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**A Departmental Dilemma:
The Genesis of Canadian Military Export Policy, 1945-1960**

By

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BA, University of the Fraser Valley, 2014
MA, University of Lethbridge, 2017

DISSERTATION

Submitted to the Department of History
in partial fulfillment of the requirements for
Doctor of Philosophy in History

Wilfrid Laurier University
Waterloo, Ontario, Canada

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Abstract

Recent sales of Canadian military equipment to Saudi Arabia have highlighted a contradiction between Canadian policy on paper and in practice. This dissertation seeks to explain these contradictions by exploring the evolution of Canadian conventional military export policy in the key years between 1946 and 1960. It loosely divides this 15-year span into three periods, which correspond to the genesis of Canadian military export policy (1946-1949), its expansion and formalization (1950-1955), and its first existential challenge (1956-1960). With a particular focus on the Department of External Affairs, this work explores the political considerations and bureaucratic debates which shaped government decision-making during these periods.

After the Second World War, Canadian policymakers struggled to reconcile the commercial and strategic benefits of selling arms with the political risks in both the domestic and international environments. Through a series of reactive and somewhat contradictory precedents, they engineered a bureaucratic system of export controls to evaluate potential military exports, as well as a series of rudimentary restrictions to guide their implementation. By 1950, the Canadian government had accepted that military exports were economically and strategically necessary, and become an opportunistic exporter of military equipment to the non-communist world. This consensus would be challenged in 1956 due to geopolitical instability and domestic scandal but would prove too entrenched for significant modification.

The military export policies adopted during these years were flexible, pragmatic, and reactive; they incentivized risk-aversion and commercial competitiveness, but not internal consistency. Policymakers emphasized a rotating series of idealistic restrictions in official reviews and public statements, yet the defining internal principle was *discretionary flexibility*. In other words, preserving the ability of Canadian officials to evaluate exports on a case-by-case basis, not consistently enforcing export restrictions based on specific criteria. Flexibility was important because of the key external objective: mirroring American military export policy specifically and other allied policies generally. This alignment maintained western solidarity and multilateral agreements regarding military exports, used collective action to diffuse the reputational risks of arms dealing, maintained privileged Canadian access to the American military industrial complex, and allowed Canadian military producers to compete equally in the global market.

Policymakers often found themselves trapped between the idealistic multilateralism which ostensibly guided Canadian foreign policy, and the pragmatic considerations incentivizing Canadian arms sales. Obscuring this contradiction required the government to resort to a sort of *categorical ambiguity* in which key binaries such as military/civilian, offensive/defensive, enemy/ally, and peace/conflict were redefined as convenient. The resulting policy/praxis gap can be construed as hypocrisy and remains a foundational component of Canadian military export policy today.

Acknowledgements

There's this point in Tolkien's *Silmarillion* where the high elves decide to leave paradise in Valinor and sail to Middle Earth to fight a hopeless war against the dark lord Morgoth. One of the angels, Mandos, meets them on the shore and prophecies about all the suffering they will face before Morgoth finally defeats them. "Tears unnumbered ye shall shed," he begins, before promising that the elves "shall grow weary of the world as with a great burden, and shall wane, and become as shadows of regret."

The Doom of Mandos was not specifically intended for graduate students (none of us have ever had to fight a Balrog), but there are times when grad school does feel like a hopeless war against a dark (yet disturbingly erudite) lord. And who among us has not, when annually confronted by the new student cohort, felt increasingly shadowy and regretful?

I shed a lot of tears in the first few years of this project, albeit not unnumbered. Eric Story, Kyle Pritchard, Eliza Richardson, and Sam Hossack, as friends and fellow PhD students, were instrumental in helping me adapt to a new city and university, encouraging me in our shared academic pursuits, and preventing too many melodramatic Tolkien references. Their patience and kindness still inspires me. Outside the classroom, Cam Reichard, Morgan Slessor, and Steven Esau provided the most competitive board-gaming experiences I've ever had, as well as a gauntlet of new restaurants, musical genres, and weird philosophies. I arrived in Kitchener-Waterloo in 2017 knowing nobody and with almost nothing, and I am especially grateful to the people who invited me into their lives in those early months/years.

