purchase of military supplies surplus to Canadian requirements, but there was a dearth of such items desired by the Chinese. Reid pointed out that any change in the arrangements for making use of the credit required a decision by Cabinet, that the Ministers concerned were out of town until after the end of the year, and that consequently it would not be possible to do anything in this regard.

5. I should be grateful if you would convey to the Chinese Government an explanation of our position in this matter, and point out that, under the circumstances, we expect a settlement in cash. Although this point was not made to the Ambassador, it might be pointed out to the Chinese Government, without in any way holding out any hope for fresh credit, that failure to meet this obligation would very seriously prejudice any possibility of obtaining future assistance.

2^e PARTIE/PART 2CORÉE⁹KOREA⁹

1118.

DEA/9908-CK-40

*Note du sous-secrétaire d'État par intérim aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Acting Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

Ottawa, September 29, 1948

VISIT OF KOREAN MISSION TO OTTAWA

WA-2575 of September 28† from Washington reports that Dr. [Pyung-ok] Chough, Special Representative of the President of the Republic of Korea, would like to visit Ottawa on October 6 en route to Paris to discuss the Korean question,

⁹ Pour un rapport sur la discussion de la question coréenne aux Nations Unies, voir documents 92-140.
For the discussion about Korea at the United Nations, see Documents 92-140.

preferably with you and the Acting Prime Minister. The State Department has endorsed Dr. Chough.

Three reasons occur to me for your agreeing to see members of this Mission:

A. It would give evidence that Canada is a genuine, if perhaps somewhat cautious, supporter of Korean aspirations for independence. Refusal to receive the Mission would probably be taken by the Koreans to confirm the suspicions of Canadian policy which some newspapermen have spread.

B. We might learn something of what the Koreans are going to ask the General Assembly to do for them. So far we have not been able to learn anything from the State Department concerning the terms of the resolution they will introduce. By October 6 United States-Korean plans should be coordinated. We need not give any specific commitments on the attitude our delegation will adopt.

C. We may be able to give the Koreans a little friendly advice to be moderate in their claims and requests. For instance, if these South Korean delegates claim to represent the Government of all Korea — a national government — they will be inviting a rebuff. However, if they claim to represent the only Government in Korea with a right to be heard by the General Assembly because it has complied with the General Assembly Resolutions of November 14, 1947, then they will be on much safer ground. The Koreans might also be well advised to canvass delegations informally in advance to secure as wide a measure of support for their resolutions as possible.

The Korean Mission would appreciate, if at all possible, some indication by Thursday, September 30, when they leave for New York, as to whether this visit could be arranged.

Would you let me know if you can see Dr. Chough on October 6 and, if so, whether you think a small luncheon should be arranged for the four members of the Mission?

E[SCOTT] R[EID]

1119.

DEA/50068-40

*Note du sous-secrétaire d'État par intérim aux Affaires extérieures
pour le secrétaire d'État par intérim aux Affaires extérieures*

*Memorandum from Acting Under-Secretary of State for External Affairs
to Acting Secretary of State for External Affairs*

[Ottawa], October 15, 1948

VISIT OF KOREAN MISSION TO OTTAWA

The Korean Mission finally arrived in Ottawa at a quarter to two on Saturday afternoon. As soon as they had been assigned their rooms at the Chateau Laurier they were hurried to the luncheon which was attended by a number of the senior interested members of the Department. Rather than talk to Mr. Johnson and Mr. [A.R.] Menzies on Saturday afternoon they decided they would stay over the long

weekend and make their calls on Tuesday morning. I am attaching three Notes on the conversations which they had here.

- (a) Conversation with Mr. Johnson and Mr. Menzies.
- (b) Conversation with officials of the Department of Trade and Commerce.
- (c) Interview with the Acting Prime Minister.

In their conversation with Mr. Johnson and Mr. Menzies they asked for Canadian Government recognition of the new Government of the "Republic of Korea" in Seoul as the National Government of Korea. They were informed that the Canadian Government had withheld any action on the question of recognition until the report of the Korean Commission had been submitted to the General Assembly and until there was evidence that full governmental powers had been transferred by United States authorities in South Korea. It was unlikely that the Government would be able to see its way clear to recognizing this Government as the National Government of Korea in any case. They were counselled to confer informally with all sympathetic national delegations at Paris to determine the maximum support they could expect to obtain. It would be unfortunate if a resolution were introduced in the General Assembly which was so strong in nature that many friendly delegations would consider it wise to abstain. They were assured of Canadian sympathy, friendship and support within the limits of prudence.

We are of course informing the Canadian delegation to the General Assembly, Dr. [G.S.] Patterson in New York and the Embassy in Washington about the visit of this Korean Mission.

Dr. Chough, the Head of the Delegation, left a personal letter addressed to you.† A proposed reply is attached for your consideration.†

E[SCOTT] R[EID]

[PIÈCE JOINTE 1/ENCLOSURE 1]

Note de la Direction de l'Amérique et l'Extrême-Orient
Memorandum by American and Far Eastern Division

[Ottawa, n.d.]

REPORT ON CONVERSATIONS BETWEEN OFFICIALS OF THE DEPARTMENT OF
 TRADE AND COMMERCE AND MEMBERS OF THE SOUTH KOREAN MISSION

On Tuesday morning, October 12, Mr. G.R. Heasman, Director of the Trade Commissioner Service of the Department of Trade and Commerce, received in his office members of the South Korean Mission. Mr. G.A. Newman of the Export Division and Mr. G.S. Hall of the Asia Desk, were the other officials of the Department of Trade and Commerce present.

2. Dr. Chough, Head of the Mission, began the discussion with a tribute to Canada's part in the successful outcome of the recent war, one of the results of which was to free Korea from Japanese domination. He then asked Mr. [Woo-pyung] Kim, his Economic Advisor, to speak concerning the economic situation in Korea.

3. Mr. Kim stressed the harmful economic effects which the division of Korea at the 38th parallel of latitude had had upon South Korea. He pointed out how the Japanese had built up industry in North Korea as a sea-side base of supply for the great area of Manchuria. The Japanese had not placed similar emphasis on industrial development in South Korea. What industry existed in South Korea now suffered from the cut-off of electric power from the north and a shortage of coal. While South Korea had a large hydro electric power potential, it had yet to be developed. A feature which would hamper the rapid industrialization of South Korea was the necessity of diverting a considerable volume of manpower at this time into the Armed Forces. South Korea was faced with the necessity of quickly organizing a strong defence force.

4. When Mr. Heasman asked in what way Canada could be of assistance, Dr. Chough interjected that political and economic matters were inextricably entwined. He asked Mr. Heasman to urge upon his Government the recognition of the new Korean Government as a necessary means of bettering the trade relations between Canada and his own Country.

5. Mr. Heasman asked whether there was any need on the part of South Korea for Canadian cereals. Mr. Kim replied in an unqualified negative. The production of cereals in South Korea was presently below normal primarily because of the lack of fertilizers. There existed a first class fertilizer manufacturing plant in the North, but South Korea was denied the opportunity of obtaining any portion of its present output. To meet the need for fertilizers in the South, the Government there had recently purchased some eighteen million barrels of fertilizer from the United States.

6. When Mr. Kim mentioned some valuable timber stands in South Korea, Dr. Chough pointed out that a considerable volume of Canadian timber had reached Korea during the Japanese occupation of that Country. He added, however, that the resumption of such trade might well be fostered if Canada extended recognition to his Government. Mr. Kim then stressed the present Korean need for wood pulp.

7. Mr. Kim also spoke of the reluctance of his Government to support the policy which was being proposed in some countries whereby Japan would be restored as the work-shop of Asia. He said that Japanese goods did not last and when Mr. Heasman remarked that Japan might soon be able to undersell Canadian and United States manufacturers, he said that higher priced manufactured goods from Canada and the United States were preferable to their Japanese counterparts.

