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50209-40

Provision & Control of New
United States Military
Installations in Canada -
Policy re.

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L'ACCES A L'INFORMATION
EXAMINED BY / EXAMINE PAR:
M. S. Thompson
DATE / DATE:
December 7, 1960



SECRET

RED REGISTRY

Department of External Affairs

Subject: United States Military

File No. 50209-40

Installations and defence

Volume One

Activities in Canada --

From 7 Nov 50

General requirements and Canadian Policy

To Sept. 30, 1952

Date	Referred To	Returned	Date	Referred To	Returned
50195-40	Posting of United States	Strategic Bombers in Canada			
10298-C-40	Negotiations re Lease of	Goose Bay Base: General			
50069-C-40	Consultation Between Government	on use of Atomic Bomb			
50221-40	United States Northeast	Command -- Command relations in the			
50210-40	newfoundland area the release of unidentified Aircraft over Canada				
11653-40	Visit to Canada of Cadets from Canada				
50209-40	United States Defence Activities in the Arctic - General file				

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OTTAWA

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EXAMINED BY / EXAMINÉ PAR:
G. F. G. [Signature]
DATE / DATE:
28 Dec 1990

File

TOP SECRET AND PERSONAL.

Washington 6, D. C.,
June 21st, 1951.

DOWNGRADED TO SECRET
REDUIT A SECRET

Dear Mr. Heeney:

As you know, we have been hoping to get through the State Department clarification of the further requests which might be expected from the United States Government for defence facilities in Canada. I am now able to report at least a partial clarification resulting from a conversation which Mr. R. Gordon Arneson had with General Walsh this week insofar as it concerns additional requirements which the United States Air Force will have for the use of the Strategic Air Command.

General Walsh told Mr. Arneson that the United States Air Force will require one base additional to the base at Goose Bay for the use of the Strategic Air Command, to be located in a site in Newfoundland. The reasons for this requirement were two. First, the U.S.A.F. wanted to have a base which would be easily accessible by water all the year round for the transport of the large quantities of gasoline required for S.A.C. operations. The base at Goose Bay, he pointed out, had the defect that for a large part of the year it was accessible only by air transport. The second reason was the large expansion of the United States Air Force now in train, which included the expansion of aircraft to be used by the Strategic Air Command, as well as the expansion in the number of special weapons to be used in these operations. Apparently it is the opinion of the U.S.A.F. that the facilities at Goose Bay will not be sufficient to accommodate this expansion.

General Walsh told Mr. Arneson that all he could say at this time was that it was the clear objective of the U.S.A.F. to seek one more base from the Canadian Government, and to secure arrangements by negotiation which would enable the U.S.A.F. to use such a base for special weapons on the same conditions as
/applied

A.D.P. Heeney, Esq.,
Under-Secretary of State
for External Affairs,
Ottawa, Canada.

- 2 -

applied at Goose Bay. Mr. Arneson was also told that the United States base at Harmon Field is apparently to be regarded as a supporting field to be used particularly for the storage of fuel and for fuel carrying aircraft.

I should mention that Mr. Arneson had promised Mr. MacKay when he was in Ottawa that he would get this information for him, but had been unable to have his conversation with General Walsh until this week.

Yours sincerely,

H. H. WRONG

Defence Liaison (1) / M.H. Wersner / SW

File No.: 50209-40

S E C R E T

Sub.	Chron.	Filed
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Ottawa, June 13, 1951.

MEMORANDUM FOR MR. MacKAY

Re Principles of Defence Co-operation
between U.S. and Canada

I understand that the Minister has asked whether the Joint Statement of February 12, 1947, (CTS 1947 No. 43) could usefully be revised.

When considering this, we might keep in mind the Thirty-Sixth Recommendation of the PJBD dated November 20, 1946, which is also in force and which was recently declassified by the Board. Although the Joint Statement was based on the Recommendation, not all of the significant parts of the Recommendation were included in the Joint Statement; I do not know the reason for this. Paragraph f (ii) of the Recommendation goes a long way in asserting the principle of "no prejudice to sovereignty" -- the Joint Statement is really pretty vague on this point.

There is no doubt that the Joint Statement is out of date in many respects -- both major and minor.

Taking the minor points first, the second sentence of Item (3) dealing with U.K. standards of equipment could certainly be revised in the light of the decision to use U.S. Army designs. The second sentence of Item (4) should, I think, be separated from the first sentence and should be expanded to mention visits (not merely transit) of U.S. forces and vehicles.

The major points which could be faced in a revised version are:

- 2 -

Newfoundland Leased Bases

Some mention of the special position of the leased bases could be included in any revised Joint Statement.

Principles of Command

This is a problem which hardly existed at the beginning of 1947. My understanding is that the command relationships between the forces of the two countries are now being worked out on Service levels and that governmental agreement of some kind may be reached before many more months. If such agreement has been reached before a new Joint Statement has been negotiated, it might be desirable to include in the Joint Statement some part of the agreed command principles.

North Atlantic Treaty

Obviously, this Treaty has greatly changed the picture of defence relationships between the U.S. and Canada and any Joint Statement which does not mention the Treaty is unrealistic. I do not think that there would be any great difficulty in working in suitable references to the North Atlantic Treaty if one were revising the Joint Statement.

Proposed U.S. Installations in Canada and their Financing

It seems to me that this is the biggest question which has developed since the beginning of 1947. We have recently agreed to give the U.S. a lease at Goose Bay and have agreed to long-term rights for the U.S. in the radar defence system. No doubt the United States will be asking for permission to build and operate other defence installations in Canada on a large scale. It seems to me that it would be better to postpone suggesting the revision of the Joint Statement until the Canadian Government has decided on what basis -- and particularly on what financial basis -- future U.S. large-scale installations will be permitted. This is, I think, the most importance question to be settled in our defence relationships with the United States and

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I think it should be settled as a separate exercise prior to suggesting the revision of the Joint Statement, which is, of course, a public document. However, if it were the wish of the Minister to try for a revision of the Joint Statement immediately, we might reasonably suggest that paragraph f (ii) of the PJBD Recommendation be incorporated in a revised Joint Statement.



M. H. Wershof.

COPY NO. 1 OF THREE COPIES

June 11th, 1951.

TOP SECRET

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MEMORANDUM FOR THE UNDER SECRETARY

At the meeting in the Minister's office on Saturday morning, Mr. MacKay undertook, at Mr. Pearson's suggestion, to examine the question of negotiating a new "canopy agreement" or statement of principles concerning defence co-operation between Canada and the United States. The PJBD recommendation of 1947, which had served the purpose reasonably well, was now somewhat out of date in view of NATO and other developments. While NATO operations could scarcely be incorporated in such a document, a master document to cover co-operation in the fields of radar and U.S. operations in north-eastern Canada might be useful.

Mr. Greshof.

Could you think this over. You might like to have a word with

R.A.H. Defence Liaison (1).

Mr Phillips.

See my memo of June 13 to Mr. MacKay on

50209-40

REFERRED TO: Deputy Minister of Defence Production
Deputy Minister Finance (Att'n: J.J.Deutsch)
Canadian Section, PJBD
Mr. Robertson
Mr. Drury
Secretary, C.S.
SSEA

*Deputy Minister of
Economic Development
+ to Mr. Maclean
June 1951
HW*

OTTAWA FILE
No. 40209-480
35

Despatch No. 1995

DONE/June 6/
B.White

SECURITY CLASSIFICATION
SECRET

Date..... June 1, 1951.....

FROM: THE CANADIAN AMBASSADOR, WASHINGTON, D.C.

TO: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

Reference.... My Despatch No. 1591 of May 10, 1951.....

Subject:..... U.S. requests for additional defence facilities in Canada.

D-1
5 JUN 1951

Since the recent meeting of the Permanent Joint Board on Defence, officers at the staff level in the State Department have referred on several occasions to the Canadian position with respect to the U.S. request for additional defence facilities as expressed at the last meeting of the Board. They have suggested that it might be desirable to have general discussions between the Embassy and the State Department regarding the type of agreement or agreements which Canada might wish to conclude as a result of the further U.S. request for military base facilities. They have also suggested that consideration might be given to the duration of such a defence agreement, and to the question of whether it might be concluded as a joint Canada-U.S. defence arrangement, or within the framework of the North Atlantic Treaty. So far, we have limited our comments in response, to remarks based upon the memorandum prepared for the Chairman of the Canadian Section of the Permanent Joint Board on Defence (forwarded under cover of your letter D-1791 of May 2, 1951) and have indicated that these matters are presently under consideration in Ottawa. We have also stressed the desirability of having as much information as possible concerning the United States plans and requirements involving the construction and development of defence facilities in Canada.

2. From our informal discussions it is apparent that U.S. authorities do not consider the United States' bilateral agreement with Iceland as setting a desirable precedent for any proposed agreement on the construction or operation of additional defence facilities in Canada. What they have indicated that they would like to have (and this, from their standpoint, would be as satisfactory as a lease), would be a long-term agreement, say for 20 years, granting the United States unrestricted "user rights" for military purposes at certain specified sites provided by the Canadian Government. Such an agreement would be adequate to meet both Congressional and military requirements. Congress could be assured that they were not being asked to appropriate funds to construct permanent-type facilities in Canada on sites to which the United States had no long-term rights. United States military authorities would also be in a position, for planning purposes, to count on long-term

Copies Referred To.....

No. of Enclosures
(None)

Post File No.....

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military rights in respect of their facilities in Canada.

3. While, as a result of the statement of the Canadian Government position made by the Chairman of the Canadian Section at the last meeting of the Permanent Joint Board on Defence, the United States authorities have understood that we would not be disposed to grant any further long-term leases for defence purposes in Canada, they are now inclined to seek a solution, on the basis of a defence agreement within NATO or otherwise, which would give the United States unrestricted "user rights" for military purposes for as long a duration as may be agreed, if possible for 20 years.

4. I am not sure whether this approach is consistent, in letter and in spirit, with a principle contained in the joint statement on peacetime co-operation between the United States and Canada of February 12, 1947, which says "As an underlying principle all co-operative arrangements will be without impairment of the control of either country over all activities in its territory". As I understand it, we are quite willing to enter into an agreement with the United States for projects required in Canada for joint defence or in implementation of military requirements in the North Atlantic Treaty. However, once defence facilities in Canada required by the United States were no longer necessary for the implementation of agreed NATO military requirements or mutually agreed joint defence purposes, either government should have the right, after sufficient notice, to terminate or alter the agreement. In other words, the United States would not have blanket permission to use the facilities for any purposes which the United States might unilaterally declare to be necessary or desirable. For example, a facility granted for operational use by the Strategic Air Command could not be turned into a U.S. training station for fighter aircraft or vice versa, without the express consent of the Canadian Government.

5. In my despatch under reference I suggested that we might be expected to contribute something more than property as our share of the common costs of any additional U.S. facilities in Canada. In recent discussions on NATO infrastructure (which the United States have stated should not necessarily set a precedent for all areas in NATO), the United States position has been that the host governments should provide land and public utilities, but that the remaining cost of constructing the facilities should be borne by the "user" governments. From the financial standpoint and with respect to defence facilities in Canada, this proposal would seem to be one which would cause us a minimum of hardship, particularly if the facilities in Canada are not operated on a joint basis.

6. As officials in the State Department may be expected to return to a discussion of the questions raised in this despatch it would be helpful to have your guidance.



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MESSAGE FORM
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Security Classification
S E C R E T

FROM: THE CANADIAN AMBASSADOR TO THE UNITED STATES
 TO: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

System CYPHER - AUTO	No. WA-2178	Date: May 23, 1951
Priority	<p><u>Reference:</u> Your EX-1075 of May 16th.</p> <p><u>Subject:</u> Publication of defence agreements.</p> <p>1. Yesterday we discussed with Tate, the acting legal adviser, and other officers of the State Department the question of publication and registration of United States-Canada defence agreements.</p> <p>2. We pointed out to Tate that what we were anxious to know was the general United States attitude on the following points:</p> <p style="padding-left: 40px;">(a) Whether in all cases formal agreements were necessary, and</p> <p style="padding-left: 40px;">(b) If in those cases where formal agreements were necessary they should be registered under Article 102.</p> <p>We pointed out that, in our opinion, for some of the agreements registration, even in an abbreviated form, would be impossible and in some others the registered agreement would have to omit various details of importance.</p> <p>3. Tate said that in the opinion of the State Department it was not possible to lay down</p>	
Departmental Circulation		
Done _____ Date _____		
References		
Done _____ Date _____		

- 2 -

a general rule governing publication and registration of all agreements on defence arrangements. Tate agreed that informal arrangements which would not constitute formal agreements would, wherever practicable, be satisfactory. This could take the form of acceptance of P.J.B.D. recommendations by both governments or of inter-service correspondence. At times, however, for various reasons a formal agreement might be necessary. He pointed out that he had first thought acceptance by the two governments of the P.J.B.D. recommendation concerning the radar defence screen would be adequate. Subsequently, however, he was convinced by the legal officers of the air force that under their legislation and also for the purpose of obtaining appropriations from Congress a formal agreement would be required.

4. He suggested that in each case where a formal agreement was required the procedure followed in the radar case should, where possible, be adopted, i.e., an agreement worded in such a way that it could be published and registered with the United Nations should be worked out, and he thought this could be done in most cases where a formal agreement was required.

5. The general impression gained at this interview was that Canadian and United States thinking on the problem was not far apart. The United States will not press for formal agreements except where they are required for some practical purpose. They do not consider that any hard and fast rule should be adopted as to publication and registration, but will be ready to consider each case individually.

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MP

SECRET
23 May 1951

Dear Mr. Claxton,

As you know, at the last meeting of the Permanent Joint Board on Defence, we discussed at some length the U.S. requirements at Torbay and elsewhere in Newfoundland. In reply to the U.S. request of April 23, we have given permission for the USAF to make surveys jointly with the Canadian authorities. It appears that we can anticipate further U.S. requests for substantial new facilities at Torbay.

The use to which the USAF would put facilities at Torbay is directly related to the U.S. strategic bombing role under NATO. It seems to me, therefore, that our policy on U.S. activities in Torbay - as well as similar undertakings elsewhere - must be considered in the light of general NATO arrangements. I am not now in a position to comment on the relation of U.S. facilities at Torbay to NATO infrastructure, though I would like to see a study on the subject prepared by those who are versed in these matters.

I should like to suggest, therefore, that before any final policy is decided for dealing with U.S. requests at Torbay, the subject might be referred to the Economic Panel on Defence Questions. If this suggestion commends itself to you I feel sure that the External Affairs member of the PJBD, who is also a member of the panel, would be able to arrange for the consideration of this question with the urgency which it clearly requires.

Would you let me know what you wish done.

Yours sincerely,

A.G.L. McNaughton
A.G.L. McNaughton
Chairman
Canadian Section

The Honourable Brooke Claxton,
Minister of National Defence,
O T T A W A

Mr Phillips
2 copies
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23 May 51

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PERSONAL AND CONFIDENTIAL

23 May 1951

Dear Brooke,

I was very glad to receive your letter of 21 May 1951 in which you outlined some general principles which might govern our negotiations with the Americans on joint defence projects. In a separate letter, I shall refer specifically to Torbay, but here I would like to comment more generally on the broad principles which you indicated.

As you have foreseen, my views largely coincide with your own and it seems to me that in your nine points you have given a very clear statement of the position which we should endeavour to establish.

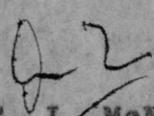
As you well know, our relations with the U.S. in matters of defence policy have been undergoing a steady development in the past year and a half. This is clearly reflected in the changing status of the facilities in Canada for U.S. use or for joint use which we have been able to achieve in our negotiations with our U.S. colleagues. From our point of view, the Goose Bay Lease was a very long step forward from the arrangements at the Newfoundland Leased Bases. We advanced a good deal further with the extension of the Continental Air Defence System when it came up for discussion at the beginning of this year. We were then successful in establishing that the idea of leases was outmoded and we made arrangements whereby contributions were based on proportionate use of the facility as a whole. At the last meeting of the Board, in Kingston, we made our position substantially clearer by taking advantage of an appropriate opening to state that Canada was not prepared to grant any further leases although we were ready to cooperate fully in all necessary defence projects.

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I fully agree with you that it is important that we give close thought to the fundamental principles governing Canada-U.S. defence policy, but I am not sure that we have yet reached the time to define this policy jointly with the U.S. authorities. I am apprehensive that in the United States if this were attempted at present there might be some misunderstanding of our purpose in enunciating a set of principles which is, in effect, clearly designed to protect our own position; we might be thought to show some lack of confidence in U.S. motives. Further, with the development of NATO defence plans, including both armed forces and infrastructure installations, we are entering a new era in which Canada-U.S. defence policy is necessarily related to the larger NATO picture. As the pattern of U.S. requests and of NATO planning develops, it may be to our advantage to adjust our present thinking in some respects. For these reasons, I would offer it as my personal opinion that we should not, at this stage, seek any agreed set of principles with our U.S. colleagues. At the same time, I should like to emphasize again the far-reaching importance to us of a thorough consideration of our long-term policy and in this connection I think it would be very useful to the Canadian Section of the Board to have for its own guidance a set of general principles such as you have outlined and which could have been agreed to by yourself and your colleagues as a basis from which we could approach particular problems as they are raised for consideration.

Yours sincerely,


A. G. L. McNaughton
Chairman
Canadian Section

The Honourable Brooke Claxton,
Minister of National Defence,
O T T A W A

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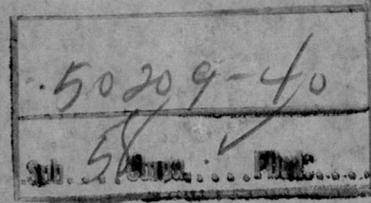
CANADA

Minister of National Defence

Ottawa, May 21, 1951.

PERSONAL AND CONFIDENTIAL

General, the Honourable A.G.L. McNaughton,
P.C., C.H., C.B., D.S.O.,
Chairman, Canadian Section, PJBD,
East Block, Ottawa.



Dear Andy,

Obviously we must anticipate the development of further arrangements with regard to joint defence with the United States. In any discussions it seems to me that all our representatives should always make it plain that any arrangements must be in accordance with certain general principles. If all the Americans concerned come to understand this, it should simplify negotiations and prevent misunderstanding.

The principles, I suggest, should be along the lines of the following:

- 1) Canada should be prepared to enter into any project we consider to be in the interest of joint defence.
- 2) Once a project is considered by us to be desirable, the only question remaining is the terms on which it is to be carried out.
- 3) All projects in Canada should be carried out by us as Canadian projects.
- 4) If the project is of advantage to the United States we should be willing to accept assistance in money, materials, men and the loan of equipment without charge.
- 5) The extent of United States participation should depend on the extent of United States interest. If the matter is exclusively of advantage to the United States we should be prepared to have the United States cover the whole cost. Ordinarily, however, we would have an interest and the extent of participation should be roughly determined, as was done in the case of the radar

2.

stations, with the United States paying, say two-thirds, or some other round sum figure. Ordinarily, the division should be on a round figure share basis like one-third, one-quarter, etc.

- 6) In no circumstances will there be a long term lease. Usually the arrangements should be automatically renewed from year to year, but terminable at any time upon notice.
- 7) In the event of termination the United States could remove any detachable equipment we did not want to pay for. Permanent installations would be left where they are without further payment.
- 8) In no circumstances would an establishment in Canada be under the overriding command of a United States officer.
- 9) All arrangements must be on a reciprocal basis.

It might be desirable for us to ask the United States for an arrangement under which we would have the use of a large area, say one hundred square miles, in a suitable part of the United States, for training purposes.

In this general connection it is interesting to note that so far the United Kingdom has not granted leases to the United States, but has paid half the capital cost and one half the cost of maintenance up to United Kingdom standards. This appears in a telegram from our High Commissioner at London, dated April 18, 1951, No 933.

Applying these principles to the case at Torbay, it seems to me that we should be prepared to consider an arrangement along the following lines:

- 1) The R.C.A.F. and U.S.A.F. could make a joint survey of Torbay and other possible sites. With the R.C.A.F. should be associated a representative of the Department of Transport.

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- 2) The R.C.A.F. or Department of Transport would continue to control and operate the airfield. To this end it would command the control tower and maintain the runways and administration buildings, as well as the buildings occupied by Canadians.
- 3) The United States and Canada would participate in the cost of constructing runways and other permanent installations, to be used by both nations. The cost would be shared in proportion to the estimated extent of use by each country.
- 4) In the case of hangars, etc. specially built to house U.S. aircraft, which would not be required by Canada in any event, the cost might be entirely borne by the United States.
- 5) The United States would supply the men and equipment to maintain its own aircraft.
- 6) Barrack accommodation or married quarters would be paid for by the country using them or alternatively we could pay for their cost and charge a rental.
- 7) Special equipment which the United States has and we have not got might be loaned and possibly operated by the United States without payment.
- 8) At each installation there should be a joint plan for combined action to defend the station against direct attack. Any ground troops specially detailed for this purpose and not having any other duties, eg. full time anti-aircraft, should be Canadian.

Our plans should of course cover the case of command in the event of general war. While it would generally be desirable that command in Canada should be exercised by a Canadian, this might be departed from in the interest of coordination and special cases. For example, for purposes of air defence, North America is a single territory and might be under the overriding command of a United States

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officer with Canadians and Americans in charge of various sections.

From the talks we have had, I feel that these views will largely coincide with your own, but perhaps it would be a good thing if you could let me have your comments or suggestions on the foregoing. If our views coincide, I would then put these views to Mr. Pearson and we might put the result before the Cabinet Defence Committee, so that we would have Cabinet authority for the attitude to be taken in future discussions. I realize that there will probably be cases where it will be desirable to depart from the foregoing in some respect or another, but we should have before us a set of objectives which we regard as generally desirable.

Yours sincerely,

Sgd:

Brooke Claxton.

Copy

McNaughton
Mr Griffin
Mr. [unclear]
Mr. [unclear]

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File
CANADA

I don't think the letter should be referred to Ottawa, May 21, 1951.
Mr. [unclear] sent R.A.M.

Minister of National Defence

PERSONAL AND CONFIDENTIAL

General, the Honourable A.G.L. McNaughton,
P.C., C.H., C.B., D.S.O.,
Chairman, Canadian Section, PJBD,
East Block, Ottawa.

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File
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R.A.M.

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The principles, I suggest, should be along the lines of the following:

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- 6) In no circumstances will there be a long term lease. Usually the arrangements should be automatically renewed from year to year, but terminable at any time upon notice.
- 7) In the event of termination the United States could remove any detachable equipment we did not want to pay for. Permanent installations would be left where they are without further payment.
- 8) *Impossible* In no circumstances would an establishment in Canada be under the overriding command of a United States officer. ?
- 9) All arrangements must be on a reciprocal basis. ?

It might be desirable for us to ask the United States for an arrangement under which we would have the use of a large area, say one hundred square miles, in a suitable part of the United States, for training purposes.

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Yours sincerely,

Sgd:

Brooke Claxton.

Defence Liaison(1)/RAJ. Phillips/bw

S E C R E T

Ottawa, May 21, 1951.

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Sub...	Chron.	Filed....

MEMORANDUM FOR HEADS OF DIVISIONS - May 21, 1951Permanent Joint Board on Defence Meeting

The Permanent Joint Board on Defence met at Kingston, Ontario, from May 7 to May 11. Among other items on the agenda, there was a frank discussion of U.S. requirements and plans for defence installations in Canada. The conclusion emerged that present U.S. facilities are insufficient, particularly in Northeast Canada, to enable the United States to carry out its agreed role under NATO. The Canadian Section of the Board made clear the willingness of the Canadian Government to co-operate fully in whatever measures may be necessary, but added that further leases on Canadian territory were, in the Canadian view, neither a necessary nor desirable feature. The Canadian Government, however, would be prepared to consider other methods for meeting U.S. requirements. (This statement would, of course, not apply to the undertaking made a year or more ago to grant the U.S. a short-term lease to an area within the Goose Bay Air Base).

Defence Liaison Division(1).

Mr. Wershof
Mr. Kidd
Mr. Phillips
Mr. Taylor

50209-40
58

SECRET

Economic: A.G.S. Griffin:MMM

May 18, 1951

MEMORANDUM FOR MR. MACKAY

New U.S. Defence Installations in Canada

I refer to Mr. George's memo to Mr. Wershof dated May 7 on this subject.

2. There are one or two minor points in Mr. George's memorandum to which I might, in the light of events which have occurred since the memorandum was written, apply correction.

3. In para 1(c) Mr. George states that as one of three possible approaches to the general problem raised, "a proportionate sharing of the capital charges by all NATO members through an application of infrastructure formula" might be adopted. It ought to be kept in mind that no formula has yet been adopted nor do we see one emerging not only until all the technicalities are examined very carefully by the Working Committee set up by the Deputies but until their findings have subsequently been examined by the governments of member states.

4. In his last paragraph Mr. George refers to the "modest appropriation of costs that Canada will probably be paying for infrastructure charges in Europe, i.e., about 8% on the basis of present negotiations." The figure of 8% has never been mentioned as the possible basis for Canada's contribution under infrastructure. In any formula adopted for the final settlement, or even for an interim settlement, of infrastructure, Cabinet Defence Committee has specifically restricted our participation to a basis of capacity to pay (national income). Our percentage, even assuming that this formula is adopted, which is by no means certain, would involve us at most in 3.72%.