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The inspiration for this project came from Ernie Regehr and the organization he helped found: Project Ploughshares. If not for Regehr, Ken Epps, and Ploughshares, I would never have considered Canadian military export policy as a potential dissertation topic, nor had the secondary resources to start analyzing it. I'd also like to thank the current Ploughshares director, Cesar Jaramillo, as well as Branka Marijan, Jessica West, and Kelsey Gallagher, who responded with invaluable insight and training whenever I "lit the beacons."

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My supervisor, Kevin Spooner, has supported me personally and professionally at every step of the process. How many students can say that their supervisors both read their dissertation and attended their wedding? My committee members, Mark Humphries, Mathew Hayday, David Webster, and Alistair Edgar were both kind and insightful in equal measure. Alistair's stories, already the stuff of legend at the Centre, were consistently delightful.

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Abbreviations

ACL	Area Control List
AFCCL	Automatic Firearm Country Control List
AUSSEA	Acting Under-Secretary of State for External Affairs
CAL	Canadian Arsenals Limited
CCC	Canadian Commercial Corporation
COCOM	Coordinating Committee for Multilateral Export Controls
DDP	Department of Defence Production
DIB	Defence Industrial Base
DND	Department of National Defence
EA	Department of External Affairs
ECL	Export Control List
EIPA	Export and Import Permits Act
GDLS	General Dynamics Land Systems
JIB	Joint Intelligence Bureau
LAC	Library and Archives Canada
LAVs	Light Armoured Vehicles
NATO	North Atlantic Treaty Alliance
NORAD	North American Air/Aerospace Defence Command
RCAF	Royal Canadian Air Force
SIPRI	Stockholm International Peace Research Institute
SSEA	Secretary of State for External Affairs
T&C	Department of Trade and Commerce
UK	United Kingdom
UN	United Nations
US	United States
USSEA	Under-Secretary of State for External Affairs
USSR	Union of Socialist Republics
WAC	War Assets Corporation

Prologue

Where next? *Iraq?*

– John Brewin, Canadian MP¹

For the last thirty years, a series of contracts approved by government permit have allowed General Dynamics Land Systems (GDLS), a Canadian manufacturer in London, Ontario, to export thousands of Light Armoured Vehicles (LAVs) to the kingdom of Saudi Arabia. These contracts represent the largest sale of military equipment to a non-US buyer in post-war Canadian history and have recently catapulted Canada into the top-tier of military suppliers to the Middle East. Canadian shipments to Saudi Arabia have continued through a succession of political and military crises, including the kingdom's involvement in a war in Yemen, documented use of Canadian-made LAVs against Saudi civilians, and ongoing friction between the repressive regime in Riyadh and Canada's human rights oriented (and, more recently, feminist) foreign policy.²

This dissertation was conceived, researched, and composed in response to these sales, and is, in some sense, defined by them. That might seem to be a strange claim, considering that this work covers a chronological period which ends 30 years before the first sale of Canadian-made LAVs to Saudi Arabia in 1991. Yet it is the dissertation, not the catalyzing incident, which has shifted. Prior to the COVID-19 pandemic, I was researching Canadian military export policy

¹ House of Commons Debates, 30 May 1991, 34 Parliament, 3 Session: v.1, 796

² Amnesty International Canada & Project Ploughshares, "*No Credible Evidence*": *Canada's Flawed Analysis of Arms Exports to Saudi Arabia*, August 2021; Cesar Jaramillo, "In the midst of our COVID-19 crisis, Canada lifted its moratorium on arms exports to Saudi Arabia," 15 April 2020, *The Globe and Mail*.

during the 1980s and early 1990s in preparation for a project which would trace the historical origins of the 1991 deal back to the Pierre Trudeau years. Yet after March 2020, with archives closing and Canada's Access to Information and Privacy (ATIP) mechanism increasingly dysfunctional, I was forced to shift the project to an earlier period.

The consequence of this shift is the 30-year gap mentioned above – a gap that I have run out of time and funding to explore. I strongly suspect that the arguments I make regarding Canadian military export policy from 1945-1960 are largely continuous into the 1990s. Indeed, the secondary sources and government documents I *do* have support that argument. Yet those claims are above and beyond the scope of the following dissertation. Instead, I will make them here, in the hopes that one day I (or another researcher) may take up the gauntlet and expand on the foundations laid in this work.