8. Dr. Chough amplified Mr. Kim's remarks in this respect. He spoke of the common fear throughout Asia and the Pacific area of a revived Japanese industrial hegemony. He referred to the visits his Delegation had paid prior to its departure for the United States, to Government officials in both China and the Philippines. The Governments of both these States were not prepared to serve Japan by supplying her with raw materials and buying her finished products. Mr. Kim said that any such policy directed towards reviving Japanese industry would have the effect of making those countries which had been devastated by Japanese imperialism pay for Japanese reparations. Dr. Chough also talked of the common desire of Asiatic

countries to increase their own industrial potential, — a desire which would be frustrated by the restoration of a powerful industrial Japan.

9. Mr. Kim spoke of conversations in Washington between the Korean Delegation and Mr. Hoffman, the Economic Cooperation Administrator. While Mr. Hoffman had not specified any sum which would be made available for the economic recovery of Korea, he did give the Mission reason to be optimistic about the sufficiency of the amount which would be forthcoming. Mr. Kim also discussed in Washington the wish of his Government to participate in the International Monetary Fund and the International Bank for Reconstruction and Development. The time was not yet ripe for these matters to proceed beyond the discussion stage, although he had been given a sympathetic hearing.

10. Mr. Kim further told of the United States mission which would be conducting an economic survey of South Korea. This survey would be very complete and would form the necessary basis for the determination of the apportionment of United States financial aid. Among the projects which would be studied would be the possibility of developing hydro electric resources.

Conclusions:

The impression was received that the Head of the Mission intended to use this meeting more as a forum to advocate from a new angle the recognition of his Government by the Canadian Government, than as a means of fostering trade between the two countries. Dr. Chough took advantage of every opportunity to relate to recognition the value of Korean trade to Canada. He also emphasized the strength of the friendship between his Government and the Governments of China, The Philippines and the United States. The inference was that South Korea was not travelling alone. On matters such as the restoration of the Japanese economy where there have been differences between China and the United States, he emphasized his Government's unity of opinion with China. It would seem apparent that the foreign policies of these two Governments have a close affinity of purpose.

A.R. MENZIES]

[PIÈCE JOINTE 2/ENCLOSURE 2]

Note de la Direction de l'Amérique et l'Extrême-Orient
Memorandum by American and Far Eastern Division

[Ottawa, n.d.]

VISIT OF KOREAN MISSION TO OTTAWA

(Notes on interview between Dr. P.O. Chough, Head of Mission, Mr. W.P. Kim, Economic Advisor, Mr. I.H. Chyung, Counsellor and Mr. D.M. Johnson and Mr. A.R. Menzies of the Department of External Affairs on October 12, 1948.)

Dr. Chough stated that he had been instructed by President Syngman Rhee to come to Canada to express the gratitude of the Korean people for the part which

Canada had played in the world wide struggle resulting in the liberation of Korea and for our accepting membership on the United Nations Temporary Commission.

2. Dr. Chough said that the newly established Government of the "Republic of Korea" wished to have at the earliest possible time recognition by all friendly governments. He asserted that in the Agreement of September 13th signed by Dr. Syngman Rhee and Mr. John Muccio, Special Representative of President Truman, effective governmental powers had in fact been transferred to the new "Republic of Korea" Government. After that date the United States Military Government in Korea had been dissolved.

3. While he had no definite information on the subject, Dr. Chough was given to believe that Dr. Patterson, the Canadian Representative on the United Nations Temporary Commission on Korea, held the view that the establishment of the "Republic of Korea" Government would perpetuate the division between North and South Korea. Dr. Patterson was also thought to hold the legalistic view that the General Assembly Resolution of November 14th, 1947 envisaged the establishment of a National Government of Korea. As it had not been possible to hold elections in North Korea, Dr. Patterson was believed to be opposed to recognizing the new "Republic of Korea" Government as the National Government of Korea.

4. The continued division of Korea was the cause for great heartache among the Korean people generally. Their ethnic, linguistic and historical unity could not easily be divided. Furthermore, it was urgent from an economic point of view that the country be reunited. However, the Koreans had to face the brutal fact that the world today was divided into two hostile camps. The Soviet Russians were bent upon imposing an alien social and economic system on Korea. Communism was only thirty years old, but Russian strategic designs upon Korea were far older than that. Ever since the extension of the Russian empire to the Pacific the Russians had realized that Korea occupied a strategic position in North-East Asia and wanted to dominate the peninsula.

5. So long as the Soviet Union was bent upon bringing Korea under its strategic control and so long as the Soviet Union was determined to impose an alien social and economic system on Korea, which the Korean people themselves did not want, then those Koreans who could escape Soviet control would resist the unification of Korea on Russian terms. There were twenty million people in South Korea. They preferred to have an independent state in South Korea rather than run the risk of being subjugated by the Russians. Gradually they would be able to build up the economy of South Korea and strengthen the national spirit there in such a way that it would, in time, have an influence over the residents of North Korea and even convince the Russians of the determination of the Koreans to have an independent country of their own.

6. Dr. Chough compared the position of South Korea to that of Western Germany. He thought that all Germans wished to see a united Germany. However, if the condition for unification was ultimate subjection to the Soviet Union then the people of Western Germany were opposed to unification. Dr. Chough thought that the people in the western world were probably more familiar with and concerned with the German problem than they were with the Korean problem. It was his

responsibility to emphasize the strategic importance of Korea in the ramparts of the democratic world in the Western Pacific.

7. Dr. Chough said in conclusion that he hoped that the Canadian Delegation to the General Assembly of the United Nations would give its support to a resolution recognizing the Government of the "Republic of Korea" as the National Government of Korea envisaged in the General Assembly Resolution of November 14th, 1947. He hoped too that Canada would continue to lend moral and economic support to Korea in its effort to maintain independence.

8. Mr. Menzies said that he could assure Dr. Chough that the Canadian Government entertained very cordial relations toward the Korean people and sympathized with their aspirations for national unity and independence. He thought that it was unfortunate that certain newspapers had misinterpreted or exaggerated differences of opinion within the Korean Commission, particularly with respect to the position adopted there by Dr. Patterson. Dr. Patterson, as Canadian Representative, was acting throughout under instructions from the Government of Canada. It was possible that the Canadian Government did not have accurate information concerning developments in Korea. However, from the information available to us, we were attempting to pursue a cautious, consistent and helpful policy toward the Korean problem.

9. As regards recognition, Mr. Menzies said that the Canadian Government was postponing consideration of this question until the report of the Korean Commission had been submitted to the General Assembly of the United Nations. Furthermore, we were not entirely satisfied that full governmental powers had as yet been transferred to the new Government in Seoul. So far the Canadian Government had not been able to see the wisdom of the new Korean Government claiming to be the National Government of Korea. There were no legal or factual grounds for such a claim. He suggested that too close an analogy should not be drawn to the case of Germany as no decisions had yet been taken by governments in respect to recognition of the Government in Western Germany as the National Government of Germany. If such a decision were taken it would be taken on political rather than legal or factual grounds.

10. Mr. Menzies thought that the Koreans would be wise to discuss informally in advance with all National Delegations at the General Assembly the resolution or resolutions which they wished to have adopted there. Mr. Menzies thought that it was important that the Koreans should not press for the adoption of resolutions which would have only minimum support. The original resolution on Korea of November 14th, 1947 had the support of practically all countries except those in the Soviet bloc. It would give comfort to the Russians if ten or fifteen Delegations were to abstain on any new Korean resolution. He thought therefore that it might be wiser for the Koreans to propose a resolution which was broad enough in its terms to meet their requirements and yet leave sufficient room for National Delegations to adopt varying positions in regard to recognition. Mr. Menzies emphasized that these views were only personal as he was not in a position to state what instructions were being sent to the Canadian Delegation in Paris.

11. Mr. Johnson concluded by stating that the views which Dr. Chough had presented would be submitted to Mr. Pearson on his return to Ottawa. He was certain that the views of the Korean Mission would be given sympathetic consideration by the Canadian Government in their deliberations on the Korean question.

A.R. M[ENZIES]

[PIÈCE JOINTE 3/ENCLOSURE 3]

Note de la Direction de l'Amérique et l'Extrême-Orient
Memorandum by American and Far Eastern Division

[Ottawa, n.d.]