2...

- 2 -

5. As I have already stated verbally, I share Mr. George's doubts as to the advisability of financially linking the Torbay extension with European infrastructure. But I even question its usefulness as an analogy for justifying a low Canadian participation in the sharing of costs at Torbay. In my opinion, the less we pay at Torbay, the weaker our position will be in resisting pressure for a lease. On the other hand, the more we pay at Torbay, the stronger will be our position on the lease question and the more credit we will get in the final outcome of the burden-sharing operation. This may be oversimplifying, but I think it makes some sense.

A handwritten signature in dark ink, appearing to be the initials 'As' with a horizontal line underneath.

Economic Division

M. H. ... 7/16 on ...

D.L.T.

**EXTRACT FROM THE MINUTES OF THE 495TH MEETING OF
THE CHIEFS OF STAFF COMMITTEE HELD AT 1000 HOURS,
THURSDAY, 17 MAY, 1951**

**II. CANADIAN POLICY REGARDING U.S. DEFENCE ACTIVITIES (TOP SECRET)
IN CANADA**

6. The Committee had for consideration a paper by the Joint Planning Committee concerning the Canadian policy regarding U.S. defence activities in Canada.

(CSC 1211-1 (A/SEC) of 11 May, 1951)

7. The Chief of the Air Staff pointed out that this paper implied, in para. 4(b) on page 4, that the Northwest Staging Route had been built to serve the Alaska Highway. This was not the case and in fact the Alaska Highway had been constructed to link up and serve the airfields comprising the Northwest Staging Route.

8. Representative of the Under-Secretary of State for External Affairs stated that the Department of External Affairs had some minor comments concerning the paper; these consisted of the deletion of para. 8 and the amendment of the words shown in brackets in para. 22 to read "(with the exception of the U.S. bases and the Loran stations in Newfoundland)." also in the 6th line of para. 24 after the words "agreed planning" insert the words "for the use of the projects in Canada".

9. It was agreed to note the paper as presented by the Joint Planning Committee.

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Sub. Chron. Filed.....

Defence Liaison(1)/M.H.Wershof/mr

TOP SECRET

Ottawa, May 16, 1951.

MEMORANDUM FOR THE UNDER-SECRETARY

Item No. 3 of Chiefs of Staff
Agenda for May 17, 1951.

Canadian Policy Regarding U.S.
Defence Activities in Canada

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The paper on this subject was prepared by JPS at the request of Chiefs of Staff. In fact, the External Affairs member of JPS did most of the work and the writing. The paper has been seen in draft by Mr. Ritchie and Mr. Glazebrook.

2. The stated object of the paper is to review Canadian policy on U.S. defence activities in Canada and I think it does this in a very useful manner. It does not, however, go into the current "no lease" issue.

3. The conclusions at page 17 are important. Although we should have made these corrections at an earlier stage, I think that you might propose two textual amendments:-

- (1) Something along the following lines might be added to the brackets in para. 22:

"and the LORAN stations in Newfoundland."

(The LORAN stations in Newfoundland are another exception. The Department of Transport, which would be responsible for their operation, is reluctant to take over on the ground that we are already doing too much for ICAO. However, these stations were originally purely for military rather than civil use.)

~~If this change is made, there may have to be a consequential change in para. 8.~~ *There might also*

- (2) In the 6th line of para. 24, I think that, to be accurate, the phrase "agreed planning" should read "agreed planning for the use of the projects in Canada". The

- 2 -

point of the change is that we do not, for example, demand agreed planning of the strategic air offensive.

4. We do not know what COS plan to do with the paper when they have approved it. If they wish to send it to Cabinet Defence Committee, I see no objection.


Defence Liaison Division (1).

(Annexed is an extra copy of the proposed changes).

OFFICE OF THE DEPUTY MINISTER OF NATIONAL DEFENCE
OTTAWA

May 16th, 1951



Mr. J. George

For your information and retention.

Circulate D-1

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- 2 ~~1~~
- 3 ~~10~~
- 4

(A.R. Nolan)

Refer
Economic
Dir
822
Mr. Henry
Mr. Ritchie

me
Dated
May 21
m.h.

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P.R. 1

COPY: DW

FM USS WASHINGTON 121523Z

TO CSC OTTAWA

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SPECTRA

TOPSECRET GJSW472 12 MAY

IN REPLY TO YOUR REQUEST CONTAINED IN PARA 4 OF YOUR CSC 603 DATED 27 APR THE INFORMATION SET OUT BELOW HAS BEEN OBTAINED CHIEFLY FROM US SOURCES.

PARA TWO:

THE MANNER BY WHICH USAF ARE ACQUIRING THE USE OF BASES FOR STRATEGIC AIR COMMAND OUTSIDE THE CONTINENT OF NORTH AMERICA FALLS INTO TWO CATEGORIES:

(A) DIRECT BILATERAL ARRANGEMENT WITH THE BRITISH CONTINUING ALONG THE SAME CHANNELS AS USED BEFORE NATO WAS FORMED.

(B) THROUGH THE NATO ORGANIZATION WHEREBY THE REGIONAL PLANNING GROUP WITHIN THOSE BOUNDARIES IT IS DESIRED TO SECURE A BASE INVITES THE TWO COUNTRIES CONCERNED TO NEGOTIATE AN AGREEMENT. THE USAF PASSES THE REQUEST TO THE STATE DEPARTMENT WHO NEGOTIATES A BILATERAL AGREEMENT.

PARA THREE:

THE CONDITIONS UPON WHICH THE USAF HAVE ACQUIRED BASES IN THE UK ARE SET OUT IN EXTERNAL AFFAIRS SIGNAL 933 DATED 18 APR 51 FROM THE HIGH COMMISSIONER FOR CANADA IN LONDON FOR SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

PARA FOUR:

WITH SOME COUNTRIES FOR EXAMPLE FRANCE A BROAD AGREEMENT OF UTILIZATION IS DRAWN UP BETWEEN THE TWO GOVERNMENTS AND THEN DETAILED ARRANGEMENTS ARE AGREED ON AN AIR FORCE TO AIR FORCE BASIS. SOME OTHER COUNTRIES PREFER TO HAVE THE DETAILED AGREEMENT NEGOTIATED ON A GOVERNMENT TO GOVERNMENT LEVEL.

- 2 -

PARA FIVE:

TECHNICAL SCHEDULES ARE GENERALLY ATTACHED TO AGREEMENTS SETTING OUT SPECIFIC AREAS OVER WHICH THE AMERICANS HAVE JURISDICTION SUCH AS RADIO STATIONS ETC. THE AGREEMENTS GENERALLY COVER PERMISSION TO BUILD MAINTAIN OPERATE AND USE FACILITIES ETC. THE USAF DOES NOT LEASE THE PROPERTY. THE ARRANGEMENT MADE ALLOWS UTILIZATION OF THE PROPERTY BY THE USAF.

PARA SIX:

WHILE THE USAF IS ATTEMPTING TO HAVE THE AGREEMENTS REMAIN EFFECTIVE DURING THE PERIOD COVERED BY THE NORTH ATLANTIC TREATY I UNDERSTAND THEY WERE NOT ABLE TO DO THIS IN THE CASE OF ICELAND.

20469/JJAB/121743Z MAY 51.

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COPY OF TELEGRAM FROM CANADIAN JOINT
STAFF, WASHINGTON TO CHIEFS OF STAFF,
OTTAWA, May 12, 1951.

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In reply to your request contained in Para. 4
of your CSC 6/3 dated 27 April the information set out
below has been obtained chiefly from US sources.

2. The manner by which USAF are acquiring the use of
bases for Strategic Air Command outside the continent
of North America falls into two categories:

(a) Direct bilateral arrangement with the British
continuing along the same channels as used before
NATO was formed.

(b) Through the NATO Organization whereby the
Regional Planning Group within those boundaries
it is desired to secure a base invites the two countries
concerned to negotiate an agreement. The USAF passes
the request to the State Department who negotiates a
bilateral agreement.

3. The conditions upon which the USAF have acquired
bases in the UK are set out in External Affairs signal
933 dated 18 April 51 from the High Commissioner for Canada
in London for Secretary of State for External Affairs.

4. With some countries, for example, France a broad
agreement of utilization is drawn up between the two
governments and then detailed arrangements are agreed on
an Air Force to Air Force basis. Some other countries prefer
to have the detailed agreement negotiated on a government
to government level.

5. Technical schedules are generally attached to agreements
setting out specific areas over which the Americans have
jurisdiction such as radio stations, etc. The agreement
generally cover permission to build, maintain, operate and
use facilities, etc. The USAF does not lease the property.
The arrangement made allows utilization of the property by
the USAF.

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Address reply to:
The Secretary,
Chiefs of Staff,
Ottawa.

FILE: CSC 5-3-1

CLASS.: TOP SECRET

DATE: 14 May, 1951

Ar
See
Answer
to all

CHIEFS OF STAFF SECRETARIAT

MEMORANDUM

Subject: US BASES for Strategic Air Command
(outside Continent of North America)

1. The following document is referred to:

Deputy Minister
(Attn: Mr. Nolan)
C.A.S.

Message 472 of 12 May
from CJS Washington.

Under-Secretary of State
for External Affairs.

2. It is requested that action be taken by:

Deputy Minister

For information of Sub-Panel on Economic Aspects
of Defence Questions, please.

3. It is desired that, when no longer required, the
document be returned/disposed of as addressees see fit.

H.S. Rayner

(H.S. Rayner)
Commodore, RCN,
Secretary.

HSR/4971/aea

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15 MAY 1951

PRIORITY PRIORITY

AM WASHINGTON 121523Z

TO CSC OTTAWA

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TOPSECRET CJSW472 12 MAY

IN REPLY TO YOUR REQUEST CONTAINED IN PARA 4 OF YOUR CSC 603 DATED 27 APR THE INFORMATION SET OUT BELOW HAS BEEN OBTAINED CHIEFLY FROM US SOURCES.

PARA TWO:

THE MANNER BY WHICH USAF ARE ACQUIRING THE USE OF BASES FOR STRATEGIC AIR COMMAND OUTSIDE THE CONTINENT OF NORTH AMERICA FALLS INTO TWO CATEGORIES:

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(B) THROUGH THE NATO ORGANIZATION WHEREBY THE REGIONAL PLANNING GROUP WITHIN THOSE BOUNDARIES IT IS DESIRED TO SECURE A BASE INVITES THE TWO COUNTRIES CONCERNED TO NEGOTIATE AN AGREEMENT. THE USAF PASSES THE REQUEST TO THE STATE DEPARTMENT WHO NEGOTIATES A BILATERAL AGREEMENT.

PARA THREE:

THE CONDITIONS UPON WHICH THE USAF HAS ACQUIRED BASES IN THE UK ARE SET OUT IN EXTERNAL AFFAIRS SIGNAL 933 DATED 18 APR 51 FROM THE HIGH COMMISSIONER FOR CANADA IN LONDON FOR SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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PARA FOUR:

WITH SOME COUNTRIES FOR EXAMPLE FRANCE A BROAD AGREEMENT OF UTILIZATION IS DRAWN UP BETWEEN THE TWO GOVERNMENTS AND THEN DETAILED ARRANGEMENTS ARE AGREED ON AN AIR FORCE TO AIR FORCE BASIS. SOME OTHER COUNTRIES PREFER TO HAVE THE DETAILED AGREEMENT NEGOTIATED ON A GOVERNMENT TO GOVERNMENT LEVEL.

PARA FIVE:

TECHNICAL SCHEDULES ARE GENERALLY ATTACHED TO AGREEMENTS SETTING OUT SPECIFIC AREAS OVER WHICH THE AMERICANS HAVE JURISDICTION SUCH AS RADIO STATIONS ETC. THE AGREEMENTS GENERALLY COVER PERMISSION TO BUILD MAINTAIN OPERATE AND USE FACILITIES ETC. THE USAF DOES NOT LEASE THE PROPERTY. THE ARRANGEMENT MADE ALLOWS UTILIZATION OF THE PROPERTY BY THE USAF.

PARA SIX:

WHILE THE USAF IS ATTEMPTING TO HAVE THE AGREEMENTS REMAIN EFFECTIVE DURING THE PERIOD COVERED BY THE NORTH ATLANTIC TREATY I UNDERSTAND THEY WERE NOT ABLE TO DO THIS IN THE CASE OF ICELAND.

RPTNS: CJSW472 12 4 CSC 603 27 USAF (A) NATO (B) NATO USAF USAF UK
933 18 51 CANADA LONDON FRANCE USAF USAF USAF ICELAND

CCNS: N I L

20469/JJAB/121743Z MAY 51.

4. (TOP SECRET) Plans for Torbay and Other Defence

Document disclosed under the Access to Information Act
Document divulgué en vertu de la Loi sur l'accès à l'information

Installations in Newfoundland. The Canadian Chairman referred to recent requests from the U.S. Government (Note No. 322 of April 23 and Note No. 324 of April 30 from the U.S. Embassy in Ottawa) which indicated the desire of the U.S. authorities to acquire extensive new facilities in Newfoundland. He pointed out that Canada is not merely willing but most anxious to cooperate with the U.S. in projects required in Canada for the joint defence of North America or as a result of our commitments under the North Atlantic Treaty Organization. He said that the

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Canadian Government would view most sympathetically any request which the U.S. might submit to further these two ends. The Canadian Government did not, however, believe that it was necessary for the U.S. to acquire any further leases in Canada for defence purposes. There would be no difficulty from the point of view of Canadian sovereignty, in permitting the U.S. to use and develop a Canadian installation if that use and development were found to be necessary to our joint defence or for NATO.

The Canadian Chairman emphasized that before formal consideration could be given to U.S. requirements for further facilities the Canadian Government wished to obtain a clearer picture of the plans of the U.S. services in Canada. He said that although the Canadian authorities appreciated the desire of the U.S. Government to avoid discussing plans which were highly tentative and might be changed from time to time, it was very difficult for the Canadian Government to consider piecemeal requests without a general knowledge of U.S. plans for facilities in Canada. He thought it desirable that Canada should be kept informed at an early stage of all plans of the U.S. armed forces involving requirements in Canada.

The U.S. Air Member discussed the tentative plans for his service for the development of Torbay as an additional site which might be made available for the use of the various commands of the USAF.

The U.S. Air Member pointed out that in addition to the survey of Torbay which had been requested by the USAF, his office had also requested the Canadian Government's concurrence in the carrying out of surveys of the Island of Newfoundland with a view to locating additional sites which might be suitable for airports. His thought was that other sites might be found that

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(except where otherwise indicated)

EXTRACT FROM THE PERMANENT JOINT BOARD ON DEFENCE
(CANADA-UNITED STATES) JOURNAL OF DISCUSSIONS
DECISIONS AT THE MEETINGS OF THE BOARD HELD AT
KINGSTON, ONT., ON MAY 7-10, 1951 AND CHALK RIVER,
ONT., MAY 10-11, 1951.

AND 50209-40
Sub. 58 ✓ Chron. ... Filed. ...

would be more acceptable to the Canadian Government and equally desirable for the purposes of the USAF. After some discussion, the Canadian Section agreed that the particular survey of Torbay and also the general surveys of the Island of Newfoundland should proceed forthwith as matters of high priority. It was also agreed that the Canadian Section would refer the entire question back to their Government for further consideration.

After considerable discussion in the Board of the various factors involved, the Canadian Chairman agreed that he would take back to Ottawa the information received from the USAF. This information would be placed before the appropriate Canadian authorities for consideration as a matter of urgency.

M. P. [unclear]
M. W. [unclear]
to see

Defence Liaison (1) / J. George / DG

Ottawa, May 7, 1951.

35254-98
S E C R E T

MEMORANDUM FOR MR. WERSHOF

New U.S. Defence Installations in Canada

As the Government has virtually decided not to grant further leases to the U.S. for defence installations in Canadian territory, some alternative basis for negotiations with the Americans will have to be worked out. Assuming that the Canadian Government is going, in some way or other, to grant the U.S. the use of whatever facilities they need for Continental or NATO defence, there appear to be three possible approaches to the problem:

- a. some form of rental scheme amortizing capital charges paid by Canada,
- b. a proportionate sharing of the capital charges as agreed between Canada and the U.S.,
- c. a proportionate sharing of capital charges by all NATO members through an application of the infrastructure formula.

The possibilities of (a) above have already been discussed in Mr. Phillips' memorandum to you of April 27. Perhaps the chief difficulty with this approach is that it would place on the Canadian economy a heavy burden of capital charges during what is at present assumed to be the peak years of defence expenditure -- barring, of course, a war.

As regards (b), the advantage to Canada would obviously depend on what share we would have to pay and how a final settlement would be reached after the emergency is over.

The possibilities of (c) would, I think, be of value chiefly in persuading the Americans to accept a high proportion of the capital charges, as proposed under (b) above. The U.S. Strategic Air Command plans will never be tabled in NATO and the USSAC will probably not be willing to discuss even the location of their airfields if they can possibly help it. The U.S. Government will

7.5-31(55)

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therefore refuse to consider S.A.C. airfields under the infrastructure programme. The suggestion that the USSAC bases in Canada could be regarded as infrastructure would also, of course, be resisted by our European partners. In addition, it might be argued with some justice that USSAC, although filling the NATO responsibility entrusted to the U.S., has other reasons for its existence. The U.S. would have to have a Strategic Air Command even if there were no NATO, and in fact the USSAC might be used, if the President of the United States so decides, in circumstances having nothing to do with the North Atlantic Treaty -- e.g. Korea.

Using the analogy of infrastructure with the Americans might, however, be a way of justifying Canada paying the modest proportion of costs that Canada will probably be paying for infrastructure charges in Europe, i.e. about 8%, on the basis of present negotiations. By allowing some offset for the residual value of the airfields in Newfoundland to the Canadian economy after the emergency, Canada might pay 10% or 15%. This might be a starting point in negotiations with the Americans undertaken with the object of reaching an agreed sharing of costs while giving the U.S. no further tenure in Canada as of right. But we should be careful to avoid, if possible, having our infrastructure argument backfire by being applied retroactively to installations in Canada which the Americans have already paid for in toto. For this reason alone, I think it would be unwise to bring up infrastructure as a formal proposal applicable to Torbay, although it might be useful to use it, as I have suggested, as an analogy for justifying a low proportion of the capital charges being paid for by Canada, even though we are not going to give the Americans a lease.

Copy sent to
Economic Division

J. George.

Defence Liaison (1) / M.H. Wershor / MF

*H. G. ...
to see &
file*

FILE COPY

SECRET

Ottawa, May 7, 1951.

Orig.
File on 10298-B-40
copy for ...

File
50209-40

Sub. 58
Exam. ...

MEMORANDUM FOR ECONOMIC DIVISION

Re United States Request for Lease of
Torbay Airport and General Question of
Financial and other Arrangements to be
Made Between Canada and the United States
For U.S. Installations in Canada.

I am sending you herewith the Torbay
file (10298-B-40). I think that the Economic
Division is likely to be called upon shortly to
advise on the financial aspects of the Torbay
request and of the general problem which the
Torbay request illustrates.

I would suggest that you look at the
file commencing with Note No. 322 of April 23 from
the United States Embassy. Please note particularly
Mr. Claxton's memorandum to the Prime Minister of
April 25 and the letter of that date to Mr. Heeney
from General Foulkes.

.... The Torbay request is being discussed
this week by the PJBD. Enclosed is an extra copy
of the memorandum dated May 2 given to the Chairman
of the Canadian Section of the PJBD.

.... Also enclosed is an extra set of our
telegram No. 614 to Canada House and the reply tele-
gram No. 933 of April 18 on the general subject of
financing of U.S. installations. The originals of
these telegrams are on file 50209-40 which is the
general file on U.S. Defence Installations in Canada.

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I think that it is the Under-Secretary's view that the Panel should study the financial side of the Torbay request (and the general question on U.S. installations in Canada) and formulate recommendations to Cabinet. However, Mr. Heeney agreed with my suggestion that the matter should not be sent to the Panel until Mr. MacKay has returned with a report from the PJED meeting.

....

As the annexed file is in constant use, I hope that you may be able to look at it and return it to our Registry within the next day.



Defence Liaison Division (1).

TOP SECRET

*Subject file
88*

MEMORANDUM FOR THE
CANADIAN SECTION
PERMANENT JOINT BOARD ON DEFENCE

50209-40
58

U.S. Defence Installations in Canada

At a meeting held in Mr. Pearson's office on May 3, Mr. Claxton referred to seven points which he thought should govern Canadian policy with respect to U.S. air installations in Canada. Although these are in a slightly different form, I understand that the points listed below are the main considerations which Mr. Claxton had in mind:

- (a) Canada would agree to the United States aircraft using the base on terms similar to those in effect at Goose Bay or elsewhere in Canada.
- (b) This agreement would be renewable from year to year.
- (c) The airfield would be in charge of a Canadian and the R.C.A.F. would supply personnel to man the control tower and administer and maintain the airfield.
- (d) The United States would supply ground control and other similar equipment on loan. This equipment could be operated either by Americans or Canadians or both.
- (e) Canada would supply free of charge any existing accommodation and the United States would pay for putting it into condition for use.
- (f) The United States Air Force would maintain their own aircraft and the services directly related to their operation.
- (g) Large scale capital expenditures on runways, hangars, accommodation would be shared by the two countries on an agreed basis.
- (h) At the termination of the arrangement the United States could remove any removable equipment subject to our exercising a right of purchase at an agreed price.

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RAJP

Ottawa, May 4, 1951.

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CONFIDENTIAL

Subject file

50209-40	
Sub. 5	Chron. ... Filed....

MEMORANDUM FOR CANADIAN SECTION, PJBD:

U.S. DEFENCE INSTALLATIONS IN CANADA

Members of the Canadian Section may be interested in knowing the understanding of the Department of External Affairs on U.S. legislation regarding tenure requirements at U.S. installations abroad. There has not yet been an opportunity to verify this information in Washington.

Until 1950, U.S. legislation in effect prohibited the erection of buildings on foreign soil unless leases were secured. So far as the present law is concerned, it is necessary to deal separately with radar defence installations and with other installations.

Radar Installations

The present law is Public Law 30, 81st Congress, approved March 30, 1949. It is an authorization act and appears to require the Secretary of the Air Force to obtain at least "temporary tenure" in land before placing improvements thereon. This is the statute on which the USAF lawyer recently based his statement that some kind of tenure would be legally necessary to enable the United States Government to spend money in Canada under the radar defence agreement.

Other Defence Installations

On January 6, 1951, an important new authorization statute came into force. It is Public Law 910, 81st Congress and it authorizes vast expenditures for defence installations the world over. This statute, unlike those which preceded it, does not expressly require leases, or even "tenure". We have not so far raised with the State Department the precise question of the significance of the present law so far as the need for leases is concerned.

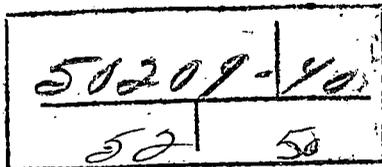
RAJP

May 2, 1951.

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CSC 1211-1 (JPC)

2 May, 1951



CANADIAN POLICY REGARDING
UNITED STATES DEFENCE ACTIVITIES IN CANADA

Report by the Joint Planning Committee

to the

Chiefs of Staff Committee

APPENDICES:-

- "A" - Ogdensburg Agreement 18 Aug 1940
(Unclassified)
- "B" - Text of Joint Statement Issued in
Ottawa and Washington on 12 Feb 1947
- "C" - Extract from PJBD Journal
Meeting Jan-Feb 1951
- "D" - Authorizations Permitting USAF
To Fly Over Canada
- "E" - Memorandum to the Cabinet -
United States Newfoundland Bases

OBJECT

1. To review Canadian policy on United States defence activities in Canada in the past and present.

INTRODUCTIONGENERAL

2. Joint participation has long been the principle governing Canadian policy with respect to foreign military activities in Canada. Close collaboration with the US has been emphasized ever since the defence of North America from external attack emerged as a serious question. The Ogdensburg Agreement (see Appendix "A"), out of which grew the Permanent Joint Board on Defence,

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emphasized joint responsibilities, a theme which has dominated the work of the PJBD in the past eleven years. While Canada has been willing to co-operate with the US in joint defence, the Canadian Government has been insistent on the preservation and recognition of those Canadian rights which affect the sovereignty of Canada.

WORLD WAR II DEFENCE COLLABORATION WITH THE US

3. Although the principles set out above were never consciously abandoned during war, US activities in Canada assumed such proportions that Canadian control was often in practise almost totally ineffective.

4. The main projects which the US undertook on Canadian soil were as follows;

(a) Alaska Highway

This road was built by the US during 1942-1943 at a cost of approximately \$130,000,000. The only Canadian contribution to the construction of the highway was the provision of rights of way and certain tax concessions. On its completion, the highway was maintained by the US, using at first US troops and civilian labour from the US and Canada; later most of the troops were withdrawn.

At the end of the war, in accordance with a United States/Canada agreement made in 1942, ownership of the highway passed to Canada free of charge on the understanding that:

- (i) Canada would assume responsibility for its maintenance;

- 3 -

TOP SECRET

(ii) at no time would there be imposed any discriminatory conditions in relation to the use of the road as between Canadian and United States civilian traffic.