In other ways, I am the one building on existing foundations. Many journalists, academics, and advocates have already argued that the Saudi-LAV deals are hypocritical, unethical, incompatible with Canadian values and foreign policy, and of questionable long-term benefit.³ These arguments cite innumerable speeches, press briefings, Parliamentary debates, and official publications indicating that the Canadian government wishes to improve regulation of the global arms trade, restrict the traffic of arms into conflict regions, and prevent the purchase of Canadian weapons by human rights violating regimes. More specifically, they contend that the Saudi-LAV deals violate Canada's official military export policy – a complicated mixture of international obligations, unilateral guidelines, and bureaucratic structures that regulate the

³ Jeremy Wildeman and Anthony Fenton, "Trading values to sell weapons: The Canada-Saudi relationship," *The Conversation*, 17 October 2019; Ellen Gutterman and Andrea Lane, "Beyond LAVs: Corruption, Commercialization and the Canadian Defence Industry," *Canadian Foreign Policy* 23, 1 (2017); Steven Chase, "Ottawa rewrites mandate for screening arms exports," 31 July 2016, *The Globe and Mail*.

export of military equipment from Canada via a system of governmental permits.⁴ Unlike the ambiguity of debates over ethics, values, and future benefits, Canadian export policy provides a tangible metric against which to measure the rhetoric of Canadian policy-makers, and the export practice of Canadian governments. It also provides a historical record, stretching back to the middle of the 20th century, of the evolution of Canada's participation in the arms trade.

On paper, Canada's military export policy regarding conventional weapons is both unusually transparent and extraordinarily cautious.⁵ Since 1945, successive Canadian governments have claimed to practice greater restraint in potential arms sales than either of Canada's key historical allies, the United States or the United Kingdom. Canada has participated in several multilateral organizations to regulate the trade in conventional arms, joining the Coordinating Committee for Multilateral Export Controls (COCOM) in 1949, the UN Register of Conventional Arms in 1991, the Wassenaar Arrangement in 1996, and the Arms Trade Treaty in 2019. Since the 1970s, Canada has been considered part of an exclusive group of states with "restrictive" military export policies, including Japan, Switzerland, Sweden, and Germany, which unilaterally limit their participation in the arms trade.⁶ Since 1991, Canada also has issued annual reports on the export of military equipment from Canadian manufacturers, including information on the national destination and type of equipment. These reports have generally

⁴ Military export policy includes both "export controls" (regulating the scope and structure of the bureaucratic system to manage exports), and "export restrictions" (the criteria by which specific exports are deemed contrary to the national interest).

⁵ Although Canadian policy also covers nuclear, chemical, and biological weapons, this work is primarily concerned with "conventional" military exports (defined as any military equipment which is not included in the first three categories).

⁶ The concept of "restrictive" military export policies was introduced by the Stockholm International Peace Research Institute (SIPRI) in 1971 to describe the tendency of certain industrialized western nations to ignore or reject commercial opportunities for military exports. Frank Blackaby *et al*, *The Arms Trade with the Third World*, SIPRI (New York: Humanities Press, 1971), 17-18.

argued that Canadian controls “are among the most rigorous in the world,” and align with the controls of our principal allies and partners.⁷ They further claim, based upon guidelines announced in 1986, that Canada “closely controls” the export of military goods to states that pose a threat to Canada or its allies; are involved in or under imminent threat of hostilities; are under United Nations Security Council sanctions; or “whose governments have a persistent record of serious violations of the human rights of their citizens.”⁸ As of 2019, following the passage of the controversial Bill C-47, the Canadian Minister of Foreign Affairs is also legally obligated to consider whether the goods in question could be used to violate international law or commit gender-based violence.⁹

However, these restrictions have not (as of this writing) been sufficient to prevent the continuing transfer of military equipment to Saudi Arabia, a regime which has committed egregious human rights violations on religious, political, and gendered grounds as part of an ongoing war in Yemen, and has achieved one of the highest rates of military spending per capita in the world.¹⁰ Instead, the Saudi-LAV deal, and the innumerable historical examples of Canadian military exports to countries that met one or more of these criteria at the time of sale, indicate that such sales are the rule, rather than the exception.