KOREAN MISSION'S INTERVIEW WITH THE ACTING PRIME MINISTER,
OCTOBER 12, 1948

Dr. Pyung-ok Chough, head of the Korean Mission and Dr. Yil-hyung Chyung, Counsellor, called on the Rt. Hon. Louis St. Laurent in the early afternoon of October 12. They were accompanied by Mr. A.R. Menzies of the Department of External Affairs.

2. After greeting the visitors, Mr. St. Laurent apologized for the short time at his disposal to talk with them. Prime Minister King's illness had upset schedule and it was necessary to crowd a lot of business into the short time before he left for London to replace Mr. King at the Conference of Commonwealth Prime Ministers. Mr. St. Laurent was glad, however, to have the opportunity of shaking hands with the visitors and assuring them of the friendship of the Canadian people and the sympathetic interest of the Government in Korea and its problems.

3. Dr. Chough said that he had been asked by President Syngman Rhee to come to Ottawa to thank the Canadian Government for the part Canada had played in the last war resulting in the liberation of Korea from Japan and also for our assistance in the United Nations Temporary Commission on Korea. He had also come to plead for Canada's continued friendship and support. He had explained his Government's position to officials of the Department of External Affairs and understood they would be reporting on the conversations to the Hon. L.B. Pearson. He had not come to ask us to change our policies; simply to thank us for our friendship and support in the past and to ask for its continuance.

4. Mr. St. Laurent said that while modern means of communications had greatly shortened distances, Korea was still quite a long way from Canada. The Canadian people generally were not very familiar with Korea's problems. Canadians cherished their own autonomy and were therefore sympathetic to the aspirations of other peoples for independence. We would be glad to see the Koreans achieve unity and independence. However in the present state of international tension it was important to consider very carefully any steps which might further aggravate relations between the Soviet Union and the rest of the world.

5. Mr. St. Laurent went on to say that he had been distressed by the misunderstanding of Canada's position with respect to the Korean problem evident in letters he had received from Roman Catholic dignitaries in Korea. They had criticized Dr. Patterson's activities and charged him with walking out on the Commission. These allegations were unfair. Dr. Chough said that this critical attitude toward Canada's representative on the Korean Commission was not widely held. He could assure Mr. St. Laurent that Koreans generally held Canadians in high esteem. Canada was regarded as one of the leading democratic nations.

6. Concluding the interview Mr. St. Laurent said that he could assure Dr. Chough that the Canadian Government would be glad to do anything to assist the Koreans within the limits of prudence.

A.R. M[ENZIES]

3^e PARTIE/PART 3

ASIE DU SUD-EST
SOUTHEAST ASIA

1120.

DEA/9030-40

*L'ambassadeur en Chine
au sous-secrétaire d'État aux Affaires extérieures*

*Ambassador in China
to Under-Secretary of State for External Affairs*

PRIVATE AND CONFIDENTIAL

Nanking, February 26, 1948

Dear Mike [Pearson]:

You may read my despatch No. 109 of Mar. 1st wherein I cover in general terms the impressions I formed as a result of my visit to Hong Kong. That despatch is going forward by concurrent bag.

I came away having reached certain definite conclusions which I am not embodying in my general report but which I am conveying to you through the medium of this personal letter. These conclusions are as follows:

1. I am definitely of the opinion that Canada from the standpoint of trade and national prestige should definitely exhibit a greater interest in this part of the world. Burma, Siam, Malaya, Dutch East Indies, Hong Kong, China etc. to the ordinary Canadian are intriguing places with intriguing names located way out in a part of the world in which they have little interest. A trip to Hong Kong indicates the great business potentialities which exist in relation to the countries I have named. Canada is not much more than a name to these people. Our country is a nation and rapidly becoming a great one and we should be acting in a manner befitting our stature in the world. I am convinced that much more attention to these areas than we have ever paid before should now be paid.

2. I came away convinced, and my opinion was confirmed by a lot of prominent business people in Hong Kong including bankers, that at least one of our leading Canadian banks should open a branch in Hong Kong so that ultimately they may spread down through that part of the globe just as they have spread in the West Indies and South America. I would think this is a suggestion which might well be discussed with Cliff Clark, [W.C.] Graham Towers, and others. For instance I would like to see the Royal Bank move right in and open a branch in Hong Kong. The Chase National Bank, the National City Bank, the Hong Kong & Shanghai Bank are making a killing; and I can see no reason why a Canadian financial institution should not be doing business in that lucrative market.

3. The Canadian Pacific Railway has had a great standing all through these years, and everywhere people look forward to the day when C.P.R. ships are running again. I wish that they would get back into the Pacific trade and get back here fast; and anything that can be done to encourage their speedy return should be done. I would think that someone in the appropriate department of government might well bring every possible pressure to bear upon the C.P.R. to get back into operation.

4. I was amazed at the air traffic which is growing and growing in this part of the world. I know that as a matter of general policy the government looks to the T.C.A. as the instrument for flying world routes beyond the borders of Canada. I also know that Canadian Pacific Airways is largely restricted to the operation of feeder lines in Canada. I further know that the T.C.A. is interested in the South Pacific, namely Australia, New Zealand and intermediate points. I would think that inasmuch as the Canadian Pacific is one of the great merchant marine forces in the North Pacific, the Government should depart from its present policy and encourage the C.P.R. to expand its air service by providing a service to Japan, China, Hong Kong, Bangkok, Singapore, India and on to Britain via India. The name of the Canadian Pacific stands so high it could move into this air competition with great advantage to itself and to Canada.

5. On several occasions I have recommended that at least one unit of the Canadian fleet should cruise in these waters making official calls at Hong Kong, Shanghai, Tsingtao and other appropriate places. These naval units have to be maintained and the costs thereon paid. The additional cost of a cruise such as this would consequently be slight and the prestige to be gained for Canada by such a visit would, I am sure, indirectly compensate many times over for the cost involved.

Yours sincerely,

T.C. DAVIS

1121.

DEA/9030-40

*Le sous-secrétaire d'État aux Affaires extérieures
à l'ambassadeur en Chine*

*Under-Secretary of State for External Affairs
to Ambassador in China*

Ottawa, April 2, 1948

Dear Tommy [Davis]:

Your personal letter to me of February 26th contained a number of suggestions occurring to you as a result of your visit to the Hong Kong-Canton area. I think it is always a good idea for our representatives abroad to try to interpret in terms of immediate Canadian interest their experiences abroad. However, I am sure you will realize that it would be difficult for us to take any official action on most of your suggestions. They can more properly be taken up in the course of informal conversations.

You suggest that Canada should take more direct interest in Southeast Asia and I quite agree with you on this point. However, as you know, we have so many pressing diplomatic and consular commitments abroad now that we are compelled to respond to the most urgent needs only for the present. It has often been the case that commercial offices precede the establishment of diplomatic or consular offices. As you know, there is already a Trade Commissioner's Office in Hong Kong, which looks after a large part of the territory of which you speak. There is another office in Singapore. Eventually, we will be taking a greater interest in the countries of Southeast Asia but for the present we must wait upon more active development of Canadian commercial interests in that area.

You suggest that there would be a good opening for a branch of the Royal Bank of Canada in Hong Kong. That is probably quite true, especially if they were to handle a considerable part of the remittances of overseas Chinese in Canada to the Hong Kong-Canton area. However, I am inclined to think that the Royal Bank itself must judge their own interest in this matter.

I understand that the Canadian Pacific Steamships are anxious to get back into the Pacific passenger trade again. They are waiting for ships and until these are available there is not much that they can do about re-opening their service on the Pacific. I am sure you are aware that there is still a very acute shortage in the world of passenger shipping. Canadian national interests are probably still best served by maintaining such passenger shipping as is available on the North Atlantic run, trying to move some of the many thousand immigrants waiting their turn in Britain and on the Continent to come to Canada.

As regards extending a Canadian international air service to the Far East, I am inclined to think that this is something that will have to be left to develop naturally. As you know, T.C.A. hopes to open its service to the West Indies shortly. They will gain a good deal of overseas experience on this route and I am sure that, in time, they will be looking into the development of other airways and no doubt will give

consideration to a line in the Pacific. However, they would be in competition with Pan-American, North West and other United States airways which have a great deal of capital behind them. I have not heard any reports that the Canadian Pacific Airways are interested in extending their operations into the Pacific.