The Canadian Army assumed responsibility for the maintenance of the highway on April 1, 1946, and is at present the sole agency responsible for its administration. It employs approximately five hundred military and four hundred civilian personnel for this purpose. In addition to the physical maintenance of the road, the Army operates and maintains essential services for other government departments and for civilians at certain stations along the highway.

A six wire telephone line from Edmonton to the Alaska boundary, which had been installed as part of the general highway project, was bought by Canada in 1944 for \$1,342,208 and is now being operated by the Northwest Communication System (NCS), subsidiary to the Canadian National Telegraph.

An exchange of notes was concluded between the United States and Canada in 1948 whereby some telephone and telegraphic lines from Edmonton to the Alaska boundary were leased to the United States for an annual rental of \$271,000.00.

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(b) Air Fields

The first series of airfields built as a joint defence project was the Northwest Staging Route, which included 15 airfields, of which about one-half were built and operated by Canada. The route started at Calgary and Edmonton and followed the line of the Alaska Highway. The Northeast Ferrying Route (Crimson Route) from The Pas through Churchill to Southampton Island, Fort Chimo and Frobisher Bay, was begun in 1942 and was completed during 1944. There were also nine fields or flight strips on the Canol route. At the end of the war, apprehension was felt that the US might claim postwar rights on the basis of wartime expenditure for construction and operation of these airfields. In view of this concern, and since Canada's exchange position was very favourable, it was agreed in April 1944 to pay the US a total of \$76,811,551 for airfields and other facilities in the North which had been provided by the US. The cost of all construction which could be regarded as having permanent value was therefore ultimately borne by Canada.

Of the eleven airfields at present in operation on the Northwest Staging Route, eight are under the control of the RCAF and three under the control of the Department of Transport.

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(c) Weather Stations

In the course of the war, approximately 60 weather stations were established by the US forces, about a third being abandoned before the end of the war. The remainder were either taken over by Canada and paid for out of the \$76,811,551, or closed down.

There are five weather stations which are jointly operated by the United States Weather Bureau and the Department of Transport. At these jointly operated stations, the United States supplies the expendable equipment. The United States also supplies the expendable equipment at fourteen weather stations operated by the Department of Transport.

There are three other stations which are under the sole control of the United States by reason of their location on bases leased to that country, at Stephenville, Fort Pepperrell and Argentia.

Negotiations are at present underway for handing over to Canada the control of the weather station at Padloping, which is operated by the United States.

(d) The Canol Project

The Canol project was started by the US in June 1942. Its purpose was to provide a pipeline to bring crude oil from Norman Wells on the Mackenzie River to Whitehorse, a distance of some 600 miles.

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The Canadian Government was not convinced of the soundness of the project, and later events substantiated this view. Canol was completed in the spring of 1944 and was closed down about a year later, having cost the US Government an estimated \$134,000,000. Some of the equipment was dismantled and sold on the public market; the remainder was abandoned.

5. During the height of US activity in 1943, in the general area between Edmonton and Alaska, in the Mackenzie valley, and in Northern B.C., there were about 46,000 US civilians in addition to a number of US troops. At this time there were only 7000 Canadian civilians and a few hundred RCAF in the area.

6. By the end of 1946, Canada had taken over nearly all US military installations on its soil; it was agreed that the few which remained would be transferred to the Canadian Government when conditions warranted.

7. Today the only US military installations in Canada are:

- (a) The USAF weather station on Padloping Island, Northwest Territories.
- (b) Three Loran stations operated by the US Coast Guard in Newfoundland.
- (c) The leased bases and certain other facilities in Newfoundland.

8. It is expected that by the end of 1951 the three Loran stations (para 7(b) above) will be taken over by Canada.

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POSTWAR DEFENCE COLLABORATION

9. Since the war the Canadian Government has resisted any military activity carried out on Canadian soil by US authorities alone; this includes both installations and exercises. Canadian policy on defence collaboration is clearly set out in a statement issued in Ottawa and Washington on 12 Feb 1947 which is attached as Appendix "B". While emphasizing the need for collaboration, by implication it defines the limits of this collaboration as follows:

- (a) Facilities are offered on a reciprocal basis. It has been the general rule that Canada has not agreed to grant rights in Canada to the US without obtaining reciprocal privileges. At times the reciprocal privileges sought have little or no meaning, nevertheless the principle of reciprocity has been upheld.
- (b) Each country determines the extent of its practical collaboration. In this, Canada reserves the final voice on the need or nature of any power in Canada.
- (c) Neither country is to take any action inconsistent with the Charter of the United Nations.
- (d) Either country may at any time discontinue collaboration on any project.

10. The application of these principles can be seen in the arrangements for US installations in Canada, Joint exercises, flights over Canada, and the handling of the Newfoundland leased bases problem.

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Installations and Exercises

11. Arctic Weather Stations. In 1946 a request by the US to open a number of weather stations in the Canadian Arctic, the first of which was to be opened within a few weeks, was not approved inasmuch as the Canadian Government was not prepared to collaborate on the project on such short notice. When the request was renewed in 1947 Canada, having had time to give thorough consideration to the subject, granted the request. The conditions under which the stations have been operated are as follows:

- (a) Canada and the US have each supplied half the personnel;
- (b) Overall responsibility at each station has been vested in the Canadian civilian official in charge. Radio operators have Canadian citizenship.
- (c) The Canadian Government has borne the cost of the pay and subsistence of Canadian personnel and has provided all permanent installations.
- (d) The US has borne all other costs, including equipment, fuel, arctic supplies and transportation.
- (e) All permanent installations and improvements including those at adjacent air strips have remained the property of Canada.
- (f) All personnel of the station have been required to observe the applicable laws of Canada and of the Northwest Territories subject to the Visiting Forces Act.

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- (g) The Canadian Government, having reserved the right, intends to take over the manning of all stations at a later date.

12. Radar Sites. The Governments of Canada and the US have recently agreed to undertake the extension of the Continental Air Defence system. This extension will involve about 30 radar installations on Canadian soil. Canadian policy on this request is reflected in the Recommendation of the PJBD dated 31 Jan 1951 (attached as Appendix "C"). This Recommendation may be summarized as follows:

- (a) No installations on Canadian soil will have an exclusively foreign character.
- (b) The Canadian Government will acquire all land for installations and will pay a share of the cost of building and maintaining the stations (in this case the Canadian share is approximately one-third of the whole).
- (c) No leases are to be given to the US authorities but they will be granted rights of access.
- (d) When the stations have outlived their usefulness (in the opinion of both Governments) the immovable equipment (buildings and other permanent installations) will remain in the title of Canada.
- (e) The system as a whole will be jointly manned, although such will not be the case in respect of each separate station.

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(f) Canada will take over the manning of as many stations as her reserve of trained operators permits.

(g) Canada will also construct as many of the stations as possible, in some cases on US account.

Mightn't it be a good thing to share a few of these stations built on US soil?

(h) As far as possible, the stations which are to be built and manned by the US will be those which are most remote from populated areas.

The Recommendation has now been approved by the President of the United States and the Canadian Government. There are indications, however, that the U.S. authorities may consider asking that an agreement be concluded with Canada through an Exchange of Notes setting out, inter alia, the terms of occupancy of tenure of the sites on Canadian soil by the United States. The preliminary Canadian view is that such an agreement is unnecessary and should be resisted if it were to go further than the approved P.J.B.D. Recommendation on the point of tenure.

13. Joint Exercises. The main conditions attached to all joint exercises are as follows:

- (a) There should be joint participation.
- (b) Publicity concerning US participation should be kept as small as possible and should always be cleared with the Canadian authorities.

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- (c) Ordinary permission for recurring projects is given on a one-time basis, or for no more than a calendar year. Permanent blanket permission is rarely given by Canada, and when it is given there is a clause allowing termination at will.
- (d) Compliance with customs and immigration formalities.

14. Flights over Canada. Attached as Appendix "D" is a separate memorandum on authorizations at present in force permitting the USAF to fly over Canada. Some of the conditions embodied are as follows:

- (a) Publicity arrangements to be in accordance with the Joint Publicity Directive.
- (b) Canadian participation in planning and execution (in case of surveys).
- (c) Reservation of rights to include Canadian observers on any flights across Canadian territory.
- (d) Duplicates of all photographs taken and copies of other data to be given to the Canadian Government.
- (e) In case of SAC training flights, all flights to be at high level with no mass flights over Canadian cities.
- (f) No live bombs to be carried without specific permission on each particular flight.

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Leased Bases

15. The leased bases in Newfoundland at Stephenville, Argentia and Fort Pepperrell are in a special category and cannot be called joint projects. The rights enjoyed by the US forces in those areas cannot be taken as an indication of the privileges which the Canadian Government is normally prepared to give to US forces. The original US rights, which were more extensive than the Canadian Government has given, were defined in the Leased Bases Agreement signed by the UK and US on March 27, 1941. Canada inherited this 99-year agreement on the entry of Newfoundland into Canada. The PJBD assumed the task of reviewing these rights at a time when the US was anxious to obtain a lease at Goose Bay. In respect of US rights, the PJBD was able to recommend certain modifications which are explained in a memorandum to Cabinet dated March 15, 1951 (Appendix "E"). The Canadian Government has now agreed to lease to the US certain property at Goose Bay.

16. The U.S. Government has a 99-year lease for its island bases in Newfoundland. Within those areas it has complete control over its activities. When the United States is engaged in war or in time of other emergency, the United States may exercise in the territories and surrounding waters or air spaces all such rights, power and authority as may be necessary for conducting any military operations deemed desirable by the United States. In short, the United States may

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use the bases for offensive operations, or may use territories in the vicinity of the bases for these purposes. In July, 1950, the U.S. Government agreed to the principle of prior consultation with the Canadian Government "with the understanding that only operations of reasonable consequence and not of an emergency nature would be involved".

17. According to Article XXVII of the Leased Bases Agreement, the United States may, by common consent, acquire by supplementary lease additional land as may be found necessary for the use and protection of the Bases.

18. Although the United States will receive at Goose Bay some of the privileges given at the Island Bases, US authority is much more limited at Goose. The lease is to run for 20 years rather than 99 years, the base is Canadian, and the U.S. Government is merely to be given a lease to certain lands within the area. Installations are subject to the approval of the RCAF, which has general administrative control.

Customs and Immigration Facilities

19. US Service personnel and equipment admitted to Canada for the purpose of any joint exercise or defence activity are required to comply with applicable Canadian customs and immigration formalities and clearance for such entry is obtained through diplomatic channels in each case, unless special arrangements are

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authorized. In certain cases, e.g. joint air defence training exercises, authority may be initially granted for obtaining customs and immigration clearance by local notification through Service channels. This blanket authority is restricted to a definite period of time, usually less than a year, and to a specified activity. (In this connection it should be noted that Canada does not consider valid the Twenty-second Recommendation of the PJBD, which authorized the defence authorities of both countries to make any necessary arrangements for cross-border movements.) US Service equipment brought into Canada under the clearance procedures described above is admitted with a minimum of formalities, which include a declaration that such equipment will remain the property of the U.S. Government. With the exception of the leased bases, where US Service personnel enjoy special customs privileges, there is no authority for free entry of goods intended for resale to US Servicemen.

20. The US forces at the leased bases are not required to comply with the usual procedure for customs and immigration clearance. In general, goods imported into the bases for US use are cleared through local notification. Although US forces at Churchill have no special customs concessions, the US personnel and equipment are able to enter on local notification. Similarly, US forces travelling up the Northwest Highway System are able to get clearances at border points on local notification.

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CHANNELS OF COMMUNICATION

At its meeting of June 3-4, 1948, the P.J.B.D. considered the question of the channels of communication between the United States and Canadian Governments in connection with defence plans and operations. As a result of these discussions, the Board issued a recommendation, the aim of which was to ensure both maximum speed in communication and systematic clearance by responsible officers and agencies of the two Governments. This recommendation has been approved by both the United States and Canadian Governments. It reads as follows:

"Recommended Rules Concerning Channels of Communications between the U.S. and Canadian Governments in connection with Defence Matters.

1. 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:

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- (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. "End of text.

The Service Channels to which reference is made in Paragraph 2 of the directive include the following;

- (a) Direct communication between R.C.A.F. and U.S.A.F.
- (b) The Service Attaches
- (c) The Canadian Joint Staff Mission in Washington
- (d) Joint Committees such as the Military Co-operation Committee

The channel R.C.A.F.-U.S.A.F. is used mostly at P.J.B.D. level by the respective air members for the purpose of discussing procedure before a request

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is formally submitted to the other Government for approval.

CONCLUSION

21. Although Canada has always endeavoured to uphold the principle of joint collaboration in all U.S. defence activities in Canada, the extent of U.S. activity in Canada during the Second World War was such as to make Canadian control almost totally ineffective.

22. In the post war period Canada made determined successful efforts to regain control or, when appropriate, a share of control, over all defence activities on Canadian soil (with the exception of the U.S. bases in Newfoundland).

23. The principles which have governed joint collaboration were set forth in the Canada-U.S. Joint Declaration of February 12, 1947 (Appendix B).

24. With the acceleration of defence activity, Canada has been and will probably continue to be presented with many U.S. proposals for defence projects in Canada. In dealing with these proposals Canada insists that they be put up through recognized channels for approval and that there be agreed planning, as required, and joint control, where deemed necessary.

25. Approved Canada-U.S. defence plans have been written in conformity with the policy outlined above.

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APPENDIX "A" TO
CSC 1211-1 (JPC)
DATED 2 MAY 51. X

OGDENSBURG AGREEMENT - 18 AUG 40

The Prime Minister and the President have discussed the mutual problem of defense in relation to the safety of Canada and the United States.

It has been agreed that a Permanent Joint Board on Defense shall be set up at once by the two countries.

This Permanent Joint Board on Defense shall commence immediate studies relating to sea, land and air problems including personnel and material.

It will consider in the broad sense the defense of the north half of the Western Hemisphere.

The Permanent Joint Board on Defense will consist of four or five members from each country, most of them from the services. It will meet shortly.

APPENDIX "B" TO
CSC 1211-1 (JPC)
DATED 2 MAY 51.

TEXT OF JOINT STATEMENT ISSUED IN OTTAWA AND
WASHINGTON, FEBRUARY 12, 1947 TOGETHER WITH
TEXT OF SUPPLEMENTARY STATEMENT BY PRIME
MINISTER OF CANADA MADE IN THE HOUSE OF COMMONS

STATEMENT MADE BY THE PRIME MINISTER OF CANADA
IN THE HOUSE OF COMMONS ON DEFENCE COOPERATION
WITH THE UNITED STATES, FEBRUARY 12, 1947.

I wish to make a statement which is also being made today by the Government of the United States regarding the results of discussions which have taken place in the Permanent Joint Board on Defence on the extent to which the wartime cooperation between the armed forces of the two countries should be maintained in this postwar period. In the interest of efficiency and economy, each Government has decided that its national defence establishment shall, to the extent authorized by law, continue to collaborate for peacetime joint security purposes. The collaboration will necessarily be limited and will be based on the following principles:

- (1) Interchange of selected individuals so as to increase the familiarity of each country's defence establishment with that of the other country.
- (2) General cooperation and exchange of observers in connection with exercises and with the development and tests of material of common interest.
- (3) Encouragement of common designs and standards in arms, equipment, organizations, methods of training and new developments. As certain United Kingdom standards have long been in use in Canada, no radical change is contemplated or practicable and the application of this principle will be gradual.
- (4) Mutual and reciprocal availability of military, naval and air facilities in each country; this principle to be applied as may be agreed in specific instances. Reciprocally each country will continue to provide, with a minimum of formality, for the transit through its territory and its territorial waters of military aircraft and public vessels of the other country.
- (5) As an underlying principle all cooperative arrangements will be without impairment of the control of either country over all activities in its territory.

APPENDIX "B" TO
CSC 1211-1 (JPC)
DATED 2 MAY 51.

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While in this, as in many other matters of mutual concern, there is an identity of view and interest between the two countries, the decision of each has been taken independently in continuation of the practice developed since the establishment of the Permanent Joint Board on Defence in 1940. No treaty, executive agreement or contractual obligation has been entered into. Each country will determine the extent of its practical collaboration in respect of each and all of the foregoing principles. Either country may at any time discontinue collaboration on any or all of them. Neither country will take any action inconsistent with the Charter of the United Nations. The Charter remains the corner-stone of the foreign policy of each.

An important element in the decision of each Government to authorize continued collaboration was the conviction on the part of each that in this way their obligations under the Charter of the United Nations for the maintenance of international peace and security could be fulfilled more effectively. Both Governments believe that this decision is a contribution to the stability of the world and to the establishment through the United Nations of an effective system of world wide security. With this in mind each Government has sent a copy of this statement to the Secretary General of the United Nations for circulation to all its members.

In August, 1940, when the creation of the Board was jointly announced by the late President Roosevelt and myself as Prime Minister of Canada, it was stated that the Board "shall commence immediate studies relating to sea, land and air problems including personnel and material. It will consider in the broad sense the defense of the north half of the Western Hemisphere." In discharging this continuing responsibility the Board's work led to the building up of a pattern of close defence cooperation. The principles announced today are in continuance of this cooperation. It has been the task of the Governments to assure that the close security relationship between Canada and the United States in North America will in no way impair but on the contrary will strengthen the cooperation of each country within the broader framework of the United Nations.

APPENDIX "B" TO
CSC 1211-1 (JPC)
DATED 2nd MAY 51

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SUPPLEMENTARY COMMENTS MADE BY THE PRIME MINISTER
IN THE HOUSE OF COMMONS FOLLOWING THE AGREED
STATEMENT ON DEFENCE, FEBRUARY 12, 1947.

There are a number of comments I should like to make on the foregoing statement:

Cooperation between Canada and the United States in matters of defence has become increasingly effective in recent years. Among the first public statements to be made by the head of either Government was the speech of the late President Roosevelt at Kingston, Ontario, 1938, when he said, "The Dominion of Canada is part of the sisterhood of the British Empire. I give to you assurance that the people of the United States will not stand idly by if domination of Canadian soil is threatened by any other Empire." Two days later at Woodbridge, Ontario, as Prime Minister of Canada I replied, "We, too, have our obligations as a good friendly neighbor, and one of these is to see that, at our own instance, our country is made as immune from attack or possible invasion as we can reasonably be expected to make it, and that, should the occasion ever arise, enemy forces should not be able to pursue their way, either by land, sea or air, to the United States across Canadian territory."

It was two years later, in August 1940, that the Permanent Joint Board on Defence was created and it has met regularly ever since to discuss common problems and to make recommendations to the Government which created it. The statement made today emphasizes the desirability of continuing the cooperation between Canada and the United States in matters of defence which has developed through the years.

As the joint statement points out, the Charter of the United Nations is the corner-stone of the foreign policy of both Governments. Certainly, the Canadian Government holds that its obligations to the United Nations are of overriding importance. In time, it is to be hoped that there will emerge--apart altogether from reduction and limitation of arms and elimination of weapons of mass destruction--a system of international security which will be adequate to preserve the peace of the world. The ultimate objective is not joint or regional defence, but collective international defence as the guarantee of national security.

It must be recognized, however, that much progress has still to be made before a system of international security becomes effective. Each nation must therefore consider what steps it should take in the meantime to defend itself against aggression, while bearing constantly in mind that these steps should contribute to the development of general security in accordance with the Charter of the United Nations. I should like to make entirely clear that, so far the Canadian Government is concerned, and I am sure the United States Government also, defence cooperation between Canada and the United States is intended to support and strengthen the United Nations.

It will be noted that the principles of cooperation announced in the joint statement parallel closely the procedures which have long been applied between the nations of the British Commonwealth. Without formal agreements between Governments, we have had working arrangements

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APPENDIX "B" TO
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DATED 2nd MAY 51

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with the United Kingdom and other Commonwealth countries for the interchange of personnel, the exchange of observers, and so forth. The similar arrangements envisaged between Canada and the United States in no way interfere with or replace our Commonwealth connections in matters of defence training and organization. Given the geographical position in Canada, it is important that measures of cooperation should be undertaken both with the United States and the United Kingdom.

In conclusion, I should like to comment briefly on problems of northern defence. The subject has naturally engaged the attention of many people both here and abroad and some quite unfounded suggestions have been put forward. There is a persistent rumour, for example, that the United States Government has asked for bases in the Canadian North. This is a rumour which I, should like to deny emphatically. There has been talk of Maginot Lines, of large-scale defence projects, all of which is unwarranted and much of it fantastic. What we are trying to do is to view the situation soberly, realistically, and undramatically.

It is apparent to anyone who has reflected even casually on the technological advances of recent years that new geographic factors have been brought into play. The polar regions assume new importance as the shortest routes between North America and the principal centres of population of the world. In consequence, we must think and learn more about these regions. When we think of the defence of Canada, we must, in addition to looking East and West as in the past, take the North into consideration as well. Our defence forces must, of course, have experience of conditions in these regions, but it is clear that most of the things that should be done are required apart altogether from consideration of defence. We must know more about such fundamental facts as topography and weather. We must improve facilities for flying. We must develop better means of communication. The general economic development of the North will be greatly aided by tests and projects carried out by both civilian and defence services. As the Government views it, our primary objective should be to expand our knowledge of the North and of the conditions necessary for life and work there with the object of developing its resources.

Canada's northern programme is thus primarily a civilian one to which contributions are made by the armed forces. This has been the pattern for many years. Thus the Army years ago installed and has continued to maintain communication systems in the Northwest Territories. It is now responsible for administering the Alaska Highway, now known as the Northwest Highway System, extending from Dawson Creek to the Alaska boundary. The R.C.A.F. has been responsible for taking aerial photographs to be used in the production of maps and charts. It has also been given the responsibility of administering the airfields of the Northwest Staging Route from Edmonton North which are used for civil aviation. More recently, a small winter experimental establishment was set up at Churchill where various tests on clothing, equipment, transport and so on, are being conducted which will be of general benefit to all who live in the North. Since the United States, as well as Canada, recognizes the need for greater familiarity with northern conditions, we have arranged for its government to participate in the work of this establishment. It may be that other tests and projects will require to be undertaken on a joint basis, in order to extend with a maximum of economy and effectiveness, our knowledge of the North. Through such extension we will acquire the basic data that are needed to make more accessible the economic resources of this region and which will be valuable for defence purposes as well.

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APPENDIX "C" TO
CSC 1211-1(JPC)
DATED 2 May 51

EXTRACT FROM PERMANENT JOINT BOARD ON DEFENCE
JOURNAL - MEETING JAN 30 TO FEB 1 (incl) 1951

R E C O M M E N D A T I O N S

1. That a plan for the extension and coordination of the air defence systems of the US and Canada substantially as set forth is feasible and acceptable, and should be implemented forthwith as a matter of great urgency.

2. That the implementation of such a plan in Canada be in accordance with the following general principles:

- (a) Canada to acquire and retain title to all sites required in Canada for the system; the U.S. to be granted such rights of access, use and occupancy as may be required for its effective participation.
- (b) The capital costs of construction (except housing for dependents), and of equipment and of communication facilities, to be shared in this joint enterprise on the basis of approximately two-thirds U.S. and one-third Canada. In order to facilitate implementation of the plan and to simplify administrative procedure, Canada to assume financial responsibility for the construction and equipping of the following stations and their associated control facilities:

Chatham, N. B.

Lac St. Joseph, P.Q.

Mont a Pica, P.Q.

Edgar, Ont.

McCarthy, P.Q.

Senneterre, P. Q.

Holberg, B.C.

Fcymount, Ont.

Falconbridge, Ont.

The U.S. to assume financial responsibility for the construction

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APPENDIX "C" TO
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Dated 2 May 51

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and equipping of the remaining stations and their associated control facilities.

- (c) The maintenance and operating costs as determined approximately to be shared two-thirds by the U.S. and one-third by Canada.
 - (d) Construction of the installations required by the plan to be carried out by Canadian agencies and contractors with Canadian labour and materials so far as practicable; electronic and other equipment manufactured in Canada to be used as far as practicable.
 - (e) The installations to be manned and operated initially by Canada and the U.S., respectively, as set forth in the plan; Canada may by agreement take over the manning and operation of additional stations.
 - (f) Neither Government to discontinue the operation of any part of the system without the prior concurrence of the other Government.
3. That detailed arrangements for the implementation of the plan be drawn up by the appropriate officials of the two countries.
 4. That in view of the great urgency of the situation, all possible measures be taken to ensure that the projected system will be operating by the target date 1 July 1952.
 5. That the capabilities of the system be kept under review in the light of current developments.

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Authorization at Present in Force Permitting the USAF
 (or US Naval aircraft) to fly over Canada.

Appendix "D" to
 CSC 1211-1(JPG)
 Dated 2 May 51

NOTE: The date of authorization is: (a) The date when Cabinet or Cabinet Defence Committee approved, when this is indicated in the appropriate column, or
 (b) The date when approval was communicated to the US authorities.