This hypocrisy may seem baffling to Canadians who have become accustomed to Canadian governments which loudly proclaim the importance of human rights, social justice, and

⁷ Some of these claims have been removed in more recent reports. Global Affairs Canada (GAC), *2017 Report on the Exports of Military Goods*, 2018, 7.

⁸ *2017 Report on the Exports of Military Goods*, 7.

⁹ GAC, *2019 Report on the Exports of Military Goods*, 2020, 8

¹⁰ U.N. Human Rights Council, *Situation of Human Rights in Yemen, Including Violations and Abuses since September 2014*, A/HRC/42/17, 2019.; Pieter D Wezeman and Alexandra Kuimova, *Military Spending and Arms Imports by Iran, Saudi Arabia, Qatar, and the UAE*, SIPRI (2019).

other progressive ideals.¹¹ However, the restrictive military export policy which has long been celebrated in public discussions of Canadian foreign policy has been consistently shaped in practice by the pragmatic decision-making of officials behind closed doors. The few public explanations of this system have unanimously emphasized its restrictiveness – the careful scrutiny applied to all military export applications, and the numerous criteria which could result in their rejection. Yet in practice the defining historical principle of Canadian military export policy is that of *discretionary flexibility* – of maintaining the government's ability to selectively ignore its own policy restrictions when compelled by political, economic, or other considerations. In other words, the policy is primarily committed to preserving the discretion of Canadian officials to evaluate exports on a case-by-case basis, not the universal enforcement of export restrictions based on specific criteria. Consequently, while the Canadian military export system, *as it was articulated to the public*, failed disastrously in allowing the sale of LAV to Saudi Arabia since 1991, the system, *as it had been designed*, didn't fail at all.

In fact, Canadian military export restrictions have always been selectively applied. Only when subjected to extraordinary public pressure, or when restraint aligns with substantial political interest, have Canadian military export outcomes aligned with public rhetoric.¹² This hypocrisy is exacerbated by the *categorical ambiguity* of the restrictions themselves – the evolving set of official criteria by which military export applications have been ostensibly evaluated since 1945 are not clearly defined, cannot be easily enforced, and were generally

¹¹ Denis Stairs, "Myths, Morals, and Reality in Canadian Foreign Policy," *International Journal* 58, no. 2 (2003); Robert O. Matthews and Cranford Pratt, "Conclusions: Questions and Prospects," in *Human Rights in Canadian Foreign Policy* (Montreal: McGill-Queen's University Press, 1988).

¹² Cranford Pratt, "Dominant Class Theory and Canadian Foreign Policy: The Case of the Counter-Consensus," *International Journal* 39, no.1 (1983/84).

implemented to diffuse domestic criticism rather than improve clarity or efficiency. Government documents reveal that it has been particularly difficult to delineate military and civilian equipment, to determine its “end use” by a foreign power, and to reconcile Canada’s political, strategic, and commercial interests with its commitment to military export restraint. Attempts to determine a threshold at which a potential customer country is considered to be in conflict, or in violation of the human rights of their citizens, for example, have continued unsuccessfully since the Second World War. By avoiding concrete, quantifiable restrictions and relying heavily on case-by-case analysis rather than general prohibitions, Canadian military export policy was made to serve several masters simultaneously. The system therefore treated (and continues to treat) military export restrictions as guidelines to be balanced against economic considerations and pragmatic geopolitical realities, often relying on the ambiguity of the former to privilege the latter.

Introduction

This story begins, as many tragic stories do, with a minor bureaucratic error. In the fall of 1955, an anonymous official within the Export Control Division of Canada's Department of Trade and Commerce approved a military export permit for reconditioned aircraft.¹³ By approving a permit without forwarding the application to the Canadian Department of External Affairs, that anonymous official was violating departmental protocols for military exports, yet such violations were relatively frequent within the two departments involved. Furthermore, the Canadian government had actually rejected the majority of the requested equipment, which had originally included 60 F-86 Sabre jet fighters. The propeller-driven Harvard was relatively benign in comparison to the Sabre, since it was considered obsolete and ill-suited for a combat role.