You also suggest that some time a Royal Canadian Navy vessel should make a tour of Far Eastern ports. Training programmes for the Royal Canadian Navy are planned well in advance and cannot easily be changed. However, I will try to find a suitable opportunity to mention your suggestion to Mr. Claxton.

Yours sincerely,

L.B. PEARSON

CHAPITRE XIV/CHAPTER XIV
AMÉRIQUE LATINE ET L'ANTARCTIQUE
LATIN AMERICA AND ANTARCTICA

PREMIÈRE PARTIE/PART 1
ORGANISATION DES ÉTATS-AMÉRICAINS
ORGANIZATION OF AMERICAN STATES

1122.

DEA/9671-40

*Note de la Direction de l'Amérique et l'Extrême-Orient
pour le chef de la Direction de l'Amérique et l'Extrême-Orient*

*Memorandum from American and Far Eastern Division
to Head, American and Far Eastern Division*

[Ottawa], February 4, 1948

BOGOTA CONFERENCE, MARCH 30TH, 1948

I should like to conclude this series of memoranda† by presenting a brief outline of some of the possible implications for Canada with regard to the forthcoming Bogota Conference. At this time, this memorandum is perforce tentative. A more objective study will be made after the results of the conference are known.

As you know, Canada is not likely to receive an invitation to attend the conference, it now being well known in the United States and throughout Latin America that we are not seeking to be present in any capacity.

However, the question of Canadian participation in the Pan American Union will surely be discussed at Bogota (as it was at Chapultepec and Rio); consequently, it might be wise if Cabinet reviewed — sometime before the conference — the memorandum (October 14th, 1947) which we submitted to that effect so that a final decision may be taken.

It might also be wise if our Trade Commissioner in Bogota were briefed on Canada's general Inter-American policy in order to prevent his making any *faux pas*. If you agree, I could prepare material for him on the subject.

Since Canada will not attend the conference her interest is somewhat indirect. However, several of the items on the agenda do concern us more directly, at the present time. These are:

- (1) The outcome of the proposed strengthening of the Inter-American system;
 - (2) The means projected to alleviate current Inter-American economic problems;
- and
- (3) The integration of specialized agencies and technical bodies within the structure of the "new" Pan American Union.

1. *Strengthening of the Inter-American System*

A probable outcome of the proposed strengthening of the Inter-American System will be the bolstering of United States leadership within the reorganized structure. This development, I think, should serve to increase Canada's present reluctance to associate more intimately with the Union and its activities.

2. *Inter-American Economic Problems*

Economic problems will undoubtedly play a large part at the conference. Possible results may be the creation of an Inter-American Bank, U.S. dollar loans to Latin America, increased American purchases of Latin-American goods for shipment to Europe and/or European purchases there with U.S. dollars supplied by virtue of ERP.

However, it is not expected that the United States will be the goose which lays the golden eggs for Latin America. In any case, even the slightest American aid will help Latin America along and a more solvent Latin America will undoubtedly increase Canadian exports there.

In view of the steps taken by various Latin-American nations to have United Nations set up a special economic Commission for Latin America — in which all American nations could participate — Canada may have some interest in watching developments along these lines at Bogota. Our Delegation to the Economic and Social Council in New York has been briefed along these lines. A copy is attached,† if you have not already seen it.

3. *Inter-American Technical Bodies*

There is a decided movement under way, at present, to place all Inter-American technical bodies under the aegis of the Pan American Union. If such a development should occur, we could perhaps take advantage of it in order to sever our ties with those technical bodies which do not fully suit our purposes e.g. The Inter-American Conference on Social Security. For the record, however, I doubt the wisdom of severing our ties completely with all Inter-American technical agencies.

NOTE: It is possible that Canada may be asked to represent the British colonies in the Western Hemisphere during discussions on the topic of colonies in the Americas. In my estimation, we should sidestep this issue, should it arise.

A[ARTHUR] B[LANCHETTE]

1123.

DEA/9671-40

Note de la Direction de l'Amérique et l'Extrême-Orient
Memorandum from American and Far Eastern Division

[Ottawa], May 25, 1948

9TH INTERNATIONAL CONFERENCE OF AMERICAN STATES,
BOGOTA, COLOMBIA

On Sunday, May 2nd, the 9th in the regular series of international conferences of the American Republics was brought to a close in Bogota. It was inaugurated on

March 31st last and had been expected to continue until mid-May. However, it was interrupted by a violent outburst of rioting from April 9th to April 14th and as a result, sessions and agenda were drastically curtailed.

The assassination of the leader of the Colombian Liberal Party, Sr. Gaitan, set off the revolt which left downtown Bogota in shambles. At first, it was felt that the uprising was Communist inspired. It is now generally conceded that the Communists did not inspire the riots but that they were at least well organized enough as to be able to take full advantage of them. It now appears that Gaitan's murder was the result of a personal grievance on the part of his aggressor and that the riots really commenced as a spontaneous outburst of emotion on the part of the populace.

Officially the Conference has been characterized as a great success. The unofficial reaction, however, has been much more reserved and probably more accurate. Such newspapers as the *New York Times*, *The New York Herald Tribune*, *The Baltimore Sun* and the *Christian Science Monitor* were editorially most unenthusiastic about the results achieved.

The Conference will undoubtedly be best remembered because of Latin-American agitation against European colonies in the Americas, Latin-American insistence on outright United States economic handouts, loans at advantageous rates etc., and for its disclosure of the extent of Communist penetration in Latin America.

It is fairly obvious that the greedy attitude of the Latin-American Governments with regard to the Marshall Plan and to European colonies in this hemisphere was most unsatisfactory and that this position was a disappointment to the United States. The chief concern of many Latin-American Governments at Bogota seems only to have been to secure maximum advantage for themselves under the Marshall Plan, as well as to take advantage of the weakened position of Great Britain, in particular, in order to increase their own territory.

Inasmuch as the United States refused to deviate from its policy of European reconstruction first and to lend its support to Latin-American territorial ambitions, a certain amount of friction between United States and Latin-American delegates arose during the Conference, especially as regards economic matters; this is likely to increase in the near future, chiefly at the forthcoming Inter-American Economic Conference, scheduled to be held in Buenos Aires next September, when Inter-American (largely Latin-American) economic problems are to be considered, and at Havana, also next September, when the question of European colonies in the Americas will be studied.

On April 22nd, the Bogota delegates approved a resolution which provides for the establishment of a permanent Commission at Havana "to study and recommend solutions for the pacific abolition of extracontinental administration and occupation of colonies and territories in the Western Hemisphere."

This resolution was adopted without dissent, but there were several important abstentions, notably the United States and Brazil. The United States abstained on the grounds that the European nations concerned did not have a chance to be heard in the matter. Brazil thought that this was a subject beyond the competence of the Conference.

The resolution was sponsored by Guatemala, had the active support of the Argentine and Venezuela, and was aimed chiefly at the Falklands, British Honduras, and British Guiana. There is little likelihood that the inhabitants of these colonies would wish to change their allegiance voluntarily. The delegates paid very little attention to the Danish, Dutch and French colonies in the Americas and to the Antarctic. Greenland, Newfoundland and St. Pierre and Miquelon were hardly mentioned. The only conclusion one can draw from this is that Argentine, Guatemalan and Venezuelan interests in the abolition of colonialism in this hemisphere is not motivated by humanitarian principles, but by greedy nationalism.

There has been virtually no comment on this resolution in the Canadian press. Most United States and many Latin-American commentators — other than Argentine, Guatemalan and Venezuelan, of course — agree that the resolution should not be taken too seriously. If, however, it should be implemented, it is felt that such action would tend to hasten the federation of the British West Indies as a self-governing unit of the Commonwealth.

A few tangible results were achieved during the Conference, though. These are:

(1) The acceptance of a centralizing Charter for the *Organization of American States*, as the members of the Pan American Union have now voted to call themselves;

(2) The Pact of Bogota, a codification of the principles and technical machinery developed during the past 20 years for the pacific settlement of disputes;

(3) A rather flamboyant declaration against totalitarianism (ironically enough) and, in particular, international Communism in this hemisphere; and

(4) The drafting of a preliminary economic agreement which may eventually lead to the long-term development of Latin-American industry by *private investment* and not by United States Government loans or handouts.