Nature of Authorization	Authority	Date when Authorization Given	Duration
<p>US Magnetic Survey Flights over fringes of Canadian Archipelago and Canadian magnetic stations in the north. <u>Conditions:</u> (a) Publicity arrangements in accordance with Joint Publicity Directive. (b) Canadian participation in planning and execution of survey.</p>	<p>Ministers of National Defence and External Affairs, and Deputy Minister of Mines & Resources.</p>	<p>(1) May 12, 1949 (extended to cover 1950 season because of postponement) (2) March 5, 1951 Canadian Embassy authorized to approve project for 1951.</p>	<p>Approval renewed on annual basis.</p>
<p><u>USAF Training Flights in Polar Navigation over Canadian Archipelago.</u> <u>Conditions:</u> (a) Canada reserves right to include its observers on any or all flights across Canadian territory. (b) Duplicates of all photographs taken and copies of other data that may be collected to be given to Canadian Government.</p>	<p>Cabinet Defence Committee</p>	<p>March 3, 1948</p>	<p>Not specified</p>
<p><u>US Navy Aerial Photographic surveys of Newfoundland and Labrador.</u> <u>Conditions:</u> Results of operations to be made available to the RCAF</p>	<p>Cabinet Defence Committee</p>	<p>April 15, 1948</p>	<p>Summers of 1948-52</p>

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 Appendix "D"

Nature of Authorization	Authority	Date when Authorization Given	Duration
<p><u>Transit Facilities</u> accorded in: (a) Local notification agreement of 1940. (b) Joint Statement of February, 1947. <u>Note:</u> These arrangements cover visits of service aircraft and overflight privileges for an aircraft making a routine flight between one regional command and another, e.g., Western United States and Alaska.</p>	<p>(a) Deputy Ministers of National Defence (Air), Transport, National Revenue, Mines and Resources. (b) Cabinet.</p>	<p>(a) December 16, 1940 (CTS 1940/S/6) (b) January 16, 1947</p>	<p>(a) Subject to termination upon notification by either party. (b) Collaboration on this point may be discontinued at any time by either party.</p>
<p><u>Air Search-Rescue Operations</u> permission for public aircraft to engage in such operations along the common boundary without being subject to the normal immigration or customs formalities.</p>	<p>Deputy Ministers of National Revenue, Citizenship and Immigration, and National Defence.</p>	<p>January 24, 1949. (CTS No. 2 of 1949)</p>	<p>Termination on 60 days notice by either party.</p>
<p><u>USAF Transport Flights</u> from Westover, Mass. to Fort Churchill for logistic support of US Army Engineering tests. <u>Note:</u> Flights on a weekly basis and including 8-hour non-stop training flights to Baker Lake area approved February 20, 1951.</p>	<p>Minister of National Defence.</p>	<p>June 18, 1948</p>	<p>Authority subject to review whenever changed circumstances warrant.</p>

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 Appendix "D".

Nature of Authorization	Authority	Date when Authorization Given	Duration
<p><u>SAC Training Flights</u>, including vertical and redarscope photography of Canadian cities (Calgary, Montreal, Vancouver, Churchill, Quebec, Winnipeg, Edmonton, Regina, Ottawa and Toronto.)</p> <p>Conditions include:</p> <ul style="list-style-type: none"> (a) Photographs and negatives to be classified secret and not to be released without Canadian permission. (b) RCAF to get copies of all photographs. (c) All flights at high levels; no mass flights over Canadian cities. (d) Flights to originate and terminate at specified US bases. (e) Number of planes in a flight substantially less than 45; only one aircraft at a time will fly over a Canadian city and at a high altitude. 	<p>Ministers of National Defence and External Affairs.</p>	<p>July 7, 1950 January 8, 1951</p>	<p>Permission covers calendar year only.</p>
<p><u>Overflight privileges</u> for US Navy aircraft proceeding to Air Gunnery and Rocket Range near Port Huron, Michigan, from their base at Grosse Ile, Michigan.</p>	<p>Minister of National Defence and Deputy Minister of Transport.</p>	<p>September 22, 1948</p>	<p>Not specified.</p>

Nature of Authorization	Authority	Date when Authorization Given	Duration
<p><u>USAF Interception Flights in Canada:</u> Conditions:</p> <p>(a) Investigations over Canadian territory would only occur in the case of an aircraft headed for the Canada-United States border from the Canadian side whose flight plan had not been transmitted to the United States authorities, or which was off course, and only then in the event that the actions of the aircraft gave rise to a reasonable interpretation of intention to cross the international boundary; the activities of Canadian aircraft over US territory would be similarly restricted;</p> <p>(b) Close investigation with all due precaution, or interrogation, would be performed solely on unidentified four-engine aircraft for the purpose of obtaining radio or visual identification. No attempt would be made to order an intercepted aircraft to land, nor to open fire except when the intercepted aircraft is over the national territory of the Air Force performing the interception;</p> <p>(c) Investigating aircraft would not approach closer than 1000 feet to any single-engine or twin-engine aircraft.</p>	<p>Cabinet Defence Committee.</p>	<p>December 1, 1950</p>	<p>To remain in force until terminated by either Government.</p>
<p><u>Note:</u> This arrangement is not yet in effect. Cabinet approval and US agreement to stated conditions are still required.</p>			

Nature of Authorization	Authority	Date when Authorization Given	Duration
<p><u>Joint USAF-RCAF Air Defence Training Exercises.</u> Conditions: (a) Each exercise to be carried out with consent of the Chief of the Air Staff of the country in which exercise taking place. (b) Re participation of bomber aircraft: copies of all photographs taken over Canada would be provided to the RCAF; would be given a high security classification; and would not be distributed without prior approval of RCAF Headquarters. While performing camera bombing over Canadian cities, aircraft would fly at a high altitude and not more than one at a time would fly over Canadian cities; the number of bombers participating in any flight over Canadian territory would not be great; RCAF Headquarters would be given advance flight plans; and no live bombs would be carried.</p>	<p>PJBD Recommendation (51/3) and Cabinet Defence Committee.</p>	<p>February 20, 1951</p>	<p>Termination upon notification by either Government.</p>
<p><u>USAF Transportation Flight for Resupply of Joint Arctic Weather Stations.</u> Conditions: US transportation would be limited to such as was necessary for their construction and maintenance.</p>	<p>Cabinet</p>	<p>January 28, 1947</p>	<p>See note below</p>

Note: In note No. 16 of February 13, 1947, the US Embassy was invited to co-operate in the work of the weather programme and it was indicated that a minimum period of operation of 5 years was considered desirable. In Note No. 181 of December 22, 1947, requesting US concurrence in the 1949 weather programme it was indicated that Canada would eventually take over full responsibility for transportation as well as other arrangements.

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APPENDIX "E" TO
CSC 1211-1 (JPC)
DATED 2 MAY 51.

MEMORANDUM TO THE CABINET

UNITED STATES NEWFOUNDLAND BASES

Recommendations of the Permanent Joint Board
on Defence, and Proposed Legislation

BRIEF HISTORY:

1. In April, 1950, Cabinet Defence Committee and Cabinet considered the PJBD's Recommendations of March 30, 1950. The question of revision of the Leased Bases Agreement had been referred to the PJBD following the sending of a request by the Canadian Government to the United States Government for modification of the Bases Agreement. In particular the Canadian request referred to income tax exemptions, customs and excise exemptions, postal privileges, and jurisdictional rights enjoyed by the U.S. under the Bases Agreement. It was the desire of Canada that the rights enjoyed by the U.S. at the Bases should be brought as nearly as possible into line with the Joint Defence Statement issued by the two governments on February 12, 1947 (Treaty Series, 1947, No. 43).
2. Cabinet Defence Committee on April 25, 1950, noted the Board's Recommendations with approval. Cabinet on April 27 indicated that the necessary legislation should be drafted before formal approval was considered.
3. The President of the United States approved the Recommendations on August 1, 1950.

BRIEF SUMMARY OF THE RECOMMENDATIONS (fuller summary
in Cabinet Document D243)

Income Taxes

4. On June 12, 1950, a new Double Taxation Convention between Canada and the U.S. was signed. When it comes into force it will replace certain exemption provisions now in the Bases Agreement. In addition the Board recommends that the U.S. waive exemptions on contractor's profits, U.S. civilian employees and their families.

COMMENT - This will place income tax exemptions of U.S. personnel in Newfoundland on the same basis as in the rest of Canada.

Customs and Excise

5. The U.S. to waive duty and tax exemptions on:
 - (a) contractor-owned equipment
 - (b) personal belongings and household effects of contractors and their U.S. employees other than on first arrival
 - (c) individual purchases in Canada by U.S. personnel.

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APPENDIX "E" TO
CSC 1211-1 (JPC)
DATED 2 MAY 51.

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6. Customs and excise exemptions for Post Exchanges and Service Clubs to continue, it being understood that the U.S. authorities will endeavour to increase purchases for these institutions in Canada and will take special steps to prevent abuse of privileges.

COMMENT - With the exception of privileges for PX's and Service Clubs, this recommendation in effect meets the Canadian Government's request.

Postal Privileges

7. Originally Canada asked for replacement of U.S. military postal facilities by Canadian Post Offices. This request was not met, but under the Board's Recommendations the U.S. will not establish normal civilian postal offices and will limit the use of the APO system strictly to mail destined to U.S. territory or to other U.S. APO's.

Jurisdiction

8. (i) The U.S. to waive all rights of jurisdiction, permitted under the Bases Agreement, over British subjects and over aliens other than U.S. personnel;

(ii) The U.S. to suspend for five years exercise of rights of jurisdiction over U.S. civilian personnel, subject to revival on notice thereafter or in event of war or other emergency;

(iii) The Canadian Government to seek to amend the Visiting Forces (USA) Act to permit of compulsory attendance of witnesses;

(iv) The Canadian Government to seek legislation to protect security interests of the U.S. forces in Canada, as required under the Bases Agreement.

COMMENT - The Board's Recommendation will permit of the extension of the Visiting Forces (USA) Act as revised to Newfoundland and will remove probably the most objectionable feature of the Bases Agreement, namely, the right of jurisdiction by U.S. courts over Canadian citizens. Revival of the rights of jurisdiction by U.S. Service courts over "followers of the camp" who are U.S. citizens can probably be met when the time comes, if ever.

OUTLINE OF LEGISLATION REQUIRED TO CARRY OUT THE
PJBD'S RECOMMENDATIONS

9. Following Cabinet's consideration in April, 1950, the Departments of External Affairs and National Defence have been engaged in working out draft legislation,

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APPENDIX "E" TO
CSC 1211-1 (JPC)
DATED 2 MAY 51.

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in consultation with the other interested Departments. The drafts were shown informally to the U.S. Section of the PJBD in February, 1951. The texts of the draft amendments are annexed to this memorandum, although they have not yet been officially cleared with the Department of Justice and will no doubt undergo further drafting changes. Following is an outline:

Customs

(In consultation with Departments of
National Revenue; not yet approved
by Department of Finance)

10. Item No. 708 of the Customs Tariff (which gives free entry to military supplies of the "Imperial Government") would be replaced by a new Item No. 708 applicable to any government, on condition of reciprocal treatment and subject to authorization by the Governor in Council. This is, it is submitted, a desirable amendment quite apart from the PJBD Recommendations.

Postal Privileges

(In consultation with the Post Office
Department)

11. In order to legalize the U.S. military post offices in Newfoundland, it is proposed to add a new item (y) to Section 7 of the Post Office Act. This would authorize the Postmaster General to make regulations governing postal services of Allied Forces in Canada.

Jurisdiction

(In consultation with officials of the
Department of Justice)

12. Almost every Section of the Official Secrets Act would be amended in order to extend its protection (limited at present to Canadian Government and Provincial Government secrets) to secrets belonging to other Commonwealth Governments or to an "associated state". The phrase "associated state" means any state that enters into an agreement with Canada relating to security and that is designated by the Governor in Council (e.g., any North Atlantic Treaty country.) It is submitted that these amendments are desirable quite apart from PJBD Recommendations.

13. A new Section 541A would be added to the Criminal Code to protect the property of "His Majesty's forces, or any forces cooperating therewith." This Section is desired for the benefit of Canadian forces, quite apart from the PJBD Recommendations.

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APPENDIX "E" TO
CSC 1211-1 (JPC)
DATED 2 May 51.

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14. A new section would be added to the Visiting Forces (USA) Act to provide for compulsory attendance of witnesses before U.S. courts-martial, under regulations to be made by the Governor in Council, in the same manner as now applies to courts-martial of the Canadian forces.

General Observation re Legislation

15. It is not necessary to decide now how many Bills will be necessary. The amendment to the Criminal Code, for example, could be included in the usual annual Criminal Code Amendment Bill.

EXCHANGE OF NOTES

16. If Cabinet approves the Recommendations and agrees in principle to the introduction of the necessary legislation, the Secretary of State for External Affairs proposes to enter into an Exchange of Notes with the U.S. as contemplated in the Recommendations, to record officially what the U.S. is giving up and what the Canadian Government will do. A draft of the Notes will be submitted to Cabinet in due course.

LETTER TO NEWFOUNDLAND GOVERNMENT

17. An important condition of the Recommendations is the following:

"That the Canadian Government, as a condition precedent to the waiver and suspension of the exercise of rights under Article IV and to the extension to Newfoundland of an amended Visiting Forces (USA) Act, give satisfactory assurances that the U.S. officials in Newfoundland will have a degree of jurisdiction comparable to that which they now in fact exercise. In this connection, the U.S. Section would regard the proposed letter from the Government of Canada to the Government of Newfoundland, with a reply from the Newfoundland Government that jurisdictional conditions would remain substantially as now exercised, as the basis for satisfactory assurances to be given by the Canadian Government."

18. The draft letter referred to reads as follows:

"It is contemplated extending the Visiting Forces (USA) Act to the Province of Newfoundland, including

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APPENDIX "E" TO
CSC 1211-1 (JPC)
DATED 2 MAY 51

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the U.S. leased Bases. Although the present Act does not interfere with the jurisdiction of Canadian courts and law enforcement authorities, it is the hope of the Government of Canada that those charged with law enforcement may really find it necessary to bring members of the United States forces before Canadian courts. In particular, it is hoped that, when an offence is by its nature essentially prejudicial to the discipline of the United States Armed Forces, when an offence is committed within the Leased Areas, or when an offence involves only members of the United States forces or only the property of the Government of the United States, the Canadian authorities will find it desirable to leave the wrong-doer to be dealt with by the United States Service courts and authorities.

"I hope that your Government will bring the Act to the attention of law enforcement authorities. I should be glad to learn the views of your Government on the question discussed in the preceding paragraph."

The wording of the letter is similar to the wording of a communication sent to all provincial governments in July, 1947, when the Visiting Forces (USA) Act was passed.

19. The Attorney General of Newfoundland indicated informally some time ago that such a letter would receive a satisfactory reply.

RECOMMENDATIONS FOR DECISIONS BY CABINET

20. (1) To approve the PJBD Recommendations and to authorize the notification of this approval to the U.S. Government;
- (2) To approve the proposals for introduction of legislation as set forth in this memorandum, subject, of course, to official consideration of the drafts by the Department of Justice;
- (3) To authorize the Secretary of State for External Affairs to enter into an Exchange of Notes with the U.S., subject to submission of the draft Notes to Cabinet;

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APPENDIX "E" TO
CSC 1211-1 (JPC)
DATED 2 MAY 51

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- (4) To authorize the Minister of Justice to send the suggested letter to the Attorney General of Newfoundland at a time to be settled by the Ministers of Justice, National Defence, and External Affairs; this exchange of letters to be followed by a note to the U.S. Government giving the required assurances.

(SGD) L.B. Pearson,
Secretary of State
for External Affairs

(SGD) Brooke Claxton
Minister of National
Defence.

Department of External Affairs,
March 15, 1951.

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Sub. 58 Chron. Filed.....

OFFICIAL SATELLITE

L'Action Catholique
May 2, 1951
File (Defence Intelligence)

The Prime Minister, Mr. St. Laurent, took twenty minutes yesterday in the Commons to explain the new Canadian-American agreements on the Bases in Newfoundland. He could have given all the substance of this poor bargain, which follows several others, in a single sentence. Canada puts the clock back eighty years in her history and leases for a century the ownership of a part of our national territory to the hands of a foreign power, by ratifying in her own legislation her official status of a satellite state and of colonial dependence.

Whichever way you look at the statement of the Prime Minister, this is the only conclusion one can draw. The Conservative Leader Drew had the irony or the cynicism to describe this agreement as an example "that it is now, as it has been in the past, easy to deal on a friendly and satisfactory basis with the government of the country which geographically is closest to us, and whose destiny in the years to come is inseparably linked with ours".

The Canadians need not be great lawyers to realize that the one and only result of these so-called "friendly and satisfactory agreements" is to accept permanently in the fiscal customs, postal, and within judiciary legislation of our country the presence and the sovereignty of American forces on four military and naval bases in Canada. In other words, the statement of Mr. St. Laurent and its servile endorsement by the Leader of the Opposition mean that Canada, eighty years after the departure of the last English forces of occupation, grants until the year 2040 extra-territorial rights to an Imperial power, like the Philippines, like the China of yesterday, and of the other peoples in trusteeship.

Mr. St. Laurent has stated that the purely legal right of the United States to occupy those bases is absolutely incontestable. They have been leased before Newfoundland became a Canadian province and Canada can only accept this mortgage on the property which she has acquired. Mr. Drew has gone further and has forced his enthusiasm to suggest that the agreement of yesterday is a "symbol of unity between the two countries for the greater good of humanity".

It is not necessary to discuss these two statements in order to justify the resentment of Canadian patriotism in the face of this surrender. The United States were even not at war when they obtained those bases for a century, in exchange for fifty old destroyers which were to serve only during a critical phase of a few months during the conflict. If the Canadian territories were then in danger, why did our soldiers not occupy them instead of waging war overseas?

How is it that the Americans have had enough "vigor to obtain this legal bargain while Canadians do not show enough energy to demand to be at least their own masters on their own territory, in return for the tens of thousands of her sons whom Canada sends to the fronts of American policy?

The maintenance of the bases during 1950 has cost the United States \$19 million. Canada this year approaches \$1,600,000,000 for the defence of liberty throughout the world but is not even wealthy enough to become free in her own territory.

To describe the agreement of yesterday, all the Canadians who thought they had created a nation — MacDonal, Wilfred Laurier, Mackenzie King, and even

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Borden -- would all have the one and same word on their lips: the Empire's rebirth.

The Statements of Mr. St. Laurent and Mr. Drew were received in the Commons by a deadly silence. Everyone understood the significance of those measures. One did nothing more than bow one's head.

The same reaction of silence has "greeted" the statement of Minister Claxton on the formation of an Imperial Division in Korea.

The Canadians supply by themselves one-third of this Imperial Division, while England, New Zealand, and Australia have in Asia interests considerably more "material" than those of Canada. One can look at this decision under several aspects:

- (1) Canada definitely casts aside "the flag of the United Nations" under which had been mobilized the brigade formerly known as "Special".
- (2) The Imperial Division does not include troops from India or Pakistan. This military disunion is only an illustration of a political disunion in the Commonwealth which, by excluding the Asiatic nations, destroys its very "raison d'etre" and one of the great hopes of humanity.
- (3) For the moment, the influence of the Commonwealth will perhaps be slightly more respected as regards the conduct of the war in Korea.
- (4) The British Chiefs, which had made the Empire evolve towards the ideal of a Commonwealth, will probably soon be replaced in England by the most rabid defenders of an imperialism, the death of which they never accepted.

For the Canadians, yesterday's developments open the perspectives of a return to Hong King, this pearl of civilization picked in the opium crusade; of an expedition in Malaya, this treasure of rubber and of democracy, or perhaps in Indo-China, one of the three or four provinces which France took away from China allegedly as a vengeance for the murder of a Missionary, and thus establishing her trade on a basis of Christianity.

Since the Empire comes back to life, it is inevitable that Canadians should again wear their uniform of colonials.

Defence Liaison(1)/R.A.J. Phillips/mr

*Mr. Gensky
you may be interested
in having this copy
of what I may let go to
put in an extra
file R.A.J.*

Mr. Mackay to see

file m

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Ottawa, April 27, 1951.

50209-40
Sub. 58
Filed...

**MEMORANDUM FOR: General A.G.L. McNaughton
Rear Admiral H. G. Dewolf
General W. A. Sperling
Air Vice Marshal A.L. Jones**

At the last agenda meeting of the PJSD, I referred to a Joint Planning Staff paper on "Canadian Policy Regarding U.S. Defence Activities in Canada.

I am now enclosing copy number of a second draft of this paper. This is only a working paper which has not yet received the approval of the Joint Planning Committee but will probably be considered within the next week. Meanwhile, this paper may be of interest to members of the Canadian Section, P.J.S.D.

The underlined portions are changes from the first draft.

Secretary.

DEPARTMENT OF
EXTERNAL AFFAIRS

Ottawa,

To Mr. Weisberg

FOR INFORMATION

We have just advised Finance to drop
 the "Rental principle" which they wanted to
 apply to N.A.T.O. European countries
 - This does not of course necessarily
 exclude the Supplement IV as applied
 to U.S. installations in

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CANADA OR

~~1. 17 June 1951~~
~~2. 15 Dec 1951~~
~~3. 4 Feb 1952~~

Ottawa, April 27, 1951

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file on 50209-40 and Torbay file

Mr. Phillips
Mr. [unclear]

MEMORANDUM FOR MR. WERSHOF

50209-40
61
Copy on 10298-B-40

Status of U.S. Defence Installations in Canada

This is interesting but has some difficult features. On the whole (at least thought) I wd prefer as % showing by Canada w agreed expenditures + no US funds of [unclear]

I understand that we have now reached the point where any further requests by the United States for leases of defence installations on Canadian soil will be resisted.

2. One way in which Canada can avoid giving leases or any form of fixed right or tenure is by offering to finance at least a proportion of the cost of whatever installations on Canadian soil are necessary to the United States (for joint defence or for NATO). It may well be that we shall adopt this policy in a limited form. Torbay is a case in point. The United States has indicated its desire for a lease. We recognize the need to develop the airfield, and might pay for whatever improvements are considered necessary by the United States in order to fulfil its strategic bombing commitments under NATO. The money we spend on the development of the field would be taken into account in NATO burden sharing exercises.

3. Although this solution to the tenure problem is in the long run much preferable to the granting of leases, some difficulties may arise. It might eventually involve us in extremely heavy expenditures which would place an undue burden on Canada as a NATO member. However, logical this form of contribution to NATO, there is perhaps a danger that the policy will be misinterpreted in Europe as

27.4.57 (5)

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an attempt to build up North American defences to the detriment of the defence of Europe if the burden of paying for bases in Canada forced us to reduce our contribution to European defences. No matter how we try to counteract that argument, undoubtedly the left-wing press in Europe would try to use it to undermine faith in Europe's North American allies. It might increase the pressure on Canada to send more than a token ground force contribution to the Integrated Force.

4. I suggest that there is something to be said for consideration of yet another arrangement, i.e., rental without lease. In the case of Torbay, we would obtain a statement of total U.S. requirements. Let us say that, after we have reviewed them, we agreed that facilities costing \$20 million were fully justified. Canada would then make the entire expenditure. On the assumption that the facilities were of no particular value to Canada economically and were not necessary for the defence of Canada individually but only as a member of NATO, we would then charge the United States annually a sum for its use of the facilities. The annual rental would be based on an amortization period which would be fixed in accordance with the nature of the facilities; it might vary from ten to twenty years (i.e., the period of the North Atlantic Treaty). The United States would have no guarantee of tenure and Canada would have no guarantee that the United States would occupy the installation until the capital costs had been amortized. The financial success of the arrange-

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ment would depend upon the ability of the planners to forecast future requirements. Canadian losses could be charged to the protection of sovereignty, and in any event those losses could not be as burdensome as the payment by Canada for all installations without compensation, assuming Canada were to pay for the whole cost of the installations, or a large proportion of it.

5. The rental paid by the United States could be used either to build Canadian armed strength or to finance help to European members of NATO through mutual aid or the stationing of Canadian forces in Europe. The initial costs to Canada would tend to be heavy and, presumably, would eventually taper off. They would thus tend to counterbalance what we must assume will be steadily mounting annual charges for other forms of defence.

6. Rental arrangements without a lease might have considerable political advantages in Canada. Not only would it forestall charges of giving undue rights to the United States in Canada, but it would answer any allegation from Canadian sources that we are paying for U.S. activities in Canada not needed by Canada.

7. Finally, the undertaking by Canada of substantial installations for U.S. use, since it would initially result in inflated defence budgets, should end for all time charges of Canadian feet dragging. It is possible that a new charge of profiteering might arise, but not if the "rent" were turned over to national or NATO defence purposes.


R.A.J. Phillips.

(This Document is The Property of His Majesty's Canadian Government)

CSC 1211-1 (JPC)

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CANADA

CHIEFS OF STAFF COMMITTEE
JOINT PLANNING COMMITTEE

OFFICE OF THE SECRETARY,
NATIONAL DEFENCE HEADQUARTERS,

OTTAWA, 25 Apr 51

*Mr. H. G. ...
in ...
of this is on ...
which we should have ...
represented ...*

*f 2/50209-10
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Joint Planning Committee

Canadian Policy Regarding US Defence
Activities in Canada.

1. In accordance with the direction contained in item 231-2 of the 231st meeting of the Committee, the Joint Planning Staff has now prepared a second working draft, a copy of which is attached. The major additions are underlined.

2. It is intended to place this item on the agenda of the next meeting of the Committee.

K. C. Cooper
(K.C. Cooper)
Commander, RCN
Secretary,
Joint Planning Committee.

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25 APR 1951

Attach.