The permit had been requested by Canada Car and Foundry Ltd., which wished to ship 15 Harvard Trainers to the Egyptian Air Force. The Canadian government had approved many equivalent military exports to various countries in the preceding years, which is perhaps why the inter-departmental controls had become so flexible. However, this specific sale would catalyze a parliamentary debate that would haunt both the reigning Liberals and their Progress-Conservative successors to the end of the decade.

The problem was one of timing. The export permit had been approved in September 1955, but the first shipment of three Harvards hadn't left port in St. John's, Newfoundland until December. In between, Egyptian president Gamal Abder Nasser had announced a \$200 million arms deal with communist Czechoslovakia, dramatically altering the balance of power between

¹³ Jules Léger, "Export of Aircraft to Egypt," 12 January 1956, RG25 v.4444, file 50,000-C-40 p.3, LAC.

Egypt and Israel in the Middle East.¹⁴ By the time the second shipment of Harvards left Canada in January 1956, the contract had become a significant liability for Prime Minister Louis St. Laurent and his Secretary of State for External Affairs (SSEA) Lester B. Pearson. Questions began raining thick and fast in the House of Commons, as well as in the Canadian press. Why was Canada arming a troublesome state like Nasser's Egypt, which seemed to be not only under communist influence but also preparing to invade Israel? Why was Canada exporting weapons to the Middle East, which had been locked in a regional arms race since 1948? Lastly, why was Canada in the arms export business at all?

The Liberal attempt to deny the Harvard exports, then to disguise them, and finally to justify them, will be explored in a later chapter. More important for the purpose of this introduction is that the controversy led to the first public articulation of Canadian military export policy – given in an extended speech by SSEA Pearson on 24 January 1956. Pearson would claim in the House that military exports required the approval of three ministers (representing External Affairs, Trade & Commerce, and National Defence) and that “particularly significant” cases were referred to Cabinet. He would also claim that he personally had approved the Harvard permit.¹⁵ Yet various delegations of departmental authority had ensured that few military export permits were ever subjected to ministerial scrutiny, let alone the inspection of Cabinet. Furthermore, as mentioned above, Trade & Commerce had failed to forward the Harvard application to anyone at External Affairs, including the SSEA. Pearson had never seen the application; indeed, he had not even known about the export when another MP first asked him to

¹⁴ Michael Oren, “Canada, the Great Powers, and the Middle Eastern Arms Race, 1950-1960,” *International History Review* 12:2 (May 1990), 290.

¹⁵ Pearson, House of Commons Debates, 24 January 1956, 20th Parliament, 3rd Session: v.1, 465.

defend it in early January 1956. In other words, a significant chasm existed between Pearson's aspirational ideals (as articulated in Parliament) and departmental practice (as operated in private).

The Egypt-Harvard deal hung like an albatross around the Liberal neck for nearly a month, provoking a novel appreciation for the political cost of Canadian arms dealing. Yet the 1956 scandal was not the first time since the Second World War that a Canadian government had been caught in a controversial arms sale, nor would it be the last. Throughout the post-war period, the government would prove to be both an opportunistic exporter of military equipment to the non-communist world, as well as a vocal critic of the arms trade and international aggression. The contradiction between these roles was reconciled through an evolving series of justifications and equivocations which often seemed to obligate Canadian arms sales, rather than restrain them.

Canadian Arms Control in Context

Arms control and disarmament issues have been a consistent focus of Canadian foreign policy and multilateralism since the Second World War, and Canadian governments have generally used arms control and disarmament initiatives to enhance Canada's international reputation and chase a functional role as a "middle power."¹⁶ Because of this focus, Canadian policymakers have historically embraced a restrictive arms export policy, reflecting a consensus of general Canadian values and government calculations that restraint is more conducive to the

¹⁶ Albert Legault and Michel Fortmann, *A Diplomacy of Hope: Canada and Disarmament, 1945-1988*, trans. Derek Ellington (Montreal: McGill-Queens University Press, 1992). Tom Keating, *Canada and World Order: The Multilateralist Tradition in Canadian Foreign Policy*, 2 ed. (Don Mills, Ontario: Oxford University Press, 2002).

national interest than the public exploitation of the arms trade.¹⁷ According to this logic, twentieth-century Canada – as a middle power, a helpful fixer, and a bastion of multilateral internationalism – needed to be part of the solution to global militarism and arms proliferation, not part of the problem.¹⁸ Canadian policymakers therefore claimed to prioritize global responsibility over economic opportunity in pursuit of contracts for its military industry, and to be on the cutting edge of transparency and supervision of its participation in the arms trade.