2^e PARTIE/PART 2

BRÉSIL
BRAZIL

1124.

DEA/2216-Y-40

*Extrait d'une note du sous-secrétaire d'État aux Affaires extérieures
pour le premier ministre*

*Extract from Memorandum from Under-Secretary of State for External Affairs
to Prime Minister*

SECRET

[Ottawa], April 22, 1948

APPOINTMENT OF CANADIAN AMBASSADOR TO BRAZIL

In view of the fact that the Governor General will be arriving in Brazil on June 11 and of the necessity of having a Canadian Ambassador established there before the Governor General arrives we have, as you know, been canvassing various pos-

sibilities. We have not, however, been able to find a suitably qualified person outside the service who would be willing or able to accept the appointment at short notice.

2. It has therefore occurred to me that you may wish to consider appointing Mr. Scott Macdonald, our present High Commissioner in Newfoundland, as Ambassador to Brazil. Mr. Macdonald has done an excellent job in Newfoundland and deserves promotion. He has been immersed in Newfoundland affairs for some time now and it would be good for him to have a complete change of scene and work.

3. His absence from Newfoundland in the period immediately preceding the plebiscite would have certain advantages since it would help to demonstrate our good faith in saying that we have no desire to interfere in the choice which the people of Newfoundland must make.

6. Mr. Macdonald, I think, would make a first-class Ambassador to Brazil. French is still, I understand, the second language of Brazil and Mr. Macdonald served at our Legation in Paris before the war and speaks French fluently. He and his wife would also be good at doing the entertaining which is so necessary in Brazil. He would also be a good reporter and that would be useful since the Brazilian Foreign office is very well informed and Brazil is much the most important country in Latin America.¹

7. I enclose a short biographical note on Mr. Macdonald.†

L.B. PEARSON

3^e PARTIE/PART 3

NICARAGUA

1125.

DEA/6657-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

SECRET

Ottawa, May 4, 1948

RE RECOGNITION OF GOVERNMENT OF NICARAGUA

The question has arisen whether any action should be taken to recognize the present Government of Nicaragua. Briefly the facts are as follows:

(a) Dr. Leonardo Arguello was elected President of Nicaragua on April 30, 1947, in succession to General Samoza who had been President for many years. Less than one month later General Samoza, in a military coup, overthrew his suc-

¹ Note marginale :/Marginal note:

This seems to be a very good arrangement. I am wholly in accord. W.L.M. K[ing] 24-4-48

cessor and eventually made Dr. Roman Y Reyes President. General Samoza continues to be the power behind the throne.

(b) The United States, United Kingdom and Latin American states generally withheld recognition of the new Government.

(c) Canada has no diplomatic mission, consulate or trade commissioner in Nicaragua. We did, however, avoid taking any action which might be construed as recognition of the new régime. Specifically, we did not reply to telegrams from the Foreign Minister announcing the new Government and we did not acknowledge passports issued by the new Government.

(d) The United Kingdom informed us a short time ago that they proposed to recognize the present Government in Nicaragua as soon as the United States did. The United Kingdom Government asked us whether we would like the United Kingdom Minister to Nicaragua to communicate the recognition of the Canadian Government at the same time.

(e) The State Department yesterday informed our Embassy in Washington that the U.S. Government was likely to recognize the Government of Nicaragua some time this week. Some Latin American Republics, including Colombia, Costa Rica and the Dominican Republic, have already recognized the new Government.

2. It seems to me that we have four choices. We might:

(i) Formally recognize the new régime through the United Kingdom Minister at Nicaragua.

(ii) Formally recognize the new régime by means of a letter from you to the Foreign Minister of Nicaragua.

(iii) Informally recognize the new régime.

(iv) Take no action at the present time.

3. I suggest that the last course is the preferable one. Conditions in Nicaragua are far from settled. General Samoza, the real ruler of Nicaragua, is an unsavoury character and only about six weeks ago intervened in the Costa Rican rebellion. If conditions become more stable or if it becomes in our interest to accord recognition we could then do so. The most acceptable procedure would probably be informal recognition. We would then accept Nicaraguan passports and other documents signed by that Government and generally act towards Nicaragua in the same way as we do towards any other country with whom we have not exchanged diplomatic missions.²

L.B. P[EARSON]

² Note marginale :/Marginal note:
I agree. St. L[aurant] May 10, 1948

1126.

DEA/6657-40

*Note de la Direction de l'Amérique et l'Extrême-Orient
pour le sous-secrétaire d'État par intérim aux Affaires extérieures*

*Memorandum from American and Far Eastern Division
to Acting Under-Secretary of State for External Affairs*

[Ottawa], November 9, 1948

RECOGNITION OF THE GOVERNMENT OF NICARAGUA

The question of whether or not Canada should now recognize the present Government of Nicaragua has again arisen in connection with the granting of an Exequatur to Mr. Lucien Viau as Honorary Consul of Nicaragua in Montreal. Mr. Viau was granted provisional recognition in March 1947, but no action was taken with regard to issuing him with an Exequatur since by doing so we would have been considered as having granted recognition to the present Government of Nicaragua which, as you will recall, came into power after the elected President was overthrown by a military coup in May of that year.

You will also recall that for some time the United States, the United Kingdom and Latin American nations, with one or two exceptions, withheld recognition of this government and that we ourselves avoided taking any action which might be construed as recognition of the régime. Mr. St. Laurent approved the recommendation made in a memorandum dated May 4, 1948, that we should not recognize the government for the time being but that if "conditions become more stable or if it becomes in our interest to accord recognition we could then do so."

Since that date we have received no information which would indicate that the present government has been unable to exercise effective authority for the seventeen months it has been in power. There have been one or two minor revolts but these were put down without difficulty. Furthermore, this government has been recognized by the United States, the United Kingdom, Spain, France, Italy, Holland, the Holy See, Belgium, Denmark, Poland, Sweden, China, Israel, Costa Rica, the Dominican Republic, Colombia, Peru, Ecuador, Honduras, Argentina, Mexico, Salvador, Panama, Brazil and Haiti. The only countries which recognized the previous government and which have not recognized the present government are Cuba, Guatemala and Venezuela.

It is felt that while we have little sympathy for this government on political grounds, it would be difficult to continue withholding recognition when the principal nations of the Hemisphere have already entered into official relations with it. Moreover, we have already granted a diplomatic visa to the wife of the Minister of War. Accordingly, it is now proposed that we extend informal recognition to the present Government of Nicaragua.

The issuance of the Exequatur to the Honorary Consul in Montreal, which has now been pending for a year and a half, would provide us with a convenient opportunity of extending informal recognition, and we would prefer that recognition be granted in this way rather than by a formal communication from the Minister to the

Foreign Minister of Nicaragua or through the United Kingdom Minister in Managua.

The Legal Division has been consulted in the matter and concurs with the above recommendation.³

4^e PARTIE/PART 4

PÉROU
PERU

1127.

DEA/2347-40

*Note du chef de la Direction de l'Amérique et l'Extrême-Orient
pour le sous-secrétaire d'État par intérim aux Affaires extérieures*

*Memorandum from Head, American and Far Eastern Division,
to Acting Under-Secretary of State for External Affairs*

[Ottawa], November 25, 1948

RECOGNITION OF THE PRESENT GOVERNMENT OF PERU

You will recall that the Acting Secretary of State for External Affairs asked us to arrange for Canadian recognition of the present government of Peru at about the same time as the United Kingdom and the United States extended recognition. The United States did so on November 20th and the United Kingdom, yesterday. Other countries which have recognized this government are: The Holy See, Italy, China, Nicaragua, Sweden, Mexico, Spain, Argentina, the Dominican Republic, Bolivia, Paraguay, Haiti, Panama, Switzerland, France, Belgium and Ecuador.