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SECOND DRAFT

COPY NO. _____
CSC 1211-1 (JPC)
23 April, 1951

A REPORT BY THE JOINT PLANNING COMMITTEE
ON
CANADIAN POLICY REGARDING
UNITED STATES DEFENCE ACTIVITIES IN CANADA

APPENDICES:-

- "A" - Ogdensburg Agreement 18 Aug 1940
(Unclassified)
- "B" - Text of Joint Statement Issued in
Ottawa and Washington on 12 Feb 1947
- "C" - Extract from PJBD Journal
Meeting Jan-Feb 1951
- "D" - Authorizations Permitting USAF
To Fly Over Canada
- "E" - Memorandum to the Cabinet -
United States Newfoundland Bases

OBJECT

1. To review Canadian policy on United States defence activities
in Canada in the past and present.

INTRODUCTION

GENERAL

2. Joint participation has long been the principle governing Canadian policy with respect to foreign military activities in Canada. Close collaboration with the US has been emphasized ever since the defence of North America from external attack emerged as a serious question. The Ogdensburg Agreement (see Appendix "A"), out of which grew the Permanent Joint Board on Defence, emphasized joint responsibilities, a theme which has dominated the work of the PJBD in the past eleven years. While Canada has been willing to co-operate with the US in joint defence, the Canadian Government has been insistent on the preservation and recognition of those Canadian rights which affect the sovereignty of Canada.

WORLD WAR II DEFENCE COLLABORATION WITH THE US

3. Although the principles set out above were never consciously abandoned during war, US activities in Canada assumed such proportions that Canadian control was often in practice almost totally ineffective.

4. The main projects which the US undertook on Canadian soil were as follows:

(a) Alaska Highway

This road was built by the US during 1942-1943 at a cost of approximately \$130,000,000. The only Canadian contribution to the construction of the highway was the provision of rights of way and certain tax concessions. On its completion, the highway was maintained by the US, using at first US troops and civilian labour from the US and Canada; later most of the troops were withdrawn.

At the end of the war, in accordance with a United States/Canada agreement made in 1942, ownership of the highway passed to Canada free of charge on the understanding that:

(a) Canada would assume responsibility for its maintenance;

(b) at no time would there be imposed any discriminatory conditions in relation to the use of the road as between Canadian and United States civilian traffic.

The Canadian Army assumed responsibility for the maintenance of the highway on April 1, 1946, and is at present the sole agency responsible for its administration. It employs approximately five hundred military and four hundred civilian personnel for this purpose. In addition to the physical maintenance of the road, the Army operates and maintains essential services for other government

departments and for civilians at certain stations along the highway.

A six wire telephone line from Edmonton to the Alaska boundary, which had been installed as part of the general highway project, was bought by Canada in 1944 for \$1,342,208 and is now being operated by the Northwest Communication System (NCS), subsidiary to the Canadian National Telegraph.

An exchange of notes was concluded between the United States and Canada in 1948 whereby some telephone and telegraphic lines from Edmonton to the Alaska boundary were leased to the United States for an annual rental of \$271,000.00.

(b) Air Fields

The first series of airfields built as a joint defence project was the Northwest Staging Route, which included 15 airfields, of which about one-half were built and operated by Canada. The route started at Calgary and Edmonton and followed the line of the Alaska Highway. The Northeast Ferrying Route (Crimson Route) from The Pas through Churchill to Southampton Island, Fort Chimo and Frobisher Bay, was begun in 1942 and was completed during 1944. There were also nine fields or flight strips on the Canol route. At the end of the war, apprehension was felt that the US might claim postwar rights on the basis of wartime expenditure for construction and operation of these airfields. In view of this concern, and since Canada's exchange position was very favourable, it was agreed in April 1944 to pay the US a total of \$76,811,551 for airfields and other facilities in the North which had been provided by the US. The cost of all construction which could be regarded as having permanent value was therefore ultimately borne by Canada.

Of the eleven airfields at present in operation on the Northwest Staging Route, eight are under the control of the RCAF and three under the control of the Department of Transport.

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(c) Weather Stations

In the course of the war, approximately 60 weather stations were established by the US forces, about a third being abandoned before the end of the war. The remainder were either taken over by Canada and paid for out of the \$76,811,551, or closed down.

There are five weather stations which are jointly operated by the United States Weather Bureau and the Department of Transport. At these jointly operated stations, the United States supplies the expendable equipment. The United States also supplies the expendable equipment at fourteen weather stations operated by the Department of Transport.

There are three other stations which are under the sole control of the United States by reason of their location on bases leased to that country, at Stephenville, Fort Pepperrell and Argentia.

Negotiations are at present underway for handing over to Canada the control of the weather station at Padloping, which is operated by the United States.

(d) The Canol Project

The Canol project was started by the US in June 1942. Its purpose was to provide a pipeline to bring crude oil from Norman Wells on the Mackenzie River to Whitehorse, a distance of some 600 miles. The Canadian Government was not convinced of the soundness of the project, and later events substantiated this view. Canol was completed in the spring of 1944 and was closed down about a year later, having cost the US Government an estimated \$134,000,000. Some of the equipment was dismantled and sold on the public market; the remainder was abandoned.

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5. During the height of US activity in 1943, in the general area between Edmonton and Alaska, in the Mackenzie valley, and in Northern B.C., there were about 46,000 US civilians in addition to a number of US troops. At this time there were only 7000 Canadian civilians and a few hundred RCAF in the area.
6. By the end of 1946, Canada had taken over nearly all US military installations on its soil; it was agreed that the few which remained would be transferred to the Canadian Government when conditions warranted.
7. Today the only US military installations in Canada are:
 - (a) The USAF weather station on Padloping Island, Northwest Territories.
 - (b) Three Loran stations operated by the US Coast Guard in Newfoundland.
 - (c) The leased bases and certain other facilities in Newfoundland.
8. It is expected that by the end of 1951 the three Loran stations (para 7(b) above) will be taken over by Canada.

POSTWAR DEFENCE COLLABORATION

9. Since the war the Canadian Government has resisted any military activity carried out on Canadian soil by US authorities alone; this includes both installations and exercises. Canadian policy on defence collaboration is clearly set out in a statement issued in Ottawa and Washington on 12 Feb 1947 which is attached as Appendix "E". While emphasizing the need for collaboration, by implication it defines the limits of this collaboration as follows:

- (a) Facilities are offered on a reciprocal basis.

It has been the general rule that Canada has not agreed to grant rights in Canada to the US without obtaining reciprocal privileges. At times the reciprocal privileges sought have little or no meaning, nevertheless the principle of reciprocity has been upheld.

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- (b) Each country determines the extent of its practical collaboration. In this, Canada reserves the final voice on the need or nature of any power in Canada.
- (c) Neither country is to take any action inconsistent with the Charter of the United Nations.
- (d) Either country may at any time discontinue collaboration on any project.

10. The application of these principles can be seen in the arrangements for US installations in Canada, joint exercises, flights over Canada, and the handling of the Newfoundland leased bases problem.

Installations and Exercises

11. Arctic Weather Stations. In 1946 a request by the US to open a number of weather stations in the Canadian Arctic, the first of which was to be opened within a few weeks, was not approved inasmuch as the Canadian Government was not prepared to collaborate on the project on such short notice. When the request was renewed in 1947 Canada, having had time to give thorough consideration to the subject, granted the request. The conditions under which the stations have been operated are as follows:

- (a) Canada and the US have each supplied half the personnel;
- (b) Overall responsibility at each station has been vested in the Canadian civilian official in charge. Radio operators have Canadian citizenship.
- (c) The Canadian Government has borne the cost of the pay and subsistence of Canadian personnel and has provided all permanent installations.
- (d) The US has borne all other costs, including equipment, fuel, arctic supplies and transportation.
- (e) All permanent installations and improvements including those at adjacent air strips have remained the property of Canada.

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- (f) All personnel of the station have been required to observe the applicable laws of Canada and of the Northwest Territories subject to the Visiting Forces Act.
- (g) The Canadian Government, having reserved the right, intends to take over the manning of all stations at a later date.

12. Radar Sites. The Governments of Canada and the US have recently agreed to undertake the extension of the Continental Air Defence system. This extension will involve about 30 radar installations on Canadian soil. Canadian policy on this request is reflected in the Recommendation of the PJBD dated 31 Jan 1951 (attached as Appendix "C"). This Recommendation may be summarized as follows:

- (a) No installations on Canadian soil will have an exclusively foreign character.
- (b) The Canadian Government will acquire all land for installations and will pay a share of the cost of building and maintaining the stations (in this case the Canadian share is approximately one-third of the whole).
- (c) No leases are to be given to the US authorities but they will be granted rights of access.
- (d) When the stations have outlived their usefulness (in the opinion of both Governments) the immovable equipment (buildings and other permanent installations) will remain in the title of Canada.
- (e) The system as a whole will be jointly manned, although such will not be the case in respect of each separate station.
- (f) Canada will take over the manning of as many stations as her reserve of trained operators permits.

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- (g) Canada will also construct as many of the stations as possible, in some cases on US account.
- (h) As far as possible, the stations which are to be built and manned by the US will be those which are most remote from populated areas.

The Recommendation has now been approved by the President of the United States and the Canadian Government. There are indications, however, that the U. S. authorities may consider asking that an agreement be concluded with Canada through an Exchange of Notes setting out, inter alia, the terms of occupancy or tenure of the sites on Canadian soil by the United States. The preliminary Canadian view is that such an agreement is unnecessary and should be resisted if it were to go further than the approved P.J.B.D. Recommendation on the point of tenure.

13. Joint Exercises. The main conditions attached to all joint exercises are as follows:

- (a) There should be joint participation.
- (b) Publicity concerning US participation should be kept as small as possible and should always be cleared with the Canadian authorities.
- (c) Ordinary permission for recurring projects is given on a one-time basis, or for no more than a calendar year. Permanent blanket permission is rarely given by Canada, and when it is given there is a clause allowing termination at will.
- (d) Compliance with customs and immigration formalities.

14. Flights over Canada . Attached as Appendix "D" is a separate memorandum on authorizations at present in force permitting the USAF to fly over Canada. Some of the conditions embodied are as follows:

- (a) Publicity arrangements to be in accordance with the Joint Publicity Directive.

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- (b) Canadian participation in planning and execution (in case of surveys).
- (c) Reservation of rights to include Canadian observers on any flights across Canadian territory.
- (d) Duplicates of all photographs taken and copies of other data to be given to the Canadian Government.
- (e) In case of SAC training flights, all flights to be at high level with no mass flights over Canadian cities.
- (f) No live bombs to be carried without specific permission on each particular flight.

Leased Bases

15. The leased bases in Newfoundland at Stephenville, Argentia and Fort Pepperrell are in a special category and cannot be called joint projects. The rights enjoyed by the US forces in those areas cannot be taken as an indication of the privileges which the Canadian Government is normally prepared to give to US forces. The original US rights, which were more extensive than the Canadian Government has given, were defined in the Leased Bases Agreement signed by the UK and US on March 27, 1941. Canada inherited this 99-year agreement on the entry of Newfoundland into Canada. The PJBD assumed the task of reviewing these rights at a time when the US was anxious to obtain a lease at Goose Bay. In respect of US rights, the PJBD was able to recommend certain modifications which are explained in a memorandum to Cabinet dated March 15, 1951 (Appendix "E"). The Canadian Government has now agreed to lease to the US certain property at Goose Bay.

16. The U.S. Government has a 99-year lease for its island bases in Newfoundland. Within those areas it has complete control over its activities. When the United States is engaged in war or in time of other emergency, the United States may exercise in the territories and surrounding waters or air spaces all such rights, power and authority as may be necessary for conducting any military

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operations deemed desirable by the United States. In short, the United States may use the bases for offensive operations, or may use territories in the vicinity of the bases for these purposes. In July, 1950, the U.S. Government agreed to the principle of prior consultation with the Canadian Government "with the understanding that only operations of reasonable consequence and not of an emergency nature would be involved".

17. According to Article XXVII of the Leased Bases Agreement, the United States may, by common consent, acquire by supplementary lease additional land as may be found necessary for the use and protection of the Bases.

18. Although the United States will receive at Goose Bay some of the privileges given at the Island Bases, US authority is much more limited at Goose. The lease is to run for 20 years rather than 99 years, the base is Canadian, and the U.S. Government is merely to be given a lease to certain lands within the area. Installations are subject to the approval of the RCAF, which has general administrative control.

Customs and Immigration Facilities

19. US Service personnel and equipment admitted to Canada for the purpose of any joint exercise or defence activity are required to comply with applicable Canadian customs and immigration formalities and clearance for such entry is obtained through diplomatic channels in each case, unless special arrangements are authorized. In certain cases, e.g. joint air defence training exercises, authority may be initially granted for obtaining customs and immigration clearance by local notification through Service channels. This blanket authority is restricted to a definite period of time, usually less than a year, and to a specified activity. (In this connection it should be noted that Canada does not consider valid the Twenty-second Recommendation of the PJBD, which authorized the defence authorities of both countries to make any necessary arrangements for cross-border movements.) US Service equipment brought into Canada under

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the clearance procedures described above is admitted with a minimum of formalities, which include a declaration that such equipment will remain the property of the U. S. Government. With the exception of the leased bases, where US Service personnel enjoy special customs privileges, there is no authority for free entry of goods intended for resale to US Servicemen.

20. The US forces at the leased bases are not required to comply with the usual procedure for customs and immigration clearance. In general, goods imported into the bases for US use are cleared through local notification. Although US forces at Churchill have no special customs concessions, the US personnel and equipment are able to enter on local notification. Similarly, US forces travelling up the Northwest Highway System are able to get clearances at border points on local notification.

CHANNELS OF COMMUNICATION

At its meeting of June 3-4, 1948, the P.J.B.D. considered the question of the channels of communication between the United States and Canadian Governments in connection with defence plans and operations. As a result of these discussions, the Board issued a directive, the aim of which was to ensure both maximum speed in communication and systematic clearance by responsible officers and agencies of the two Governments. This directive has been accepted by both the United States and Canadian Governments. It reads as follows:

"Recommended Rules Concerning Channels of Communications between the U.S. and Canadian Governments in connection with Defence Matters.

1. 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.

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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." End of text.

The Service Channels to which reference is made in Paragraph 2 of the directive include the following:

- (a) Direct communication between R.C.A.F. and U.S.A.F.
- (b) The Service Attaches
- (c) The Canadian Joint Staff Mission in Washington
- (d) Joint Committees such as the Military Co-operation Committee.

The channel R.C.A.F.-U.S.A.F. is used mostly at P.J.R.D. level by the respective air members for the purpose of discussing procedure before a request is formally submitted to the other Government for approval.

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CONCLUSION

21. Although Canada has always endeavoured to uphold the principle of joint collaboration in all U.S. defence activities in Canada, the extent of U.S. activity in Canada during the Second World War was such as to make Canadian control almost totally ineffective.

22. In the post war period Canada made determined successful efforts to regain control or, when appropriate, a share of control, over all defence activities on Canadian soil (with the exception of the U.S. bases in Newfoundland).

23. The principles which have governed joint collaboration were set forth in the Canada-U.S. Joint Declaration of February 12, 1947 (Appendix B).

24. With the acceleration of defence activity, Canada has been and will probably continue to be presented with many U.S. proposals for defence projects in Canada. In dealing with these proposals Canada insists that they be put up through recognized channels for approval and that there be agreed planning, as required, and joint control, where deemed necessary.

25. Approved Canada-U.S. defence plans have been written in conformity with the policy outlined above.

UNCLASSIFIED

REF ID: A1110
CSO 1211-1 (510)
MAY 23 4 51

OGDENSBURG AGREEMENT - 18 AUG 40

The Prime Minister and the President have discussed the mutual problems of defense in relation to the safety of Canada and the United States.

It has been agreed that a Permanent Joint Board on Defense shall be set up at once by the two countries.

This Permanent Joint Board on Defense shall commence immediate studies relating to sea, land and air problems including personnel and material.

It will consider in the broad sense the defense of the north half of the Western Hemisphere.

The Permanent Joint Board on Defense will consist of four or five members from each country, most of them from the services. It will meet shortly.

APPENDIX "E" TO
(GSC: L211-1 (JPC))
DATED 23 Apr 51.

TEXT OF JOINT STATEMENT ISSUED IN OTTAWA AND
WASHINGTON, FEBRUARY 12, 1947 TOGETHER WITH
TEXT OF SUPPLEMENTARY STATEMENT BY PRIME
MINISTER OF CANADA MADE IN THE HOUSE OF COMMONS

STATEMENT MADE BY THE PRIME MINISTER OF CANADA
IN THE HOUSE OF COMMONS ON DEFENCE COOPERATION
WITH THE UNITED STATES, FEBRUARY 12, 1947.

I wish to make a statement which is also being made today by the Government of the United States regarding the results of discussions which have taken place in the Permanent Joint Board on Defence on the extent to which the wartime cooperation between the armed forces of the two countries should be maintained in this postwar period. In the interest of efficiency and economy, each Government has decided that its national defence establishment shall, to the extent authorized by law, continue to collaborate for peacetime joint security purposes. The collaboration will necessarily be limited and will be based on the following principles:

- (1) Interchange of selected individuals so as to increase the familiarity of each country's defence establishment with that of the other country.
- (2) General cooperation and exchange of observers in connection with exercises and with the development and tests of material of common interest.
- (3) Encouragement of common designs and standards in arms, equipment, organizations, methods of training and new developments. As certain United Kingdom standards have long been in use in Canada, no radical change is contemplated or practicable and the application of this principle will be gradual.
- (4) Mutual and reciprocal availability of military, naval and air facilities in each country; this principle to be applied as may be agreed in specific instances. Reciprocally **each** country will continue to provide, with a minimum of formality, for the transit through its territory and its territorial waters of military aircraft and public vessels of the other country.
- (5) As an underlying principle all cooperative arrangements will be without impairment of the control of either country over all activities in its territory.

While in this, as in many other matters of mutual concern, there is an identity of view and interest between the two countries, the decision of each has been taken independently in continuation of the practice developed since the establishment of the Permanent Joint Board on Defence in 1940. No treaty, executive agreement or contractual obligation has been entered into. Each country will determine the extent of its practical collaboration in respect of each and all of the foregoing principles. Either country may at any time discontinue collaboration on any or all of them. Neither country will take any action inconsistent with the Charter of the United Nations. The Charter remains the corner-stone of the foreign policy of each.

APPENDIX "B" TO
CSC 1-11-1 (JFC)
DATED 23 Apr 51

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An important element in the decision of each Government to authorize continued collaboration was the conviction on the part of each that in this way their obligations under the Charter of the United Nations for the maintenance of international peace and security could be fulfilled more effectively. Both Governments believe that this decision is a contribution to the stability of the world and to the establishment through the United Nations of an effective system of world wide security. With this in mind each Government has sent a copy of this statement to the Secretary General of the United Nations for circulation to all its members.

In August, 1940, when the creation of the Board was jointly announced by the late President Roosevelt and myself as Prime Minister of Canada, it was stated that the Board "shall commence immediate studies relating to sea, land and air problems including personnel and material. It will consider in the broad sense the defense of the north half of the Western Hemisphere." In discharging this continuing responsibility the Board's work led to the building up of a pattern of close defence cooperation. The principles announced today are in continuance of this cooperation. It has been the task of the Governments to assure that the close security relationship between Canada and the United States in North America will in no way impair but on the contrary will strengthen the cooperation of each country within the broader framework of the United Nations.

APPENDIX "B" TO
CSC 11141 (JPC)
DATED 20 Mar 51

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SUPPLEMENTARY COMMENTS MADE BY THE PRIME MINISTER
IN THE HOUSE OF COMMONS FOLLOWING THE AGREED
STATEMENT ON DEFENCE, FEBRUARY 12, 1947.

There are a number of comments I should like to make on the foregoing statement:

Cooperation between Canada and the United States in matters of defence has become increasingly effective in recent years. Among the first public statements to be made by the head of either Government was the speech of the late President Roosevelt at Kingston, Ontario, 1938, when he said, "The Dominion of Canada is part of the sisterhood of the British Empire. I give to you assurance that the people of the United States will not stand idly by if domination of Canadian soil is threatened by any other Empire." Two days later at Woodbridge, Ontario, as Prime Minister of Canada I replied, "We, too, have our obligations as a good friendly neighbor, and one of these is to see that, at our own instance, our country is made as immune from attack or possible invasion as we can reasonably be expected to make it, and that, should the occasion ever arise, enemy forces should not be able to pursue their way, either by land, sea or air, to the United States across Canadian territory."

It was two years later, in August 1940, that the Permanent Joint Board on Defence was created and it has met regularly ever since to discuss common problems and to make recommendations to the Government which created it. The statement made today emphasizes the desirability of continuing the cooperation between Canada and the United States in matters of defence which has developed through the years.

As the joint statement points out, the Charter of the United Nations is the corner-stone of the foreign policy of both Governments. Certainly, the Canadian Government holds that its obligations to the United Nations are of overriding importance. In time, it is to be hoped that there will emerge--apart altogether from reduction and limitation of arms and elimination of weapons of mass destruction--a system of international security which will be adequate to preserve the peace of the world. The ultimate objective is not joint or regional defence, but collective international defence as the guarantee of national security.

It must be recognized, however, that much progress has still to be made before a system of international security becomes effective. Each nation must therefore consider what steps it should take in the meantime to defend itself against aggression, while bearing constantly in mind that these steps should contribute to the development of general security in accordance with the Charter of the United Nations. I should like to make entirely clear that, so far the Canadian Government is concerned, and I am sure the United States Government also, defence cooperation between Canada and the United States is intended to support and strengthen the United Nations.

It will be noted that the principles of cooperation announced in the joint statement parallel closely the procedures which have long been applied between the nations of the British Commonwealth. Without formal agreements between Governments, we have had working arrangements with the United Kingdom and other Commonwealth countries for the interchange of personnel, the exchange of observers, and so forth. The similar arrangements envisaged between Canada and the United States in

APPENDIX "B" TO
CSC 1411-1 (P.P.)
DATED 23 April 57

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no way interfere with or replace our Commonwealth connections in matters of defence training and organization. Given the geographical position in Canada, it is important that measures of cooperation should be undertaken both with the United States and the United Kingdom.

In conclusion, I should like to comment briefly on problems of northern defence. The subject has naturally engaged the attention of many people both here and abroad and some quite unfounded suggestions have been put forward. There is a persistent rumour, for example, that the United States Government has asked for basis in the Canadian North. This is a rumour which I, should like to deny emphatically. There has been talk of Maginot Lines, of large-scale defence projects, all of which is unwarranted and much of it fantastic. What we are trying to do is to view the situation soberly, realistically, and undramatically.

It is apparent to anyone who has reflected even casually on the technological advances of recent years that new geographic factors have been brought into play. The polar regions assume new importance as the shortest routes between North America and the principal centres of population of the world. In consequence, we must think and learn more about these regions. When we think of the defence of Canada, we must, in addition to looking East and West as in the past, take the North into consideration as well. Our defence forces must, of course, have experience of conditions in these regions, but it is clear that most of the things that should be done are required apart altogether from consideration of defence. We must know more about such fundamental facts as topography and weather. We must improve facilities for flying. We must develop better means of communication. The general economic development of the North will be greatly aided by tests and projects carried out by both civilian and defence services. As the Government views it, our primary objective should be to expand our knowledge of the North and of the conditions necessary for life and work there with the object of developing its resources.

Canada's northern programme is thus primarily a civilian one to which contributions are made by the armed forces. This has been the pattern for many years. Thus the Army years ago installed and has continued to maintain communication systems in the Northwest Territories. It is now responsible for administering the Alaska Highway, now known as the Northwest Highway System, extending from Dawson Creek to the Alaska boundary. The R.C.A.F. has been responsible for taking aerial photographs to be used in the production of maps and charts. It has also been given the responsibility of administering the airfields of the Northwest Staging Route from Edmonton North which are used for civil aviation. More recently, a small winter experimental establishment was set up at Churchill where various tests on clothing, equipment, transport and so on, are being conducted which will be of general benefit to all who live in the North. Since the United States, as well as Canada, recognizes the need for greater familiarity with northern conditions, we have arranged for its government to participate in the work of this establishment. It may be that other tests and projects will require to be undertaken on a joint basis, in order to extend with a maximum of economy and effectiveness, our knowledge of the North. Through such extension we will acquire the basic data that are needed to make more accessible the economic resources of this region and which will be valuable for defence purposes as well.

T O P S E C R E T

APPENDIX "C" TO
JCS 661211-1(JPC)
DATED 23 Apr 51

EXTRACT FROM PERMANENT JOINT BOARD ON DEFENCE
JOURNAL - MEETING JAN 30 TO FEB 1 (incl) 1951

R E C O M M E N D A T I O N S

1. That a plan for the extension and coordination of the air defence systems of the US and Canada substantially as set forth is feasible and acceptable, and should be implemented forthwith as a matter of great urgency.

2. That the implementation of such a plan in Canada be in accordance with the following general principles:

- (a) Canada to acquire and retain title to all sites required in Canada for the system; the U.S. to be granted such rights of access, use and occupancy as may be required for its effective participation.
- (b) The capital costs of construction (except housing for dependents), and of equipment and of communication facilities, to be shared in this joint enterprise on the basis of approximately two-thirds U.S. and one-third Canada. In order to facilitate implementation of the plan and to simplify administrative procedure, Canada to assume financial responsibility for the construction and equipping of the following stations and their associated control facilities:

Chatham, N.B.
Lac St. Joseph, P.Q.
Mont a Pica, P.Q.
Edgar, Ont.
McCarthy, P.Q.
Senneterre, P.Q.
Holberg, B.C.
Foymount, Ont.
Falconbridge, Ont.