You will also recall that our Ambassador in Santiago informed us of the Chilean Foreign Minister's request to him that we delay our extension of recognition of the present government of Peru until after Chile has done so. Briefly, it appears that Chile has certain reasons for withholding recognition but does not wish to be the last nation to act and so place herself in an embarrassing position vis-à-vis the new Peruvian Government. A copy of Mr. [C.F.] Elliott's telegram is attached.†

While the Chilean Foreign Minister's reasons may have some merit from Chilean point of view, it is felt that we should not delay our granting recognition any longer since we have our own interests in Peru to consider. Accordingly it is suggested that we proceed in accordance with our original intention. If you agree, a telegram could be sent to Mr. Elliott informing him of our decision and suggesting that he merely tell the Chilean Foreign Minister that Mr. [J.A.] Strong⁴ has already received his instructions and that we regret it was not possible to alter them.

³ Note marginale :/Marginal note:
I concur. E[scott] R[eid] Nov. 10/48

⁴ Ambassadeur en Pérou/Ambassador in Peru.

Mr. Strong has suggested that our extension of recognition be communicated to the Peruvian Government by a personal visit to the Foreign Minister, leaving with him a note merely reiterating general sentiments of existing friendship between Canada and Peru, but without specific reference to the note addressed by the Foreign Minister to Mr. Strong informing him of the change in government, thus implying that no interruption in relations ever took place.

This Division would have no objection to Mr. Strong's proposal and Legal Division also concur.

I attach for your consideration a telegram of instruction to Mr. Strong.^{†5} I also attach a suggested reply to Mr. Elliott.[†]

DAVID M. JOHNSON

5^e PARTIE/PART 5

URUGUAY

1128.

DEA/1499-A-40

*Note du sous-secrétaire d'État par intérim aux Affaires extérieures
pour le secrétaire d'État par intérim aux Affaires extérieures*

*Memorandum from Acting Under-Secretary of State for External Affairs
to Acting Secretary of State for External Affairs*

[Ottawa], November 29, 1948

This afternoon, the Uruguayan Minister, Dr. Cesar Montero de Bustamante, called on me on instructions from his Government to leave the attached note and memorandum.[†] The Minister stated that he thought this memorandum was also being presented to the Foreign Offices of the countries of this Hemisphere with which Uruguay has diplomatic relations.

Briefly, the memorandum expresses Uruguay's concern for the consequences implied in the recognition of military governments which have achieved power by overthrowing lawfully constituted governments, and cites the recent example of Venezuela. It concludes by recommending against recognition of the present government of Venezuela and in favour of joint action being taken to study the problem.

Dr. Bustamante told me that although his government realized that Canada was not a member of the Pan American Union, it nevertheless wished us to be aware of Uruguay's views in this matter since it has always considered Canada as a member of the "American family". He went on to explain that Uruguay's traditional view with regard to recognition of governments which had come into power after over-

⁵ Le 25 novembre, Strong fut autorisé à transmettre la décision canadienne de reconnaître la junte militaire ainsi qu'il l'avait proposé.

On November 25, Strong was authorized to convey Canada's decision to recognize the military junta as he had proposed.

throwing lawfully established governments is that recognition of such governments constitutes a direct intervention in the internal affairs of the State.

In the course of the conversation the Minister referred to the recent assumption of power by the Armed Forces in Peru and the military plot which was discovered earlier this month to overthrow the President of Chile. Although the Minister did not say so, the Chilean Government have reason to believe that this plot and the revolution in Peru last month received some assistance from the Argentine, and the fact that the recent revolution in Venezuela followed a similar pattern tends to give the impression that these uprisings are not unrelated. As a democratic country and as a neighbour of the Argentine, Uruguay's purpose in expressing the views contained in this memorandum is quite apparent.

In accepting the Minister's note, I promised him that I would refer it to you. After we have had an opportunity of studying it, a suggested reply will be submitted to you for your consideration.⁶

E[SCOTT] R[EID]

6^e PARTIE/PART 6
VENEZUELA

1129.

DEA/3397-40

*Note du chef de la Direction de l'Amérique et l'Extrême-Orient
pour le sous-secrétaire d'État par intérim aux Affaires extérieures*

*Memorandum from Head, American and Far Eastern Division,
to Acting Under-Secretary of State for External Affairs*

SECRET

[Ottawa], December 29, 1948

VENEZUELA

On November 27 you authorized a telegram to our Acting Consul General in Caracas instructing him to abstain for the present from taking any action which might be considered to constitute recognition of the Military Junta as the Government of Venezuela.

2. Although this Military Junta, on the surface at least, appears to maintain substantial control over the country, only seven countries — Argentina, Honduras, Paraguay, Peru, Sweden, Switzerland, and the United Kingdom — have accorded it recognition.

3. At first the United States was inclined to extend early recognition, in accordance with Resolution 35 of the Bogota Conference, which declares that continuity of diplomatic relations among the American states is desirable and that the establishment or maintenance of diplomatic relations with a government does not imply any judgment upon the domestic policy of that government. It now appears that the

⁶ Voir le document suivant./See the immediately following document.

United States is not likely to act for some time as it has become disturbed by the current tendency shown by some Latin American nations to overthrow popularly-elected or established régimes by violence. The United States is currently undertaking an exchange of views with certain nations of the hemisphere with a view to the adoption of "legitimate and appropriate action" within the inter-American system "to strengthen the democratic and constitutional framework of the governments of this continent."

4. You will recall that in the case of Peru we extended recognition very shortly after the United Kingdom and the United States. In this instance, the United Kingdom and the United States acted almost simultaneously. In the case of Venezuela, the United Kingdom, while at first intending to follow the lead of the United States, decided to act on its own and extended recognition on December 23. If you concur, we might continue to withhold recognition for a short while to see whether the United States is likely to act at an early date. If, however, the United States appears to be delaying its recognition unduly, we could agree to extend recognition without awaiting a lead from the United States.⁷

DAVID M. JOHNSON

7^e PARTIE/PART 7

SOUVERAINETÉ DANS L'ANTARCTIQUE
ANTARCTIC SOVEREIGNTY

1130.

DEA/50070-40

*Note du sous-secrétaire d'État aux Affaires extérieures
pour le secrétaire d'État aux Affaires extérieures*

*Memorandum from Under-Secretary of State for External Affairs
to Secretary of State for External Affairs*

TOP SECRET

[Ottawa], July 30, 1948

CANADIAN POLICY CONCERNING ANTARCTIC QUESTIONS

I. Introduction

During the past winter the recurrent controversial question of sovereignty in Antarctic territories was brought to the fore by a dispute between the United Kingdom and Argentina and Chile. In response to Argentine and Chilean naval expeditions to the Falkland Islands Dependencies, the United Kingdom Ambassadors in Chile and Argentina on December 17, 1947, delivered formal notes of protest to the two Governments involved. In spite of these protests the provocations continued.

⁷ Notes marginales :/Marginal notes:

I concur. E.R. H[opkins]

Continue to withhold until U.S. recognizes but re-examine policy in about 10 days if U.S. hasn't recognized. E[scott] R[eid]

II. Areas Involved and General Background

2. The current difficulties involve three distinct though related areas:

(a) the Falkland Islands, where Argentina is challenging United Kingdom sovereignty;

(b) the Falkland Islands Dependencies and Graham Land, where Argentina and Chile are both challenging United Kingdom sovereignty; and

(c) the Antarctic mainland itself, where eight countries (Argentina, Australia, Chile, France, New Zealand, Norway, the United Kingdom, the United States) all have direct interests.

3. The dispute between Argentina and the United Kingdom with regard to the Falkland Islands, lying off the coast of Patagonia, dates back to 1833 when the United Kingdom took over — somewhat arbitrarily — the *Islas Malvinas* (Falkland Islands) from Argentina. Argentina has never recognized United Kingdom occupation of the Islands and has periodically laid claims to them since that date, the most vigorous being put forward last Autumn.

Following is the text of an amendment to paragraph 3 suggested by Mr. Chipman, Canadian Ambassador to Argentina:

“The dispute between Argentina and the United Kingdom with regard to the Falkland Islands lying off the coast of Patagonia is a sequel to the long-standing earlier dispute between the United Kingdom and Spain over the same territory, to which both laid claim on grounds of discovery and occupation. Later, after achieving its liberation from Spain by revolution, Argentina asserted the Spanish claims as a successor State on its own account. This led to a British protest in 1829. Following a second protest in 1832, the United Kingdom reoccupied the Falkland Islands by force in 1833.”

4. The Falkland Islands Dependencies lie south of Argentina, Chile and their namesake, the Falkland Islands. They comprise four groups of islands, the South Shetlands, the South Orkneys, South Georgia, and the South Sandwich Islands. Graham Land is a jutting peninsula which thrusts itself northward from the Antarctic mainland into the sea towards South America. This whole region was discovered, explored and in many instances has been effectively occupied by the United Kingdom, administration being carried out by the Governor of the Falkland Islands.

5. In 1940 Argentina and Chile laid claims to territorial sectors in this region and since last Autumn (Antarctic Spring) these countries established several weather stations and military bases in Graham Land and in the South Shetlands especially, in spite of United Kingdom protests. Argentina's claim to territory in the Falkland Islands Dependencies is partly based on the alleged ownership of the Falkland Islands.

6. The Antarctic mainland is a *de facto res nullius* and it is only a narrow coastal strip which has been explored to any extent. By carrying out only limited activities on the coastal fringe the various powers claim sovereignty over sectors of territory extending as far as the South Pole. The view has been expressed by some of the interested Commonwealth countries that problems arising in connection with conti-

mental Antarctica should be treated separately from those arising in the surrounding islands and Dependencies.

7. A recent map of the whole region indicating the areas claimed by the different powers (Argentina, Australia, Chile, France, New Zealand, Norway, United Kingdom, and United States) is attached as Appendix I.†

8. As early as 1946 the United Kingdom Government realized that it would become necessary to take more positive steps to assert rights of sovereignty in Antarctic areas. In November of that year the United Kingdom expressed to Australia and New Zealand the "earnest hope" that those countries would review their policy with a view to the establishment of permanent bases in the Antarctic. It was pointed out that the Foreign Office Legal Adviser had stated that the necessity of continuity of effective possession and administration was emerging as a new requirement of international law, and that in the future, claims would probably not be upheld on the grounds of discovery, annexation or the application of the "sector principle". (At this point it is of interest to note that on recent maps Argentina has applied the "sector principle" to justify claims of Antarctic territory right up to the South Pole on the basis of claims to the Falkland Islands, the F.I.D. and Graham Land).

9. In the Autumn of 1947 the United Kingdom, anticipating the subsequent Argentine and Chilean activities in the Antarctic, initiated exchanges of views with other Commonwealth countries and expressed willingness to refer the question of Antarctic sovereignties to the International Court of Justice at The Hague for a decision. Australia and New Zealand concurred and Canada also stated "We have no objection to the course of action proposed."

10. The United Kingdom included the offer of recourse to The Hague Court in notes of protest delivered to Argentina and Chile on December 17, 1947. These notes were rejected and the presence of the cruiser "Nigeria" did not serve to discourage the provocative actions of the two countries.

11. The Argentine and Chilean refusal to submit the dispute to The Hague Court probably stems from their realization of the weakness of the legal basis of their claims. Because of this, they are in favour of a solution being reached through the medium of an international conference.

12. The recent establishment by Argentina of a new Division in the Ministry of Foreign Affairs to deal with Antarctic and Falkland Islands questions emphasizes the serious nature of the approach to the dispute taken by that country. A further development along these lines was the announcement a short time ago of a Treaty to be signed in the near future between Argentina and Chile to define their respective territories in the Antarctic, and to establish joint action in furthering the interests of the two countries in the area.

III. *Developments in 1948*

13. In March 1948, following the rejection by Argentina and Chile of the United Kingdom protests, members of the United Kingdom Embassy in Washington had discussions with officials of the United States State Department, and at the same

time, further exchanges of views took place between the United Kingdom, Australia, New Zealand and South Africa.

14. As a result of these exchanges, it became apparent that the United States favoured some form of international control. Their first suggestion was for the establishment of a United Nations trusteeship, but following an unfavourable reception from the United Kingdom, this was replaced by a proposal for the creation of an eight-power condominium.

15. The chief United Kingdom objections to international control of the Antarctic at that time were (a) that without considerable study and a clear definition of the area involved, it would be difficult to establish a sound administration; (b) it would be difficult to exclude other countries such as the USSR from such international schemes; (c) direct strategic and commercial interests of the United Kingdom and other Commonwealth countries would suffer; (d) the scheme would require acceptance by Norway and France, both countries which have so far not been involved in any major disputes over sovereignty. Australia and South Africa agreed with these views, Australia being particularly opposed to a condominium or other similar arrangements. New Zealand favoured a United Nations trusteeship and was opposed to an international condominium.

16. As a result of these United Kingdom-United States talks in Washington, the United States came around to the view that a general eight-power conference would be desirable and it seemed at the time that the United Kingdom might agree to such a course.

17. In June however, the United States informed the United Kingdom that a revised plan for an international trusteeship for the Antarctic was being considered. The United Kingdom at once referred to the grave dangers, which had been stressed in previous discussions, that existed in such a plan and stated that an eight-power condominium would be a preferable solution (see Appendix II — memorandum from the Office of the High Commissioner for the United Kingdom in Ottawa).† It was learned later that the United States had presented the plan to Chile and that the initial Chilean reaction had been unfavourable.

IV. Latest U.S. Proposal

18. As a result of United Kingdom objections to the proposal for a trusteeship under the United Nations, the United Kingdom informed us that the United States have now prepared a revised scheme to set up a "special régime" for the Antarctic. The United States is expected to deliver the revised proposals to the other eight governments concerned within the next few days and at such time to announce its territorial claims to the Antarctic.

19. The essence of the United States scheme is the creation of an "International Antarctic Commission", the territorial scope of which would embrace the Antarctic Continent and all islands south of 60° south latitude. The eight countries concerned would merge and join their claims and interests in this "special régime". The Commission would cooperate with appropriate specialized agencies of the United Nations and with international scientific bodies on matters of mutual concern. It is to be observed that the United States proposal will not settle the Argentine-United Kingdom dispute about the Falkland Islands because these Islands lie north of the

60° south latitude. More complete details of the United States proposal are contained in C.R.O. circular D.157 of July 24, a copy of which is attached as Appendix III.†

20. The United Kingdom have decided, if other Commonwealth countries agree, to negotiate with the other seven governments on the basis of the United States proposal. The United Kingdom will not agree to any form of trusteeship under the United Nations, but would approve full cooperation and association with appropriate United Nations bodies. The United Kingdom would also hope to retain sovereignty over a limited area in the South Shetland Islands but, if necessary to ensure success of the eight-power discussions, they would not insist upon this.

21. The United Kingdom has asked for any comments the Canadian Government may have to offer in connection with the United States proposal and on the attitude the United Kingdom proposes to adopt towards the plan. An urgent request for Canadian views has also been received from the New Zealand Government through the Canadian High Commissioner in Wellington. A copy of despatch No. 267 of July 8 from Wellington is attached as Appendix IV.†

V. *Canadian Interests*

22. In formulating Canadian policy, the following considerations should be borne in mind:

(a) Canada has no claims to any territory in the Antarctic.

(b) Canada's main interest is to see an end to the long-standing and increasingly troublesome disputes over Antarctic territory. In particular, conflicting claims have soured relations between the United Kingdom on the one hand, and Argentina and Chile on the other. This is to be deplored at a time when it is important that there should be close cooperation between powers of Western Europe and those of the Western Hemisphere.

(c) Canada, therefore, would welcome any settlement which is acceptable to the interested countries.

(d) It is desirable that, in the first instance the interested countries should attempt to settle their differences by negotiation before any reference is made to the United Nations with a view to establishing an international trusteeship.

(e) It is possible, but not probable, that any international régime set up to administer the Antarctic might be considered a precedent for the establishment of a similar régime in the Arctic. The cases are not, of course, parallel and any attempt to treat them as such should be vigorously resisted. In any comments we may choose to make, I think it would be a mistake to make any reservations about the Arctic. If we did, it might suggest to others that we had some doubts about our legal rights there. The possibility, moreover, that any international organization for the Antarctic might be exploited to our disadvantage as regards the Arctic, makes it advisable for us to take no active role in the settlement of the Antarctic dispute.