The U.S. to assume financial responsibility for the construction

T O P S E C R E T

APPENDIX "C" TO
CSC 1-11-1 (P)
DATED 23 JAN 51

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and equipping of the remaining stations and their associated control facilities.

- (c) The maintenance and operating costs as determined approximately to be shared two-thirds by the U.S. and one-third by Canada.
 - (d) Construction of the installations required by the plan to be carried out by Canadian agencies and contractors with Canadian labour and materials so far as practicable; electronic and other equipment manufactured in Canada to be used as far as practicable.
 - (e) The installations to be manned and operated initially by Canada and the U.S., respectively, as set forth in the plan; Canada may by agreement take over the manning and operation of additional stations.
 - (f) Neither Government to discontinue the operation of any part of the system without the prior concurrence of the other Government.
3. That detailed arrangements for the implementation of the plan be drawn up by the appropriate officials of the two countries.
4. That in view of the great urgency of the situation, all possible measures be taken to ensure that the projected system will be operating by the target date 1 July 1952.
5. That the capabilities of the system be kept under review in the light of current developments.

Authorizations at present in force permitting the USAF
 (or US Naval aircraft) to fly over Canada.

TOP SECRET

NOTE: The date of authorization is: (a) The date when Cabinet or Cabinet Defence Committee approved, when this is indicated in the appropriate column, or
 (b) The date when approval was communicated to the US authorities.

Appendix "D" to
 CSC 1281-1 (JPC)
 R/23 Apr 51

Nature of Authorization	Authority	Date when Authorization Given	Duration
<p><u>US Magnetic Survey Flights</u> over fringes of Canadian Archipelago and Canadian magnetic stations in the north. <u>Conditions:</u> (a) Publicity arrangements in accordance with Joint Publicity Directive. (b) Canadian participation in planning and execution of survey.</p>	<p>Ministers of National Defence and External Affairs, and Deputy Minister of Mines & Resources.</p>	<p>(1) May 12, 1949 (extended to cover 1950 season because of postponement) (2) March 5, 1951 Canadian Embassy authorized to approve project for 1951.</p>	<p>Approval renewed on annual basis.</p>
<p><u>USAF Training Flights in Polar Navigation</u> over Canadian Archipelago. <u>Conditions:</u> (a) Canada reserves right to include its observers on any or all flights across Canadian territory. (b) Duplicates of all photographs taken and copies of other data that may be collected to be given to Canadian Government.</p>	<p>Cabinet Defence Committee</p>	<p>March 3, 1948</p>	<p>Not specified</p>
<p><u>US Navy Aerial Photographic surveys</u> of Newfoundland and Labrador. <u>Conditions:</u> Results of operations to be made available to the RCAF.</p>	<p>Cabinet Defence Committee</p>	<p>April 15, 1948</p>	<p>Summers of 1948-52</p>

TOP SECRET
 Appendix "D"

Nature of Authorization	Authority	Date when Authorization Given	Duration
<p><u>Transit Facilities</u> accorded in: (a) Local notification agreement of 1940. (b) Joint Statement of February, 1947. <u>Note:</u> These arrangements cover visits of service aircraft and overflight privileges for an aircraft making a routine flight between one regional command and another, e.g., Western United States and Alaska.</p>	<p>(a) Deputy Ministers of National Defence (Air), Transport, National Revenue, Mines and Resources. (b) Cabinet.</p>	<p>(a) December 16, 1940 (CTS 1940/S/6) (b) January 16, 1947</p>	<p>(a) Subject to termination upon notification by either party. (b) Collaboration on this point may be discontinued at any time by either party.</p>
<p><u>Air Search-Rescue Operations</u> permission for public aircraft to engage in such operations along the common boundary without being subject to the normal immigration or customs formalities.</p>	<p>Deputy Ministers of National Revenue, Citizenship and Immigration, and National Defence.</p>	<p>January 24, 1949. (CTS No. 2 of 1949)</p>	<p>Termination on 60 days notice by either party.</p>
<p><u>USAF Transport Flights</u> from Westover, Mass. to Fort Churchill for logistic support of US Army Engineering tests. <u>Note:</u> Flights on a weekly basis and including 8-hour non-stop training flights to Baker Lake area approved February 20, 1951.</p>	<p>Minister of National Defence.</p>	<p>June 18, 1948</p>	<p>Authority subject to review whenever changed circumstances warrant.</p>

TOP SECRET
 Appendix "D".

Nature of Authorization	Authority	Date when Authorization Given	Duration
<p><u>SAC Training Flights</u>, including vertical and radarscope photography of Canadian cities (Calgary, Montreal, Vancouver, Churchill, Quebec, Winnipeg, Edmonton, Regina, Ottawa and Toronto.)</p> <p><u>Conditions include:</u></p> <ul style="list-style-type: none"> (a) Photographs and negatives to be classified secret and not to be released without Canadian permission. (b) RCAF to get copies of all photographs. (c) All flights at high levels; no mass flights over Canadian cities. (d) Flights to originate and terminate at specified US bases. (e) Number of planes in a flight substantially less than 45; only one aircraft at a time will fly over a Canadian city and at a high altitude. 	<p>Ministers of National Defence and External Affairs.</p>	<p>July 7, 1950 January 8, 1951</p>	<p>Permission covers calendar year only.</p>
<p><u>Overflight privileges</u> for US Navy aircraft proceeding to Air Gunnery and Rocket Range near Port Huron, Michigan, from their base at Grosse Ile, Michigan.</p>	<p>Minister of National Defence and Deputy Minister of Transport.</p>	<p>September 22, 1948</p>	<p>Not specified.</p>

TOP SECRET
Appendix "D"

Nature of Authorization	Authority	Date when Authorization Given	Duration
<p><u>USAF Interception Flights in Canada:</u> Conditions:</p> <p>(a) Investigations over Canadian territory would only occur in the case of an aircraft headed for the Canada-United States border from the Canadian side whose flight plan had not been transmitted to the United States authorities, or which was off course, and only then in the event that the actions of the aircraft gave rise to a reasonable interpretation of intention to cross the international boundary; the activities of Canadian aircraft over US territory would be similarly restricted;</p> <p>(b) Close investigation with all due precaution, or interrogation, would be performed solely on unidentified four-engine aircraft for the purpose of obtaining radio or visual identification. No attempt would be made to order an intercepted aircraft to land, nor to open fire except when the intercepted aircraft is over the national territory of the Air Force performing the interception;</p> <p>(c) Investigating aircraft would not approach closer than 1000 feet to any single-engine or twin-engine aircraft.</p>	Cabinet Defence Committee.	December 1, 1950	To remain in force until terminated by either Government.

Note: This arrangement is not yet in effect. Cabinet approval and US agreement to stated conditions are still required.

Nature of Authorization	Authority	Date when Authorization Given	Duration
<p><u>Joint USAF-RCAF Air Defence Training Exercises.</u> Conditions:</p> <p>(a) Each exercise to be carried out with consent of the Chief of the Air Staff of the country in which exercise taking place.</p> <p>(b) Re participation of bomber aircraft: copies of all photographs taken over Canada would be provided to the RCAF; would be given a high security classification; and would not be distributed without prior approval of RCAF Headquarters. While performing camera bombing over Canadian cities, aircraft would fly at a high altitude and not more than one at a time would fly over Canadian cities; the number of bombers participating in any flight over Canadian territory would not be great; RCAF Headquarters would be given advance flight plans and no live bombs would be carried.</p>	<p>PJBD Recommendation (51/3) and Cabinet Defence Committee.</p>	<p>February 20, 1951</p>	<p>Termination upon notification by either Government.</p>
<p><u>USAF Transportation Flight for Resupply of Joint Arctic Weather Stations.</u></p> <p><u>Conditions:</u> US transportation would be limited to such as was necessary for their construction and maintenance.</p>	<p>Cabinet</p>	<p>January 28, 1947</p>	<p>See note below</p>

Note: In note No. 16 of February 13, 1947, the US Embassy was invited to co-operate in the work of the weather programme and it was indicated that a minimum period of operation of 5 years was considered desirable. In Note No. 181 of December 22, 1947, requesting US concurrence in the 1949 weather programme it was indicated that Canada would eventually take over full responsibility for transportation as well as other arrangements.

TOP SECRET

APPENDIX "E" TO
CSC 42111 (110)
DATED 23 Apr 51

MEMORANDUM TO THE CABINET

UNITED STATES NEW FOUNDLAND BASES

Recommendations of the Permanent Joint Board
on Defence, and Proposed Legislation

BRIEF HISTORY:

1. In April, 1950, Cabinet Defence Committee and Cabinet considered the PJBD's Recommendations of March 30, 1950. The question of revision of the Leased Bases Agreement had been referred to the PJBD following the sending of a request by the Canadian Government to the United States Government for modification of the Bases Agreement. In particular the Canadian request referred to income tax exemptions, customs and excise exemptions, postal privileges, and jurisdictional rights enjoyed by the U.S. under the Bases Agreement. It was the desire of Canada that the rights enjoyed by the U.S. at the Bases should be brought as nearly as possible into line with the Joint Defence Statement issued by the two governments on February 12, 1947 (Treaty Series, 1947, No. 43).
2. Cabinet Defence Committee on April 25, 1950, noted the Board's Recommendations with approval. Cabinet on April 27 indicated that the necessary legislation should be drafted before formal approval was considered.
3. The President of the United States approved the Recommendations on August 1, 1950.

BRIEF SUMMARY OF THE RECOMMENDATIONS (fuller summary
in Cabinet Document D243)

Income Taxes

4. On June 12, 1950, a new Double Taxation Convention between Canada and the U.S. was signed. When it comes into force it will replace certain exemption provisions now in the Bases Agreement. In addition the Board recommends that the U.S. waive exemptions on contractor's profits, U.S. civilian employees and their families.

COMMENT - This will place income tax exemptions of U.S. personnel in Newfoundland on the same basis as in the rest of Canada.

Customs and Excise

5. The U.S. to waive duty and tax exemptions on:
 - (a) contractor-owned equipment
 - (b) personal belongings and household effects of contractors and their U.S. employees other than on first arrival
 - (c) individual purchases in Canada by U.S. personnel.

6. Customs and excise exemptions for Post Exchanges and Service Clubs to continue, it being understood that the U.S. authorities will endeavour to increase purchases for these institutions in Canada and will take special steps to prevent abuse of privileges.

COMMENT - With the exception of privileges for PX's and Service Clubs, this recommendation in effect meets the Canadian Government's request.

TOP SECRET

APPENDIX "E" TO
CSC 1211-1 (1951)
DATED 23 MAR 51

-2-

Postal Privileges

7. Originally Canada asked for replacement of U.S. military postal facilities by Canadian Post Offices. This request was not met, but under the Board's Recommendations the U.S. will not establish normal civilian postal offices and will limit the use of the APO system strictly to mail destined to U.S. territory or to other U.S. APO's.

Jurisdiction

8. (i) The U.S. to waive all rights of jurisdiction, permitted under the Bases Agreement, over British subjects and over aliens other than U.S. personnel;

(ii) The U.S. to suspend for five years exercise of rights of jurisdiction over U.S. civilian personnel, subject to revival on notice thereafter or in event of war or other emergency;

(iii) The Canadian Government to seek to amend the Visiting Forces (USA) Act to permit of compulsory attendance of witnesses;

(iv) The Canadian Government to seek legislation to protect security interests of the U.S. forces in Canada, as required under the Bases Agreement.

COMMENT: - The Board's Recommendation will permit of the extension of the Visiting Forces (USA) Act as revised to Newfoundland and will remove probably the most objectionable feature of the Bases Agreement, namely, the right of jurisdiction by U.S. courts over Canadian citizens. Revival of the rights of jurisdiction by U.S. Service courts over "followers of the camp" who are U.S. citizens can probably be met when the time comes, if ever.

OUTLINE OF LEGISLATION REQUIRED TO CARRY OUT THE
PJBD'S RECOMMENDATIONS

9. Following Cabinet's consideration in April, 1950, the Departments of External Affairs and National Defence have been engaged in working out draft legislation, in consultation with the other interested Departments. The drafts were shown informally to the U.S. Section of the PJBD in February, 1951. The texts of the draft amendments are annexed to this memorandum, although they have not yet been officially cleared with the Department of Justice and will no doubt undergo further drafting changes. Following is an outline:

Customs

(In consultation with Departments of
National Revenue; not yet approved
by Department of Finance)

10. Item No. 708 of the Customs Tariff (which gives free entry to military supplies of the "Imperial Government") would be replaced by a new Item No. 708 applicable to any government, on condition of reciprocal treatment and subject to authorization by the Governor in Council. This is, it is submitted, a desirable amendment quite apart from the PJBD Recommendations.

Postal Privileges

(In consultation with the Post Office
Department)

11. In order to legalize the U.S. military post offices in Newfoundland, it is proposed to add a new item (y) to Section 7 of the Post Office Act. This would authorize the Postmaster General to make

TOP SECRET

APPENDIX "E" TO
CSC 1-11-1 (J...)
DATED 23 MAY 51

regulations governing postal services of Allied Forces in Canada.

Jurisdiction
(In consultation with officials of the
Department of Justice)

12. Almost every Section of the Official Secrets Act would be amended in order to extend its protection (limited at present to Canadian Government and Provincial Government secrets) to secrets belonging to other Commonwealth Governments or to an "associated state". The phrase "associated state" means any state that enters into an agreement with Canada relating to security and that is designated by the Governor in Council (e.g., any North Atlantic Treaty country.) It is submitted that these amendments are desirable quite apart from PJBD Recommendations.

13. A new Section 541A would be added to the Criminal Code to protect the property of "His Majesty's forces, or any forces cooperating therewith." This Section is desired for the benefit of Canadian forces, quite apart from the PJBD Recommendations.

14. A new section would be added to the Visiting Forces (USA) Act to provide for compulsory attendance of witnesses before U.S. courts-martial, under regulations to be made by the Governor in Council, in the same manner as now applies to courts-martial of the Canadian forces.

General Observation re Legislation

15. It is not necessary to decide now how many Bills will be necessary. The amendment to the Criminal Code, for example, could be included in the usual annual Criminal Code Amendment Bill.

EXCHANGE OF NOTES

16. If Cabinet approves the Recommendations and agrees in principle to the introduction of the necessary legislation, the Secretary of State for External Affairs proposes to enter into an Exchange of Notes with the U.S. as contemplated in the Recommendations, to record officially what the U.S. is giving up and what the Canadian Government will do. A draft of the Notes will be submitted to Cabinet in due course.

LETTER TO NEWFOUNDLAND GOVERNMENT

17. An important condition of the Recommendations is the following:

"That the Canadian Government, as a condition precedent to the waiver and ~~amendment~~ suspension of the exercise of rights under Article IV and to the extension to Newfoundland of an amended Visiting Forces (USA) Act, give satisfactory assurances that the U.S. officials in Newfoundland will have a degree of jurisdiction comparable to that which they now in fact exercise. In this connection, the U.S. Section would regard the proposed letter from the Government of Canada to the Government of Newfoundland, with a reply from the Newfoundland Government that jurisdictional conditions would remain substantially as now exercised, as the basis for satisfactory assurances to be given by the Canadian Government."

TOP SECRET

APPENDIX A TO

CSC 1411-1 (RFO)

DATED 23 April

-4-

18. The draft letter referred to reads as follows:

"It is contemplated extending the Visiting Forces (USA) Act to the Province of Newfoundland, including the U.S. leased Bases. Although the present Act does not interfere with the jurisdiction of Canadian courts and law enforcement authorities, it is the hope of the Government of Canada that those charged with law enforcement may really find it necessary to bring members of the United States forces before Canadian courts. In particular, it is hoped that, when an offence is by its nature essentially prejudicial to the discipline of the United States Armed Forces, when an offence is committed within the Leased Areas, or when an offence involves only members of the United States forces or only the property of the Government of the United States, the Canadian authorities will find it desirable to leave the wrong-doer to be dealt with by the United States Service courts and authorities.

? not ?

"I hope that your Government will bring the Act to the attention of law enforcement authorities. I should be glad to learn the views of your Government on the question discussed in the preceding paragraph."

The wording of the letter is similar to the wording of a communication sent to all provincial governments in July, 1947, when the Visiting Forces (USA) Act was passed.

19. The Attorney General of Newfoundland indicated informally some time ago that such a letter would receive a satisfactory reply.

RECOMMENDATIONS FOR DECISIONS BY CABINET

20. (1) To approve the PJBD Recommendations and to authorize the notification of this approval to the U.S. Government;
- (2) To approve the proposals for introduction of legislation as set forth in this memorandum, subject, of course, to official consideration of the drafts by the Department of Justice;
- (3) To authorize the Secretary of State for External Affairs to enter into an Exchange of Notes with the U.S., subject to submission of the draft Notes to Cabinet;
- (4) To authorize the Minister of Justice to send the suggested letter to the Attorney General of Newfoundland at a time to be settled by the Ministers of Justice, National Defence, and External Affairs; this exchange of letters to be followed by a Note to the U.S. Government giving the required assurances.

(SGD) L.B. Pearson,
Secretary of State
for External Affairs

(SGD) Brooke Claxton
Minister of National Defence.

Department of External Affairs,
March 15, 1951.

000118

M. Heaney
✓

~~SECRET~~
L.B. PEARSON
APR 28 1951

SECRET

50209-400
ul ✓

Ottawa, April 25, 1951.

to see file
M

MEMORANDUM FOR THE MINISTER

Re United States Defence Installations
in Canada

The Cabinet Minutes of April 17 contained the following paragraph:

" The Secretary of State for External Affairs pointed out that present U.S. legislation prohibited the erection of buildings on foreign soil unless leases of 20 years or more were secured. Since it was clearly undesirable for Canada to extend such long term leases to a foreign government, it would be advisable to make every effort to obtain appropriate amendments to the American legislation."

It is our understanding that this was the position under U.S. law until the end of 1950 (except that no precise term of years was specified). However, it is not our understanding of present U.S. law.

So far as present law is concerned, it is necessary to deal separately with (1) radar defence installations and (2) other defence installations.

Radar Installations

The present law is Public Law 30, 81st Congress, approved March 30, 1949. It is an authorization Act and seems to require the Secretary of the Air Force to obtain at least "temporary tenure" in land before placing improvements thereon. This is the statute on which the USAF lawyer recently

...2

27-4-1(55) & A/W.P.
25.4.42(55)

- 2 -

based his statement to this Department that some kind of tenure would be legally necessary to enable the United States Government to spend money in Canada under the Radar Defence Agreement. You will recall that you agreed with our recommendation that we should resist this demand for "tenure".

Other Defence Installations

On January 6, 1951 a great new authorization Statute came into force. It is Public Law 910, 81st Congress and it authorizes vast expenditures for defence installations the world over. This statute, unlike those which preceded it, does not expressly require leases or even "tenure". We have not to date raised with the State Department the precise question of the significance of the present law so far as the need for leases is concerned. However, it may be that the latest request for a lease at Torbay will bring this legal point into discussion between the two governments.



A. D. P. H.

File Copy
Mrs. Brown
Mr. [unclear]

Apr 23/51

SECRET

FOR CABINET DISTRIBUTION

50209-40
Sub. 7.2 ✓ FBI...

Telegram No. 933 of April 18, 1951 from
Canada House

U.S. Defence Installations in the United
Kingdom

In view of the practice of the United States of asking for a lease or some kind of tenure in respect of their installations in Canada, Canada House was asked to report on the handling of this problem in the U.K. It appears that the U.K. does not give the U.S. leases or any assured rights of occupancy. However, the U.K. pays half of capital costs and pays for maintenance up to U.K. standards.

[Handwritten signature]

50209-40
58

TOP SECRET

April 23, 1951

MEMORANDUM FOR THE MINISTER OF NATIONAL DEFENCE:

Re: Facilities in Canada for Joint
Canada-U.S. Defence Operations

You asked me to put briefly in writing the points I tried to make in conversation today about my reflections on the implications of the use of Torbay Airfield by the U.S. forces.

I have been very worried for a long time that sooner or later someone is going to say that while we are sending our legions to defend the frontiers of civilization on the Yalu and the Elbe, we are permitting our own country to be occupied strategically by the Americans. I know this is a very extreme way of putting what is, nevertheless, a disquieting situation.

I do not see why it should be necessary for us to lease any more bases or any other facilities to the Americans for any term of years. What I would suggest instead is that we undertake ourselves to provide any defence facilities which our Chiefs of Staff, after consultation with theirs, are satisfied are required for the joint defence of the continent and that the costs be divided on some ratio to be agreed upon, with an understanding that the facilities be available to the forces of both countries in peace or in war - so long, in the latter case, as both countries are engaged in the same war. That it also be understood that any earnings of U.S. dollars through this arrangement be earmarked exclusively for Canadian defence expenditures in the United States and thereby help to meet the deficit we are likely to incur in reciprocal arms dealings.

- 2 -

In order to make it abundantly clear to the Americans that these demands for facilities do create real political problems for us, it might be worth considering a request for the setting aside for the use of the Canadian Army and Air Force of a training area somewhere in the Southwestern United States, for winter training only, and that in making the request we ask precisely the same privileges and immunities for our forces as the Americans desire to receive for theirs in Canada. This might be an extremely useful exercise, even if we had no intention of using the field, though that possibility by no means needs be ruled out as it might be a great deal cheaper than providing winter quarters in Canada, and might even stimulate recruiting for the Army the way the Caribbean cruises are alleged to do for the Navy.

We have clearly got to face the fact that the Americanization of our army equipment is creating a permanent potential burden on the Canadian economy which the Americans are going to be very reluctant to offset by defence purchases in Canada. On the other hand, they apparently really need defence facilities in Canada for joint defence, and it seems to me that it would be both self-respecting and sensible to make an arrangement whereby we would ourselves provide and control these facilities while agreeing to make them freely available in return for the kind of consideration which would contribute materially to balancing the accounts.

What I would really like to see is a new and much broader Hyde Park which would tie all these things up in a single parcel.

It might even be that the administration at Washington would not be too averse to some move of this kind which might be a distraction from other defence debates now current.

J. W. P.

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FILE COPY

DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA SECRET

April 19

51

No. D-1633.

19

50209-40
925 SD

Sir,

I enclose the document (s) listed below.

I have the honour to be,

Sir,

Your obedient servant,

The Canadian Ambassador,
Canadian Embassy,
Washington, D.C.

M. H. WERSHOF

for

Secretary of State for External Affairs.

DESCRIPTION OF DOCUMENT

SUBJECT

Our telegram No. 614 of April 14
to Canada House.

United States defence installations
in Canada.

Canada House telegram No. 933 of
April 18.

United States defence installations
in Canada.

50209-40
S. 58 Cont. S. E. C R E T
Ottawa, April 19, 1951

Mr. Mackay
the Minister has
seen this tel.
I have
commented on it
to her
Apr 20 *Dr*

MEMORANDUM FOR THE MINISTER

Re United States Defence Installations
in Canada--Comparable Problems in the
United Kingdom

I sent you a memorandum recently regarding
the request of United States officials for some kind
of "tenure" in connection with the radar defence system.

I thought that it would be useful to know
how these problems are dealt with in the United Kingdom.
.... Enclosed is a copy of my telegram No. 614 of April 14
to Canada House and a copy of the very interesting
reply, telegram No. 933 of April 18.

It appears that the United Kingdom has
been able to avoid giving the United States any leases
or even "assured rights of occupancy". On the other
hand, the United Kingdom is paying half the cost of
capital charges and is also paying for the maintenance
of existing facilities up to RAF standards.

A.D.P.H.

19.4.47/05

MESSAGE FORM

OUTGOING

S E C R E T

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA
TO: THE HIGH COMMISSIONER FOR CANADA, LONDON, ENGLAND

No. 614

April 14, 1951

U.S. defence installations in Canada.

2. During the past few months, the question of the legal form under which U.S. defence projects should be undertaken in Canada has been causing us considerable perplexity. During the war, the pattern was to grant rights for the duration of the war only. After the war, we took over all U.S. installations and as a rule, although there were important exceptions, compensated the United States on the basis of continuing value to Canada of these installations. Although the U.S. has participated in joint defence projects since the war, the general principles followed have been that where these involved construction of installations, the United States was granted no title or continuing rights of use or occupation, and where the stationing of personnel was involved, the command should remain in Canadian hands.

3. When Newfoundland joined Canada we were, of course, faced with the problem of the Newfoundland bases, and no reduction of the 99-year term for the leased bases has been effected.

4. Obviously the wartime rule of granting rights for the duration only is not applicable to the present situation, when we have to envisage a long period of international tension. The principle of long term leases such as the Newfoundland bases is, of course, objectionable. On the other hand, the United States naturally wants some security of tenure to installations in which it proposes to make large capital investment. As you know, we have agreed to a 20-year lease to

- 2 -

an area within the Goose Bay area. The term of 20 years seemed to be appropriate, since it was similar to that of the North Atlantic Treaty. We are, however, reluctant to use this as a precedent for other installations, and particularly in the case of those in settled areas. We anticipate, for example, requests for the development of Loxbay Airport and for special communications facilities in settled country in the Newfoundland area.

5. It occurred to us that it would be useful to know what practice the United Kingdom is following with respect to installations made available to or constructed by the United States in the United Kingdom. For example, is the United Kingdom giving the United States any assured rights of occupancy to airfields turned over to them? Is the United States paying for the use of any facilities turned over? In the case of new facilities, for example, new airfields, are these being constructed by the U.K. for the U.S. or are they being constructed by the U.S.? If the latter, is the U.S. given any assured rights of occupancy?

6. We should be grateful if you would make informal enquiries on these or related questions. We would not, of course, reveal to the United States any information you can obtain unless the same information is made available to us by the United States.

N.B.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS

ORIGINAL

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41 | 50

MINISTER
UNDR/SEC
D/UNDR/SEC
A/UNDR/SEC'S.

FROM: THE HIGH COMMISSIONER FOR CANADA, LONDON, ENGLAND
TO: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, OTTAWA

CYPHER - AUTO

NO. 933

LONDON, April 18, 1951.

SECRET

*Consider for
packed for minutes
next week.
RAM*

*Presented to
Sec. of Cabinet
Chiefs of Staff (12) with
J. A.G.
Working
Minister
U.S.S.E. A/C
Pedal
Am. 25/4
Dated Apr. 19
mkt.
RAM
Shannon (2)*

Secret. Reference your telegram No. 614 of April 14.

United States defence installations in Canada.

We have discussed the comparable United Kingdom arrangements with Compton and Humphrey-Davies, the officials concerned with defence matters at the United Kingdom Treasury

2. Briefly the present position is that:

(a) In the case of capital charges for the construction of facilities, the United States pays half the cost;

(b) In the case of the maintenance of existing facilities, the United States pays the "extre cost" resulting from the use of those facilities by United States forces;

(c) In no case has the United Kingdom granted assured rights of occupancy to United States forces.

3. Compton explained that the arrangements with the United States had developed in a fairly haphazard manner from the time of the initial arrival of United States air force units on a "weekend visit" in connection with the Berlin airlift. A fairly comprehensive agreement with the United States was not reached until January 1951. In the interval each case was dealt with more or less on an ad hoc basis.

4. There was an initial period when the United States did not make cash payments in respect of capital expenditures but did provide equipment and manpower (including engineering troops). At that time the United States Air Force did not have funds available and the United Kingdom was prepared to regard the payment "in kind" as adequate compensation. For capital expenditures incurred within the past year or nine

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18 APR 1951

months and for future capital expenditures envisaged over the next three years (for which the secret estimate is some £33 million), the United States will pay 50 percent of the cost of new works. Some part of this United States share may still be met "in kind" (since certain United States equipment, materials and labour will be involved), but the bulk is expected to be paid in cash.

5. The general principle applicable to recurrent expenditures on the maintenance of existing works, accommodation, etc., from July 1, 1949, is that the United Kingdom will cover any expenditures required to maintain such facilities at United Kingdom standards and the United States will cover any extra costs required to bring such facilities up to United States standards. The standard of maintenance for which the United Kingdom will be responsible apparently varies considerably and is the subject of discussion in each case. For instance, the East Anglian airfields which were in an operational state at the time they were taken over by the United States Air Force are to be maintained by the United Kingdom in the operational condition which would be required if they were still used by the RAF. In the case of other airfields which were on a "care and maintenance" basis at the time the United States Air Force moved in, the United Kingdom is responsible only for maintaining them in a "war potential" and not fully operational condition.

6. In no case has the United Kingdom granted leases to the United States or given them assured rights of occupancy. As Compton expressed it, the United States forces are occupying these facilities only "on sufferance". The United Kingdom has also attempted to avoid recognition of any eventual United States claim to all or part of the "residual value" of any installations to the financing of which the United States may have contributed. The only exception so far has been certain living accommodation, such as that at

Burton Wood where the United Kingdom has apparently admitted that a settlement will be required for the residual value of the substantial improvements made by the United States.

7. The above remarks do not, of course, apply to office accommodation and certain other properties taken over by the United States Government in London where leases have been granted.

HIGH COMMISSIONER

Note On the distribution copies a note was added saying that we had undertaken not to disclose this reply to U.S. unless same information was given to us by the U.S.

BW

CLEARED
COMMUNICATIONS
EXTERNAL AFFAIRS

1951 APR 13 PM 5 : 15

000131

Copy No. 1 of 3 Copies

Defence Liaison/J.George/bw

TOP SECRET

Ottawa, February 19, 1951.

*File
RTR*

58209-40
M 1 ✓

MEMORANDUM FOR THE UNDER-SECRETARY

U.S. Strategic Air Command Projects

The memorandum for the Minister and the letter to Mr. Claxton have been delivered for their meetings with Mr. Wrong this morning. We have sent in to you our only remaining copy of the draft reply to Mr. Wrong.

There was one general point that we think might be worth making in the draft reply to Mr. Wrong, although it was apparently not discussed by the Ministers and is not reflected in our present draft reply. That is the assumption on which we take it the discussions so far have been based, that we are discussing consultation and information only up to the very early stages of a general war. Once a general war had unquestionably begun and once the bomb had been used, by either side, the sort of consultation we have been discussing would surely no longer be applicable. The Government presumably wish to be consulted only about the initial fateful decision. Further political decisions concerning the use of the bomb in war which might have to be made, such as whether to use it in Western Europe for other than tactical purposes, or whether to use it against the satellites as well as the Soviet Union itself, would have to be made during the course of the war and consultation on such matters would either have to be worked out in a separate agreement now or, perhaps more realistically, left out of account for the time being, in which case it would be necessary only to say in the proposed U.S. note, or in our reply, that we assumed the period we were talking about was from now

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- 2 -

until such time as the bomb had been used.

In connection with the Service arrangements proposed in our draft reply, it has been suggested that a reference should be made to the existing authority given to the U.S. Strategic Air Command for training flights over Canadian territory and other matters covered in a request from the State Department to the Canadian Embassy in Washington last March 9th, approved last July 10th for the year 1950, and renewed for 1951 on January 8th.

Defence Liaison Division.

Original on 50210-4

File 50209-40
RW

Ext. 181

DUPLICATE

OTTAWA FILE
No. 50209-40

Letter No. D-1593

Date. April 17, 1951

SECURITY CLASSIFICATION
SECRET

FROM: THE UNDER-SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

TO: The Canadian Ambassador, Washington, D.C.

Reference.....

Subject: Re Question of Publication and Registration of Defence Agreements with the United States, with Particular Reference to the Radar Defence System.

Before discussing the general question, I will explain what has happened regarding the PJBD's Recommendation 51/1 on the radar defence system.

2. On March 9 Mr. Johnson (Assistant General Counsel, USAF) was in Ottawa and met with officials of this Department and the Judge Advocate General. He said that the USAF and the State Department thought that it was necessary and desirable to have an Exchange of Notes to confirm and supplement the Recommendation. Although we would have been content to rely on the Recommendation of the PJBD and to dispense with a formal Exchange of Notes, we suggested to Mr. Johnson that he prepare and send us informally a draft note. He has done so and we are not satisfied with some of its provisions. Enclosed for your information is a copy of Mr. Johnson's draft and a copy of my memorandum of April 6 to the Minister explaining the objections to some of its provisions. (The Minister agreed with the memorandum). This is for your information only; we do not desire you to initiate any discussion with the State Department of Mr. Johnson's draft. In due course, when Mr. Johnson re-opens the subject in Ottawa, he will be given our views on his draft. In the alternative, it is always open to the State Department to propose a draft.

3. However, having concluded that Mr. Johnson's draft is not acceptable and having started to prepare a counter-draft, we have come squarely up against the problem of publication and registration with the United Nations. Mr. Johnson gave us to understand that the State Department had told him that the proposed Exchange of Notes would have to be registered with the United Nations. Mr. Haselton of the State Department, who was here last week, also said that registration with United Nations is contemplated.

4. It seems to us that, if the Notes are to be registered and made public, it is not desirable that they should refer to a particular Recommendation of the Board which is not being published or registered. Some parts of the Recommendation clearly must be kept secret for security reasons.

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Copies Referred To.....

No. of Enclosures.....

Post File No.....

- 2 -

5. What we wish to know now is whether the State Department has given serious consideration to the general problem of publishing and registering U.S.-Canada defence arrangements and has definitely concluded that publication and registration are always necessary.
6. It seems to this Department, on the official level that most of the defence arrangements entered into between our two countries are not very suitable for publication and that there is no compelling reason to register them under Article 102 of the Charter of the United Nations. In fact, there are many agreements in force which have been neither published nor registered, e.g., agreements for USAF flights and exercises. There will undoubtedly be agreements in the future which must be kept absolutely secret, e.g., the "canopy" proposal with which you are familiar.
7. Our thinking with regard to the radar Recommendation is that, although we are willing to have an Exchange of Notes if the United States wants one and if its terms can be agreed, it does not necessarily follow that such an agreement should be published and registered. It would seem to us more appropriate, and also safer, to limit the publicity to a general statement that the two countries are co-operating in the construction and operation of radar stations for their joint defence.
8. If you see no objection, I should be obliged if the Embassy would have an informal talk on these general problems with a high official of the State Department. I venture to suggest a "high official" because I do not think that the views of the Canadian desk would be adequate for this purpose. When we have received your report on this talk, and your views, we will endeavour to obtain a decision from our Minister and the Minister of National Defence on the question of the kind of Exchange of Notes they would accept in the case of the radar project.

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

MESSAGE FORM

FILE REF.	58 50
50209-40	

*Referred to
Gen. McNaughton
Sec. to the
Chiefs of Staff (12)
J.P.W.
Washington
A. G. L.
Mr. Bantock, Finance
Am. 7 E
Mr. Bantock, Finance
Mr. Mitchell
Legal Section 2
J. J. ...*

OUTGOING

SECURITY CLASSIFICATION
SECRET

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

TO: THE HIGH COMMISSIONER FOR CANADA,

LONDON, ENGLAND.

Message To Be Sent

EN CLAIR

CODE

CYPHER *Sub*

Degree of Priority

No. *614*

Date April 14, 1951

For Communications Office Use Only

SENT -- APR 14 '51

ORIGINATOR

Sig.

Typed: *R. A. MacKay*

Div. *Def. Liaison*

Local Tel. *3402*

APPROVED BY

Sig. *RAM.*

Typed:

Is This Message Likely To Be Published

Yes () No ()

Internal Distribution:

USSEA

~~D. J. ...~~

Done *JS*

Date *Apr. 16/51*

Copies Referred To:

Done

Date

U.S. defence installations in Canada.

2. During the past few months, the question of the legal form under which U.S. defence projects should be undertaken in Canada has been causing us considerable perplexity. During the war, the pattern was to grant rights for the duration of the war only. After the war, we took over all U.S. installations and as a rule, although there were important exceptions, compensated the United States on the basis of continuing value to Canada of these installations. Although the U.S. has participated in joint defence projects since the war, the general principles followed have been that where these involved construction of installations, the United States was granted no title or continuing rights of use or occupation, and where the stationing of personnel was involved, the command should remain in Canadian hands.

3. When Newfoundland joined Canada we were, of course, faced with the problem of the Newfoundland bases, and no reduction of the 99-year term for the leased bases has been effected.

- 2 -

4. Obviously the wartime rule of granting rights for the duration only is not applicable to the present situation, when we have to envisage a long period of international tension. The principle of long term leases such as the Newfoundland bases is, of course, objectionable. On the other hand, the United States naturally wants some security of tenure to installations in which it proposes to make large capital investment. As you know, we have agreed to a 20-year lease to an area within the Goose Bay area. The term of 20 years seemed to be ~~a convenient~~ ^{an appropriate} length, since it was similar to that of the North Atlantic Treaty. We are, however, reluctant to use this as a precedent for other installations, and particularly in the case of those in settled areas. We anticipate, for example, requests for the development of Torbay Airport and for special communications facilities in settled country in the Newfoundland area.

5. It occurred to us that it would be useful to know what practice the United Kingdom is following with respect to installations made available to or constructed by the United States in the United Kingdom. For example, is the United Kingdom giving the United States any assured rights of occupancy to airfields turned over to them?

In the case of new facilities, for example, new airfields, are these being constructed by the U.K. for the U.S. or are they being constructed by the U.S.? If the latter, is the U.S. given any assured rights of occupancy?

Is the United States paying for the use of any facilities turned over, for example, airfields?

6. We should be grateful if you ^{would} make informal enquiries on these or related questions. We ~~should~~ ^{would} not, of course, reveal to the United States any information you can obtain unless the same information is made available to us by the United States.

N.B.

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DRAFT

March 29, 1951

File mb

50209-420
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RELATIONS WITH THE UNITED STATES

Defence

*Prepared for use in discussions
prior to Mr Pearson's speech of 10/4/51.
GB*

The United States has taken the lead in organizing the defensive strength of the West. This maintenance of U.S. leadership is readily justified by the relatively heavy commitments in men and money which the U.S. has made. The momentum of U.S. rearmament, as well as the volatility of U.S. public opinion, is bound to result in continuing pressure for greater efforts by Canada and other North Atlantic countries. In particular, we shall probably be subject to pressure to make available more manpower. Increased dollar expenditure will alleviate this expenditure to only a limited extent.

Canada shares with the United States responsibility for the defence of North America; defences in Canada are of as much, and in some cases greater, importance to the United States. Consequently Canada is faced with the problem either of straining severely her financial and manpower resources in order to provide as many as possible of the necessary defence facilities in Canada: or Canada can risk impairing her sovereignty by letting the United States undertake the preponderant share. In the extended radar programme, we have already agreed, through the PJBD, to undertake one-third of the capital and maintenance costs. We have reserved all legal rights in connection with the stations, and have not offered a lease. There are indications, however, that the financial authorities in the U.S. may demand some more formal tenure - if not leases, then an arrangement sanctified by an exchange of notes.

Apart from these projected radar stations there are no significant joint defence installations of a permanent nature. There is a great deal of U.S. activity at the Newfoundland Leased Bases, and a lease to an area at Goose Bay

will shortly be signed to legalize the extensive U.S. activity there. The United States has asked for small tracts of land near their present sites to build world communications facilities. *We also anticipate a request for the use of Torbay on a scale comparable to [unclear]*
They have asked also for permission to undertake
This would involve large scale construction at Torbay, *We understand also that U.S. planners* and may, ~~within a year,~~ *consider an entirely new field in Newfoundland will be required to handle traffic. The US may also* seek authority to build an entirely new airport, at Clarenville.

These additional facilities are put forward as a military necessity in view of the inadequacy of the present installations. Since we have accepted under NATO the assignment to the United States of responsibility for strategic air operations, we are bound to see that the necessary facilities are available either by providing them ourselves or by letting the United States provide them. One important right sought by the United States is ^{a general} ~~the~~ right of SAC bombers to overfly Canada ~~on local notification.~~ It is quite clear that to accede to this request and, even more, to allow the U.S. to proceed with all the facilities considered desirable in Newfoundland, would create real political problems in Canada. On the other hand, to delay any defence measure designed for the protection of North America would run the grave risk not merely of serious deterioration of relations with the U.S., but of the loss of all claims to Canadian sovereignty over large parts of the country.

Command is a separate and technical problem. As matters now stand, there is a unified command in most North Atlantic regions, but not in North America. At present, the U.S. Commanding Officer in St. John's (U.S. Northeast Air Command) has responsibility for the defence of the U.S. leased bases in Newfoundland, which in practice has been interpreted as responsibility for a large part of eastern Canada; he reports directly to the Joint Chiefs of Staff in Washington. There is no satisfactory relationship

- 3 -

between Canadian and U.S. commands.

A solution of this problem now being considered by the RCAF is that there should be an overall Joint Air Defence Commander whose headquarters would presumably be at Colorado Springs. Northeast Air Command would then be responsible, under NATO arrangements, for the air defence of Newfoundland with Canadian support. The C in C, Northeast Air Command, would report through the Canadian Air Defence Command in Montreal to the headquarters at Colorado Springs. Some Canadian squadrons would be attached to the U.S. Northeast Air Command, and the U.S. C in C at St. John's would have on his staff a senior Canadian officer responsible both for the RCAF units and for civilian defence arrangements.

Mr. [unclear]

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Smy*

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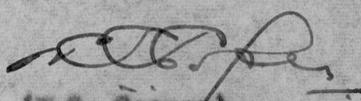
15 March 51

Joint Planning Committee

**Canadian Policy on Nature and Extent
of US Military Installations and
Activities in Canada.**

1. Attached for information is a memorandum from the Chief Secretary with regard to the a/a subject. The JPC have been requested to undertake as high priority the preparation of this paper.

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 (K.C. Cooper)
 Commander, RCH
 Secretary,
 Joint Planning Committee.

15 MAR 1951

Attach.

MEMORANDUM

CSC 1211-1

S E C R E T

14 Mar 51

Secretary, JPC

Canadian Policy on Nature and Extent
of US Military Installations and
Activities in Canada

1. The marginally-noted subject was discussed informally at Chiefs of Staff at their 486th meeting on 14 Mar 51. The discussion was brought about by receipt, in close succession, of a number of documents each raising questions to which the answers, to be consistent, should fall within our overall Canadian policy on the nature and extent of US Military Installations in Canada which our Chiefs of Staff are prepared to recommend and our Government is prepared to approve. The documents are:

- (a) The Minutes of the 3rd meeting of the Joint Services Committee, East Coast, which was attended by General Whitten, and in which the question of the defence of Northeastern Canada was raised (CSC 5-1-22 Vol. 1 and CSC 2-1-5 Vol. 1).
- (b) Two requests from the US Embassy via External Affairs for increase of leased rights at Torbay at a scale which denotes a US intention to build up its forces substantially in Newfoundland (CSC 5-3-1 Vol.2)
- (c) A US request (via MCC channels) for a Canadian evaluation of the adequacy of Canadian Defensive measures both against internal and external attack for its uranium ore sources (CSC 2-4-6 Vol. 1)
- (d) A USAF request (via CUSRPG channels) (CUSM-230 being draft Appendix "H" to the CUSRPG Medium Term Plan, file CSC 5-27-7-1, Folio 41) from which an extract reads "NATO military operating requirements will necessarily include long-term rights to survey, establish, occupy, operate, improve, expand, develop, protect, maintain, stockpile and support ports, depots, bases, facilities and airfields essential to the implementation of NATO plans. Rights required or now in effect in Canada for operation of US forces are;....."

2. There is some uncertainty as to just how much stabilized Canadian policy on the marginal subject exists. Certainly there is a good deal of policy, some of it written and some of it in the form of precedent set by past handling of certain questions, eg, the recently concluded decisions

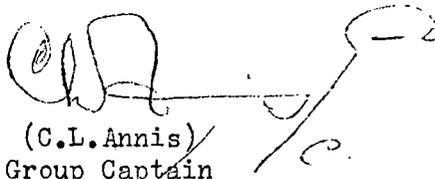
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-2-

on the permanent continental radar defence system.

3. It is requested that the JPC undertake as a project of high priority the preparation of a paper outlining as lucidly as possible existing Canadian policy with respect to the marginally-noted subject. The paper should distinguish between any policy recommendations approved by our Chiefs of Staff (in other words Chiefs of Staff Policy) and policy approved by the Canadian Government, and should record both (if applicable). It will undoubtedly be necessary to do extensive research through records and Minutes of Chiefs of Staff Committee, PJBD Journals, Military Co-operation Committee, Cabinet Defence Committee, etc.

4. After the above paper is completed it should be possible to determine whether enough Canadian Policy exists on the subject in question to permit proceeding with replies and/or discussions with US authorities on the questions mentioned in para 1. If it is considered that inadequate Canadian policy on this question exists or that the existing policy deserves re-consideration, you may anticipate a further directive requesting a paper along those lines.


(C.L. Annis)
Group Captain
Chief Secretary.

MEMORANDUM

CSC 1211-1

SECRET

14 Mar 51

*file
RA m.*

Secretary, JPC

Canadian Policy on Nature and Extent
of US Military Installations and
Activities in Canada

50209-40
58
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1. The marginally-noted subject was discussed informally at Chiefs of Staff at their 486th meeting on 14 Mar 51. The discussion was brought about by receipt, in close succession, of a number of documents each raising questions to which the answers, to be consistent, should fall within our overall Canadian policy on the nature and extent of US Military Installations in Canada which our Chiefs of Staff are prepared to recommend and our Government is prepared to approve. The documents are:

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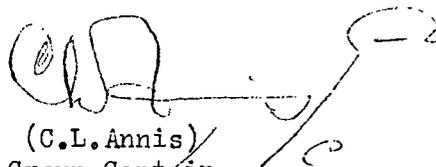
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-2-

on the permanent continental radar defence system.

3. It is requested that the JPC undertake as a project of high priority the preparation of a paper outlining as lucidly as possible existing Canadian policy with respect to the marginally-noted subject. The paper should distinguish between any policy recommendations approved by our Chiefs of Staff (in other words Chiefs of Staff Policy) and policy approved by the Canadian Government, and should record both (if applicable). It will undoubtedly be necessary to do extensive research through records and Minutes of Chiefs of Staff Committee, PJBD Journals, Military Co-operation Committee, Cabinet Defence Committee, etc.

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(C.L. Annis)
Group Captain
Chief Secretary.

50209-40
Sub. <i>58</i> Chron. ... Filed.

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Defence Liaison/J.George/bw *S*

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Ottawa, February 14, 1951.

MEMORANDUM FOR THE UNDER- SECRETARY

Re: Item No. 9 on the Agenda for the Panel on Economic Aspects of Defence Questions, February 15, 1951.

Estimate of U.S. requirements for new military installations in Canada.

This item is also for report by General Foulkes, although we have no indication that he has anything to add to his last statement re U.S. requirements for new military installations in Canada.

RAM.

Defence Liaison Division.

FILE COPY
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EXTERNAL AFFAIRS RECEIVED
OTTAWA FILE
File No. 50269-46
No. 5
SECURITY CLASSIFICATION
TOP SECRET

Despatch No. D 3629
Date.....November 15, 1950.....

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA

TO: THE CANADIAN AMBASSADOR, WASHINGTON, D.C.

Reference:.....

Subject:.....Provision and Control of New U.S. Military Installations in Canada.....

You may be interested to have the attached set of the following papers on this subject:

Memorandum of November 13 to the Panel on Economic Aspects of Defence Questions.

Memorandum of November 13 to Mr. Heeney.

Extract from the Minutes of the Panel's meeting of November 14.

It will be noted from the Minutes that as a basis for considering what contribution Canada might make to the construction and manning of new U.S. installations in Canada, the Department of National Defence is going to endeavour to obtain from the Pentagon a realistic estimate of the U.S. Forces' requirements for installations in Canada during the next few years.

F. A. MacKAY

Secretary of State
for External Affairs

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No. of Enclosures3.....
Post File No.....

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I. Provision and control of new U.S. military installations in Canada

The Under-Secretary of State for External Affairs

said that Canada was facing a period during which requests for American military installations in this country would be likely to increase substantially in variety and volume. It would be useful to try and determine to some extent principles on which the Canadian attitude might be based in advance of these requests. There were a number of alternative stands that might be taken with regard to possible Canadian contributions to such installations, and formulation of policy would have to depend to a large extent on the scope of the activities the Americans were considering. The forecast of the probable extent of requests for American military installations should be examined in the light of other commitments that would be made or were likely to be made, taking into account the general financial and economic position.

An explanatory memorandum had been circulated.

(External Affairs memorandum, Nov. 13, 1950 - Panel Document ED-20)

The Chairman, Chiefs of Staff Committee, suggested that it would be useful to get an estimate in terms of cost and of manpower before considering general policy. Previously the U.S. had not revealed all its plans to Canada but in view of the fact that recently they had found that it was essential for them to discuss certain plans with us in order to implement them, it might be appropriate to ask them to make known all their planning in which we had an interest. It had been indicated recently that the Americans were attaching such greater importance to the continental defence of North America than had previously been the case.

- 2 -

The Chairman said that from his recollection of events at the time, the second sentence of the first paragraph of the paper that had been prepared did not fully reflect the reasons for the Canadian Government purchasing U.S. installations in Canada at the end of the war. While the desirability of Canada acquiring control of these installations had been a consideration, a more compelling one perhaps had been the desirability of reducing our reserves of American dollars.

The Deputy Minister of National Defence agreed that it would be desirable to secure from the Americans the best possible information concerning requests they were likely to make for installations in Canada. However, this would be difficult to secure because planning for continental defence was not always done centrally and because in the sort of creeping mobilization which they were undergoing the tendency was to settle on one project and push it through to completion without always relating it to the whole picture.

Mr. Deury suggested that each of the various arrangements suggested might all be followed in one instance or another. As each project would produce a different set of considerations, it was difficult to enunciate a set of principles that would underlie all of them, except that Canadian sovereignty should be protected to as great an extent as possible. This could be accomplished if a situation was established whereby, at the termination of any lease or agreement, Canada had an opportunity to exercise her sovereignty.

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Mr. Bryce said that the Canadian attitude must depend on the scale of the American plans. If this was limited, then Canada might well assume a considerable proportion of the cost of constructing and manning the installations. However, if something much larger was anticipated, it might so distort the whole Canadian effort that we would have to consider different arrangements. The question was part of the whole problem of defence policy and should be related to the effort we were prepared to make on other defence activities, such as civil defence.

Dr. Holand suggested that any U.S. proposal should meet the primary requirement that, in the Canadian judgment, it was a good proposal both from the military and technical points of view.