(f) The United States proposals are only known in broad outline. It is not yet known what the attitude of the other interested countries will be or whether others in addition to the eight countries named in paragraph 2(c) will also assert claims to territory in the Antarctic.

VI. *Conclusion*

23. It is accordingly suggested that:

(a) Canada take no active part in the settlement of this dispute,

(b) the United Kingdom Government be informed:

(i) that we share their anxiety that disputes relating to the Antarctic should be settled,

(ii) that we hope that the countries with interests in the Antarctic will be able among themselves to reach a satisfactory settlement of their differences,

(iii) that the Canadian Government assumes that any international régime which is established in the Antarctic will not in any way contradict the obligations which participating States have accepted under the Charter of the United Nations, and that through the registration of the agreement with the United Nations, and in any other ways that may be appropriate, the agreement will be brought within the framework of the United Nations,

(iv) that at this time we have no other comments to offer on the United States proposals or on the policy of the United Kingdom with regard thereto but we may wish to make comments later on when the full United States proposals and the views of other interested countries are known.

(c) communications be sent to the other interested Commonwealth countries, and especially to New Zealand in view of the request recently received, along the lines proposed for the reply to the United Kingdom.⁸

L.B. P[EARSON]

1131.

DEA/247 (S)

*Note du sous-secrétaire d'État par intérim aux Affaires extérieures
pour le secrétaire d'État par intérim aux Affaires extérieures*

*Memorandum from Acting Under-Secretary of State for External Affairs
to Acting Secretary of State for External Affairs*

TOP SECRET

[Ottawa], November 29, 1948

ANTARCTIC

As a result of the United Kingdom's request for Canada's views on a proposal which the United States was about to put forward as a solution to the current question of sovereignty in the Antarctic, a memorandum dated July 30 outlining developments was submitted to the Secretary of State for External Affairs. Mr. St. Laurent agreed with the recommendation that Canada should take no active part in the settlement of these disputes and that the United Kingdom be informed that Canada had no comments to offer at that time.

⁸ Note marginale :/Marginal note:
I agree. St. L[Laurent] Aug. 8, 1948

Recently, the dispute between the United Kingdom and Argentina over their respective claims to sovereignty over sections of the Antarctic was the subject of a conversation in London between Mr. Bevin and the Argentine Foreign Minister, Dr. Bramuglia. Mr. Bevin suggested that a deterioration in United Kingdom-Argentine relations should be prevented by a mutual agreement between the United Kingdom, Argentina and Chile to avoid naval demonstrations in the Antarctic during the coming Antarctic Summer. Dr. Bramuglia referred this suggestion to President Peron who subsequently expressed agreement in principle.

The United Kingdom High Commissioner in Ottawa has forwarded us the draft text of a proposed declaration on naval activities in Antarctica which is currently being discussed informally with the Argentine Embassy in London. The intention is that this or a similar declaration in agreed terms should be made simultaneously by the Governments of the United Kingdom, Argentina, and if agreeable, Chile. In this connection, the Chilean Government stated recently that they would probably wish to be associated with it.

The draft declaration is as follows:

"Being anxious to avoid any misunderstanding regarding the situation in the Antarctic which might affect the friendly relations between this country and the Argentine (and Chile), His Majesty's Government in the United Kingdom are willing to inform the Argentine (Chilean) Government that in present circumstances they foresee no need to send warships south of latitude 60 degrees during the 1948-49 Antarctic season, apart of course from routine movements such as have been customary for a number of years."

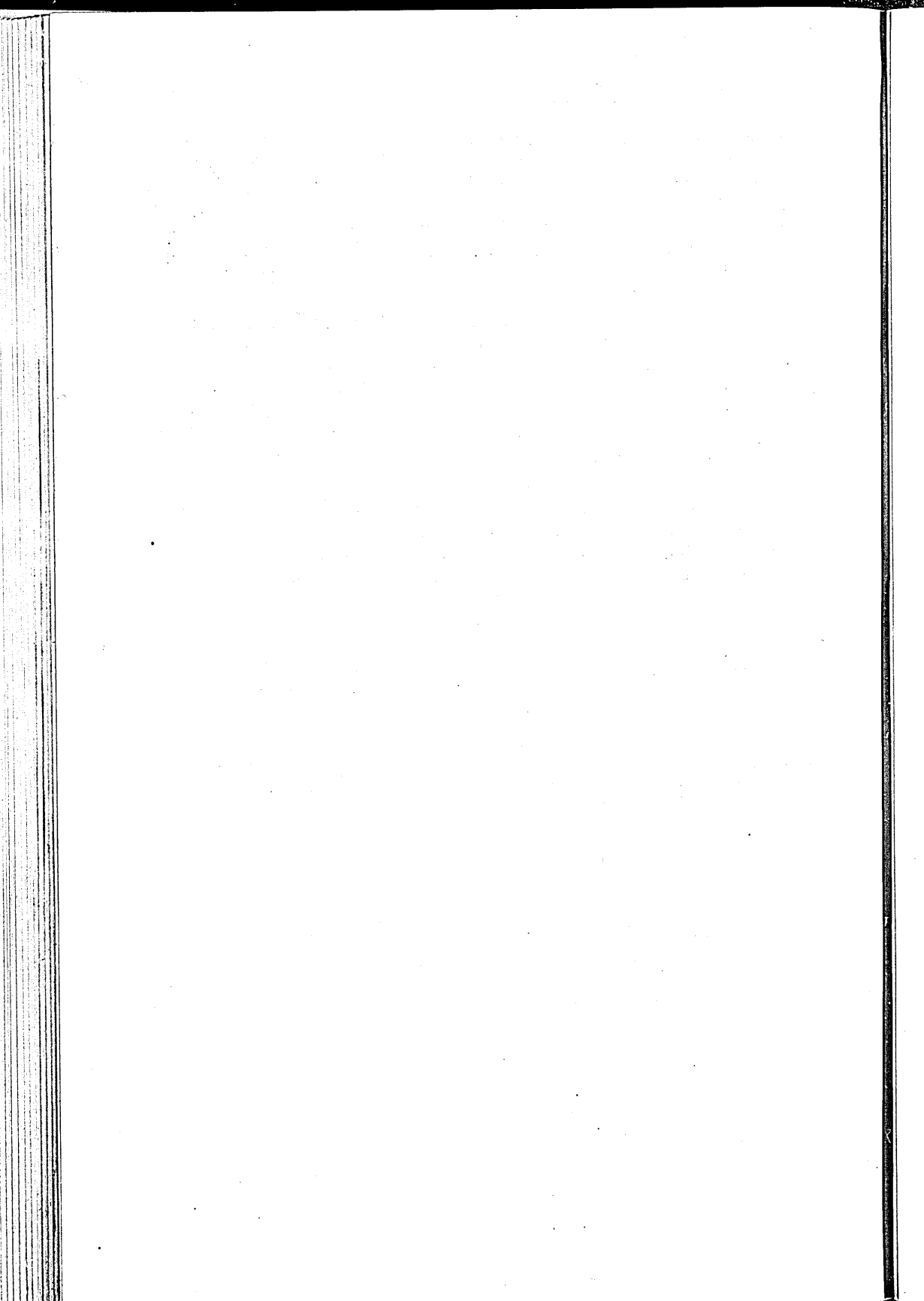
The United Kingdom High Commissioner has stated that should we wish to make any comments on the text of the proposed declaration, he would be grateful to receive them as early as possible.

In view of Mr. St. Laurent's previous decision that Canada should take no active part in Antarctic disputes, if you agree, I shall inform the High Commissioner that we have no comments to make on the text of the draft declaration.⁹

E[SCOTT] R[EID]

⁹ Ce fut fait le 2 décembre.

This was done on December 2.



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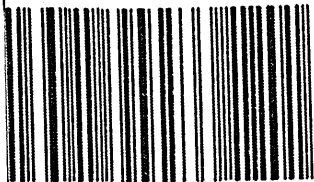
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