The Chairman said the question involved basic concepts of our defence planning. If, for instance, the maintenance in Europe by voluntary enlistment of one-third of a division, in accordance with the Medium Term Defence Plan, became difficult for Canada and, at the same time, it became necessary for the Americans to station in Canada more personnel than we had in Europe, then a number of fundamental questions were raised about the role of our Forces, enlistment policy, compulsory military training, the importance of home defence, etc.

Mr. Drury said that Canada was prepared to accept certain rights with respect to continental defence which the U.S. were not prepared to accept in view of their much greater economic resources.

The Deputy Governor of the Bank of Canada suggested that if the importance that the Americans attached to continental defence became apparent it would be difficult for Canada to take a much different

- 4 -

attitude. The public would question a policy of defending Canada in Europe if the U.S. considered it necessary to defend themselves in Canada.

The Chairman said that in fact Canada would not be in the position of taking a calculated risk that the U.S. was not prepared to take, because insurance against that risk would be provided by the U.S.

Dr. Belandit said that in this connection our attitude was greatly influenced by our geographical position. For instance, if we were not adjacent to the U.S. with its numerous valuable targets, our air defence problem would be greatly reduced.

Mr. Robertson said that the suggestion that there should be a condition that the U.S. Forces vacate any new installation by a specific date presented certain difficulties. If the installations ceased to be of interest to the U.S., in most cases they would probably no longer be of interest to Canada. It might be possible to take a date that fitted NATO planning, say, twenty years, which was the duration of the Treaty, with the right of review after ten years.

The Deputy Minister of Finance pointed out the importance of the right of review so that the kind of situation that had arisen with the Newfoundland bases would not arise.

Mr. Brury said that the length of any agreement might be related to the nature of the facility contemplated. If the installation was an elaborate one, a longer lease should be granted than in the case of a relatively temporary installation.

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- 5 -

Mr. Robertson suggested that training facilities for Canadian troops might be secured in the U.S. by agreement with the latter in return for granting of further facilities to them in Canada. This would seem to make sense from both the military and political point of view.

Dr. Clark felt that to continue to make arrangements for training Canadians in the U.S. on an ad hoc basis would present less difficulties than making them part of a formal agreement.

The Committee, after further discussion, agreed that the Chairman, Chiefs of Staff Committee, attempt to secure from the U.S. authorities the best possible estimate of their plans related to the North Atlantic Treaty Organization and the joint U.S.-Canadian defence of North America.

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TOP SECRET

PERMANENT JOINT BOARD ON DEFENCE
CANADIAN SECTION

November 15, 1950

MEMORANDUM TO CANADIAN SECTION, P.J.E.D.

Provision and Control of New
U.S. Military Installations in Canada.

EXT. FILE NO.
50209-40
Sub 58 Circa. 2. Filed...

You may be interested to have the attached set of the following papers on this subject:

Memorandum of November 13 to the Panel on Economic Aspects of Defence Questions.

Memorandum of November 13 to Mr. Heeney.

Extract from the Minutes of the Panel's meeting of November 14.

It will be noted from the Minutes that as a basis for considering what contribution Canada might make to the construction and manning of new U.S. installations in Canada, the Department of National Defence is going to endeavour to obtain from the Pentagon a realistic estimate of the U.S. Forces' requirements for installations in Canada during the next few years.

Nov 18.

The minutes are not yet official. Will let you know if there are any important changes in what that is.

C. C. EBERTS
(Christopher Eberts)
Secretary, Canadian Section

- 2 -

An explanatory memorandum had been circulated.

(External Affairs memorandum, Nov.13, 1950 -
Panel Document ED-20)

2. The Chairman said that from his recollection of events at the time, the second sentence of the first paragraph of the paper that had been prepared did not fully reflect the reasons for the Canadian Government purchasing U.S. installations in Canada at the end of the war. While the desirability of Canada acquiring control of these installations had been a consideration, a more compelling one perhaps had been the desirability of reducing our reserves of American dollars.

3. The Chairman, Chiefs of Staff Committee suggested that it would be useful to get an estimate in terms of cost and of manpower before considering general policy. Previously the U.S. had not revealed all its plans to Canada but in view of the fact that recently they had found that it was essential for them to discuss certain plans with us in order to implement them, it might be appropriate to ask them to make known all their planning in which we had an interest. It had been indicated recently that the Americans were attaching much greater importance to the continental defence of North America than had previously been the case.

4. The Deputy Minister of National Defence agreed that it would be desirable to obtain from the Americans the best possible information concerning requests they were likely to make for installations in Canada. However, this would be difficult to secure because planning for continental defence was not always done centrally and because in the sort of creeping mobilization which they were undergoing the tendency was to settle on one project and push it through to completion without always relating it to the whole picture.

5. Mr. Drury said that each of the various arrangements suggested might be followed in one instance or another. As each project would produce a different set of considerations, it was difficult to enunciate common principles that would underlie all of them, with the exception that the principle of Canadian sovereignty should be protected to as great an extent as possible. This could be accomplished if a situation was established whereby, at the termination of any lease or agreement, Canada had an opportunity to exercise her sovereignty.

6. Mr. Bryce said that the Canadian attitude must depend on the scale of the American plans. If this was limited, then Canada might well assume a considerable proportion of the cost of constructing and manning the installations. However, if something much larger was anticipated, it might so distort the whole Canadian effort that we would have to consider different arrangements. The question was part of the whole problem of defence policy and should be related to the effort we were prepared to make on other defence activities, such as civil defence.

- 3 -

7. Dr. Solandt suggested that any U.S. proposal should meet the primary requirement that, in the Canadian judgement, it was a good proposal both from the military and technical points of view.

8. Mr. Robertson said the question involved basic concepts of our defence planning. If, for instance, the maintenance in Europe by voluntary enlistment of one-third of a division, in accordance with the Medium Term Defence Plan, became difficult for Canada and, at the same time, it became necessary for the Americans to station in Canada more personnel than we had in Europe, then a number of fundamental questions were raised about the role of our Forces, enlistment policy, compulsory military training, the importance of home defence, etc.

9. Mr. Drury said that Canada was prepared to accept certain risks with respect to the continental defence of North America which the U.S. were not prepared to accept in view of their much greater economic resources.

9. The Deputy Governor of the Bank of Canada suggested that if the importance that the Americans attached to continental defence became apparent it would be difficult for Canada to take a much different attitude. The public would question a policy of defending Canada in Europe if the U.S. considered it necessary to defend themselves in Canada.

10. Mr. Robertson said that in fact Canada would not be in the position of taking a calculated risk that the U.S. was not prepared to take, because insurance against that risk would be provided by the U.S.

11. Dr. Solandt said that in this connection our attitude was greatly influenced by our geographical position. For instance, if we were not adjacent to the U.S. with its numerous valuable targets, our air defence problem would be greatly reduced.

12. Mr. Robertson said that the suggestion that there should be a condition that the U.S. Forces vacate any new installation by a specific date presented certain difficulties. If the installations ceased to be of interest to the U.S., in most cases they would probably no longer be of interest to Canada. It might be possible to take a date that fitted NATO planning, say, twenty years, which was the duration of the Treaty, with the right of review after ten years.

13. The Deputy Minister of Finance pointed out the importance of the right of review so that the kind of situation that had arisen with the Newfoundland bases would not re-occur.

14. Mr. Drury said that the length of any agreement might be related to the nature of the facility contemplated. If the installation was an elaborate one, a longer lease should be granted than in the case of a relatively temporary installation.

- 4 -

15. Mr. Robertson suggested that training facilities for Canadian troops might be secured in the U.S. by agreement with the latter in return for granting of further facilities to them in Canada. This would seem to make sense from both the military and political point of view.

16. Dr. Clark felt that to continue to make arrangements for training Canadians in the U.S. on an ad hoc basis would present less difficulties than making them part of a formal agreement.

17. The Panel, after further discussion, agreed that the Chairman, Chiefs of Staff Committee, attempt to secure from the U.S. authorities the best possible estimate of their plans related to the North Atlantic Treaty Organization and the joint U.S.-Canadian defence of North America.

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Defence Liaison/C.C. Eberts/gc

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November 13, 1950

MEMORANDUM FOR MR. HEENEY

Provision and Control of New
U.S. Military Installations in Canada.

1. The attached paper, which raises a matter of some importance from a Canadian point of view, has been distributed as a document for tomorrow's meeting of the Economic Defence Panel.
2. A number of U.S. proposals for new installations in Canada for the use of the U.S. Forces is expected shortly. Many more such proposals will follow. The paper therefore suggests that early consideration be given to the question of what, if any, contribution Canada would be able to, and should, make to the construction, equipping, manning, maintenance and control of U.S. installations in Canada during the next 3 or 4 years. It outlines (pages 3-4), five possible formulae for such Canadian contributions and suggests that, as a first step, National Defence obtain from the Pentagon a realistic picture of the scope of U.S. requirements here during the next few years.
3. I should think that if such information is obtained, it would be useful to have it considered by a group consisting of representatives of National Defence, Trade and Commerce, CCC, Transport, Labour and External.
4. It seems unwise to treat the matter on an ad hoc basis each time a proposal is received from Washington, as we might then have the U.S. Forces present in various parts of Canada under a variety of conditions. Again, without knowing what Canadian participation would mean in manpower and materials, it would not seem possible to make sensible recommendations, in view of our other responsibilities. Thirdly, I am not so sure that this matter will not have to be treated sooner or later as part of the overall problem of deciding approximately what proportions of our manpower and other resources can be and should be allocated to the various programs at present envisaged. I think there is

- 2 -

perhaps still some tendency in Ottawa to overlook the extent of our responsibilities for the defence of this continent. Finally, there is always some risk of criticism if we devote a large proportion of our resources to the defence of other areas and permit substantial numbers of U.S. troops to enter Canada to take the places of Canadian troops that have gone abroad.

5. In this connection, the following is an excerpt of a memorandum that Eberts has given me:

"The question of what resources Canada might devote to U.S. installations in Canada is, of course, only part of the broader question of the allocation of Canadian resources to various programs. While our manpower, financial and industrial resources are limited, our present thinking in Ottawa appears to contemplate allocating these resources to a wide range of defence and civilian activities during the next several years. There would seem to be a need for co-ordinated planning in this field in Ottawa if we are to avoid miscalculations in the allocation of our limited developed resources and ensure their best use. As NATO Medium Term requirements are now emerging, it may be that this would be an appropriate time to initiate study, on an inter-departmental basis, of the proportions of our resources which can best be devoted to the defence of the North American, Atlantic, Western European and other regions, civil defence in Canada, industrial and agricultural production, research and civilian development (communications, mining), etc."

Defence Liaison Division.

PANEL DOCUMENT NO. 20

TOP SECRET

FINAL TEXT

November 13, 1950

MEMORANDUM FOR THE PANEL ON ECONOMIC ASPECTS
OF DEFENCE QUESTIONS

50209-40
58 Chron. File

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Provision and Control of new U.S.
Military Installations in Canada

1. During the war, the U.S. Forces were permitted to construct, at their own expense and very largely with U.S. manpower, a number of installations in Canada, principally air, weather and communications stations - including operations, administration and accommodation buildings of both semi-permanent and temporary types as well as equipment. One result of this policy was that Canada had no semblance of effective control over a number of these installations during the war period. A second result was that, towards the end of the war, the Canadian Government had to pay the U.S. Government large sums for these installations in order to avoid any U.S. claim to use or control of them in peacetime.

2. Since the war, the Canadian authorities have taken over all of the exclusively U.S. military establishments in Canada except a USAF weather station at Padloping Island, N.W.T., and 3 Coast Guard-operated Loran stations in the Province of Newfoundland. In connection with the defence of this continent and the support of forces in Western Europe, however, the U.S. Defense authorities are once more beginning to ask permission to construct installations for their use at various points in Canada.

3. There were four recent requests from the USAF, now approved, for permission to carry out construction projects of significant proportions at Goose Bay (a 125,000-barrel fuel tank, storage buildings costing \$250,000,

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* This memorandum does not take into account the U.S. leased bases on the Island of Newfoundland.

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prefabricated personnel accommodation and warehouses costing \$1,000,000 and \$110,000 respectively). It is understood that there will be similar requests in connection with eight further projects to be laid down at Goose prior to July, 1952. It is expected that, in the near future, the USAF will propose construction of 25-30 new radar stations at various points in Canada, the division of responsibility for financing and manning to depend in each case on the proportion of benefit to be derived by each country. It appears very probable that, next spring, the USAF will want to establish an air station (including accommodation, communications and fuel tankage) at Resolute Bay, N.W.T., for emergency landings. Present indications are that the U.S. Army will ask permission to build a pipeline on the Haines-Fairbanks route next summer.

4. Further, while Canada-U.S. military plans regarding new Service installations that will be required on this continent during the next three or four years have, generally speaking, not yet reached a stage where they constitute firm commitments, it is clear from the current drafts of the plans that, in the next very few years, the U.S. Forces will want an increasing number of new installations for their use at various points in Canada.

5. It would therefore appear desirable to consider, before any more U.S. requests of this kind are received, what general policy or policies might best be adopted in connection with future proposals for new military installations in Canada for the use of the U.S. Forces.

6. From some points of view, the ideal policy would be for Canada to construct, provide, and man as necessary, all military installations required in Canada by the U.S. Forces. This might, however, be beyond Canada's financial resources (at least unless the U.S. provided the equipment as distinct from the buildings), would entail the diversion

of Canadian civilian manpower and materials from industry and the Canadian military construction programme, and might well mean, if Canadian defence responsibilities at home are taken into account, that only very limited Canadian military manpower could be made available for service outside the country.

7. Following are the main policies that would appear to be open to consideration:

(a) Canadian construction at U.S. expense of all permanent-type structures required by the U.S. Forces, with U.S. provision of all types of equipment and all military manpower required for these installations. This would avoid the possibility of Canada having to buy up, at a later date, buildings constructed at unreasonable prices, but would give Canada no control whatever over the installations - even though it would, presumably, retain title to the land.

(b) Canadian construction at Canadian expense of all permanent-type structures, with the U.S. contributing all equipment and military manpower as in (a). Ownership of the permanent-type structures would give Canada some limited measure of control. Canadian provision of permanent-type structures with U.S. provision of most of the necessary equipment is part of the formula on which the Canada-U.S. Arctic weather stations are operating.

(c) Canadian construction at Canadian expense of all permanent-type structures, Canadian provision of some proportion of the military manpower, with U.S. provision of all or a large proportion of the equipment required. If Canada were to provide half the military personnel and the C.O. at each installation (as in the case of the civilians at the

Joint Arctic weather stations) it would have a far greater measure of control, even if it was unable to provide a substantial proportion of the air and water transportation.

(d) U.S. construction, equipment and manning of all installations required by the U.S. Forces on the understanding that, being required only for a period of emergency, the installations would be vacated by the U.S. Forces by a specific date and put up for sale, or turned over to the Canadian Government without charge, or remain the property of the U.S. Government while being available for use by the Canadian Government. Washington might well have difficulty in obtaining authorization to spend large sums in Canada on the basis of its having to make something approaching a gift of the installations to Canada after a period of years.

(e) Canadian assumption of the cost of constructing and manning some proportion of the installations required by the U.S., in exchange for U.S. provision of arms, training, etc. for the Canadian Forces.

8. Wherever possible, there should probably be a condition that the U.S. Forces vacate any new installation by a specific date, say, 1960, unless otherwise agreed by the Canadian Government at that date. Consideration would doubtless have to be given to whether it would be desirable and possible for Canada to adopt policy (a), (b), (c), (d) or (e):

- (i) in peacetime only or also in an emergency;
- (ii) in the case of all installations required by the U.S. or only those in localities likely to be of considerable importance in the years to come to a more developed Canada - e.g. Goose Bay, Churchill, Edmonton, Whitehorse, etc.

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In this connection, it should be noted that, as part of the settlement of the Newfoundland Bases question, it is proposed to give the U.S. a twenty-year lease of an area at Goose where the U.S. Forces would be free to carry out any construction they wish, subject to the consent of the local senior Canadian officer, and to base any activities in or over Canada, subject to the consent of the Canadian Government. In granting this lease, possibly it would be desirable for the Canadian Government to provide the buildings required by the U.S. Forces as, in the long run, Goose appears likely to have increasing importance to Canada as a link in international air routes and as a base for the development of the Eastern Arctic and sub-Arctic regions.

9. It would be difficult to make any realistic proposals as to policy without further information as to the number and types of installations that will be required by the U.S. Forces. Possibly the Department of National Defence might be asked to endeavour to provide a realistic estimate of the installations that may be required during, say, the next three or four years. The matter is of some urgency, as a number of important U.S. requests for construction in Canada are expected in the near future.

DEPARTMENT OF EXTERNAL AFFAIRS.

Handwritten initials: ZLB

SECRET
Economic Division.
A.F.W. Plumtre/eck.

November 10, 1950.

MEMORANDUM TO MR. EBERTS:

50209-40
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Re final draft.

Provision and Control of New U.S. Military Installations in Canada

I was most interested in your draft memorandum of November 7 on this subject. I am in general agreement with it. My only comments refer to the first and last paragraphs.

2. At the end of the first paragraph you suggest that the Canadian Government paid unduly high prices when it took over the U.S. Government installations. I recalled a transaction late in 1944 or early in 1945 when Canada paid about \$300 million for U.S. installations. If you are referring to that particular transaction I do not think that your comment is fair. Under the operation of the Hyde Park Declaration Canada had accumulated what the United States Treasury considered to be an unduly large amount of U.S. dollars. It was agreed that in some manner these dollars should be repaid. Just at that time an official of State Department happened to be in charge of a Committee which was valuing U.S. installations in Canada and it just so happened that the total valuation put on those installations worked out at just about the same amount as our excess of U.S. dollars - \$300 million. All this was fully understood between the two Governments. Hence I do not think that as far as this transaction is concerned you can charge that the U.S. Government "overcharged" us for the installations.

3. As for your final paragraph, I would incline to drop it. The question can be raised when the paper is discussed. I have two considerations in mind:

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(a) If there is going to be any general survey of Canadian resources and their uses I do not think it should be tied onto the tail of such a relatively minor question as the finance and construction of U.S. installations in Canada.

(b) I am a little doubtful as to whether a general survey of resources, such as you seem to have in mind, is really practicable; however, this is a matter which can be explored further.

A.F.W.P.
~~A.F.W.P.~~

DOWNGRADED TO SECRET
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MEMORANDUM FOR MR. HEENEY

The attached memorandum for the Panel on Economic Aspects of Defence Questions deals with the provision and control of new United States military installations in Canada and is an attempt on the part of Mr. Eberts to relate the various aspects of this subject and the questions arising under it. It concludes with a recommendation that, in view of the need for coordinated planning in this field in Ottawa, this would be an appropriate time to initiate study on an interdepartmental basis of the proportions of our resources which can best be devoted to the defence of the North American, Atlantic, Western European and other regions, civil defence in Canada, industrial and agricultural production, research and civilian development (communications, mining), etc.

Mr. MacKay has seen and approved this paper. I have run through it rapidly and it strikes me on first sight as sound and timely. I should be grateful for your comments.

* FIRST DRAFT

C.S.A.R.

~~TOP SECRET~~

58 29-40
November 7, 1950

MEMORANDUM FOR THE PANEL ON ECONOMIC ASPECTS
OF DEFENCE QUESTIONS

FIRST DRAFT
File in

Provision and Control of New U.S.
Military Installations in Canada *

1. During the war, the U.S. Forces were permitted to construct, at their own expense and very largely with U.S. manpower, a number of installations in Canada, principally air, weather and communications stations -- including operations, administration and accommodation buildings of both semi-permanent and temporary types as well as equipment. This construction was, moreover, carried out at what, on the basis of Canadian standards, were unnecessarily high costs. One result of these policies was that Canada had no semblance of effective control over a number of these installations during the war period. A second result was that, after the war, when the Canadian Government paid the U.S. Government the cost price of these installations (in order to avoid any possible U.S. claim to future use or control of them), it had to pay a far higher price than would have been the case if it had itself been able to undertake the construction.

2. Since the war, the Canadian authorities have taken over all but one of the exclusively U.S. military establishments in Canada -- a U.S.A.F. weather station at Padloping Island, N.W.T. In connection with the defence of this continent and the support of forces in Western Europe, however, the U.S. Defense authorities are once more beginning to ask permission to construct installations for their use at various points in Canada.

3. There were four recent requests from the U.S.A.F., now approved, for permission to carry out construction projects

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* This memorandum does not deal with new construction at the U.S. leased bases on the Island of Newfoundland.

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of significant proportions at Goose Bay (a 125,000-barrel fuel tank, storage buildings costing \$250,000, prefabricated personnel accommodation and warehouses costing \$1,000,000 and \$110,000 respectively). It is understood that there will be similar requests in connection with eight further projects to be laid down at Goose prior to July, 1952.

It is expected that, in the near future, the U.S.A.F. will propose construction of 25-30 new radar stations at various points in Canada, the division of responsibility for financing and manning to depend in each case on the proportion of benefit to be derived by each country. It appears very probable that the U.S.A.F. will want to establish an emergency air station (including accommodation, communications and fuel tankage) at Resolute Bay, N.W.T., next spring. Present indications are that the U.S. Army will ask permission to build a pipeline on the Haines-Fairbanks route next summer.

4. Further, while Canada-U.S. military plans regarding new Service installations that will be required on this continent during the next three or four years have, generally speaking, not yet reached a stage where they constitute firm commitments, it is clear from the current drafts of the plans that, in the next very few years, the U.S. Forces will want an increasing number of new installations for their use at various points in Canada.

5. It would therefore appear desirable to consider, before any more U.S. requests of this kind are received, what general policy or policies might best be adopted in connection with future proposals for new military installations in Canada for the use of the U.S. Forces.

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(at least unless the U.S. provided the equipment as distinct from the buildings), would entail the diversion of Canadian civilian manpower and materials from industry and the Canadian military construction programme, and might well mean, if Canadian defence responsibilities at home are taken into account, that only very limited Canadian military manpower could be made available for service outside the country.

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- (b) Canadian construction at Canadian expense of all permanent-type structures, with the U.S. contributing all equipment and military manpower as in (a). Ownership of the permanent-type structures would give Canada some limited measure of control. Canadian provision of permanent-type structures with U.S. provision of most of the necessary equipment is part of the formula on which the Canada-U.S. Arctic weather stations are operating.
- (c) Canadian construction at Canadian expense of all permanent-type structures, Canadian provision of some proportion of the military manpower, with U.S. provision of all or a large proportion of the equipment required. If Canada were to provide half the military

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personnel and the C.O. at each installation (as in the case of the civilians at the Joint Arctic weather stations) it would have a far greater measure of control, even if it was unable to provide a substantial proportion of the air and water transportation.

(d) U.S. construction, equipment and manning of all installations required by the U.S. Forces on the understanding that, being required only for a period of emergency, the installations would be vacated by the U.S. Forces by a specific date and put up for sale, or turned over to the Canadian Government without charge, or remain the property of the U.S. Government while being available for use by the Canadian Government. Washington might well have difficulty in obtaining authorization to spend large sums in Canada on the basis of its having to make something approaching a gift of the installations to Canada after a period of years.

8. Wherever possible, there should probably be a condition that the U.S. Forces vacate any new installation by a specific date, say, 1960, unless otherwise agreed by the Canadian Government at that date. Consideration would doubtless have to be given to whether it would be desirable and possible for Canada to adopt policy (a), (b), (c) or (d):

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In this connection, it should be noted that, as part of the settlement of the Newfoundland Bases question, it is proposed to give the U.S. a twenty-year lease of an area at Goose

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where the U.S. Forces would be free to carry out any construction they wish, subject to the consent of the local senior Canadian officer, and to base any activities in or over Canada, subject to the consent of the Canadian Government. In granting this lease, possibly it would be desirable for the Canadian Government to provide the buildings required by the U.S. Forces as, in the long run, Goose appears likely to have increasing importance to Canada as a link in international air routes and as a base for the development of the Eastern Arctic and sub-Arctic regions.

9. It would be difficult to make any realistic proposals as to policy without further information as to the number and types of installations that will be required by the U.S. Forces. Possibly the Department of National Defence might be asked to endeavour to provide a realistic estimate of the installations that may be required during, say, the next three or four years. The Panel may then wish to arrange for consideration of the whole matter by a group consisting of representatives of National Defence, Trade and Commerce, CCC, Transport, Labour and External Affairs. The matter is of some urgency, as a number of important U.S. requests for construction in Canada are expected in the near future.

10. The question of what resources Canada might devote to U.S. installations in Canada is, of course, only part of the broader question of the allocation of Canadian resources to various programs. While our manpower, financial and industrial resources are limited, our present thinking in Ottawa appears to contemplate allocating these resources to a wide range of defence and civilian activities during the next several years. There would seem to be a need for co-ordinated planning in this field in Ottawa if we are to avoid miscalculation in the allocation of our limited developed resources and ensure their best use. As NATO Medium Term requirements are now

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emerging, it may be that this would be an appropriate time to initiate study, on an inter-departmental basis, of the proportions of our resources which can best be devoted to the defence of the North American, Atlantic, Western European and other regions, civil defence in Canada, industrial and agricultural production, research and civilian development (communications, mining), etc.

DEPARTMENT OF EXTERNAL AFFAIRS.