At a fundamental level, Canadian policy-makers have embraced arms control and disarmament paradigms for both pragmatic and ideological reasons.¹⁹ Arms control, as famously defined by Thomas Schelling and Morton Halperin, includes “all the forms of military cooperation between potential enemies in the interest of reducing the likelihood of war, its scope and violence if it occurs, and the political and economic costs of being prepared for it.”²⁰ Twentieth-century Canadian policymakers sought to engage with enemies, allies, and neutral states alike in negotiating arms control regimes to prevent the buildup and proliferation of both nuclear and conventional armaments, and therefore prevent a third global war. Yet arms control

¹⁷ John Lamb, “The Quiet Erosion of an Ideal: Signs of Drift in Restrictive Arms Export Policies,” 1983, The Canadian Centre for Arms Control and Disarmament, Unpublished.

¹⁸ John Holmes, *The Shaping of Peace: Canada and the Search for World Order, 1943-1957*, vol. 2, (Toronto: University of Toronto Press, 1982); J. King Gordon (ed.), *Canada's Role as a Middle Power: Papers Given at the Banff Conference on World Development, August, 1965*, Contemporary Affairs. (Lindsay, Ontario: Canadian Institute of International Affairs, 1966).

¹⁹ On the distinction between arms control and disarmament: “The political instrument of arms control is based on a simple proposition – that controlling a community’s access to weapons and military technologies can provide a correlated limiting of that community’s incentive and ability to wage war. The more narrow instrument of disarmament has a different proposition – that reducing or removing a community’s access to weapons provides the best possibility of limiting that community’s incentive and ability to wage war.” Paul Esau, “Disarming Security: Project Ploughshares, the Just War, and the New World Order.” (Masters Thesis, University of Lethbridge, 2017), 20-21.

²⁰ Thomas C. Schelling and Morton H. Halperin, *Strategy and Arms Control* (New York: Twentieth Century Fund, 1961), 2.

also fit into a larger tradition of Canadian foreign policy idealism presented through public statements and government initiatives following the Second World War.²¹ Similarly, it complemented the underlying religious and cultural foundations of Canadian foreign policy, as articulated by future Prime Minister Louis St. Laurent in the Gray Lecture of 1947.²² The foundations of twentieth-century arms control and military export restraint – including the necessity of proportionality, discrimination, and the laws of war – are rooted within the legacy of the Judeo-Christian just war tradition that also underlies both International Humanitarian Law (IHL) and global understandings of human security and human rights.²³

In practice, Canadian arms control and disarmament policy rarely achieved these aspirational goals. First, twentieth-century Canada's agency as a middle power was tempered by a fundamental consideration of its foreign policy: its bilateral relationship with the United States.²⁴ During the first half of the century, Canada transitioned from a British colony to an American satellite, exchanging one orbit for another.²⁵ During the second half, Canadian officials learned to leverage their special relationship with Washington to either (a) moderate the Americans' unilateral instincts, (b) to project the illusion of influence onto a fundamental asymmetry, or (c) to accept the geopolitical exceptionalism which united both countries.²⁶ Some

²¹ Costas Melakopides, *Pragmatic Idealism: Canadian Foreign Policy, 1945-1995* (Montreal: McGill-Queen's University Press, 1998).

²² Hector Mackenzie, "Shades of Gray? "The Foundations of Canadian Policy in World Affairs" in Context," *The American Review of Canadian Studies* 37, no. 4 (2007).

²³ Paul Esau, "Disarming Security: Project Ploughshares, the Just War, and the New World Order."

²⁴ John W. Holmes, *Life with Uncle: The Canadian-American Relationship*, (Toronto: University of Toronto Press, 1981; Norman Hillmer, and J.L. Granatstein, *For Better or for Worse: Canada and the United States into the Twenty-First Century*, (Toronto: Thompson, 2007).

²⁵ C.P. Stacey, *Canada and the Age of Conflict: A History of Canadian External Policies, Volume 2: 1921-1948, The Mackenzie King Era* (Toronto: University of Toronto Press, 1981).

²⁶ For the first perspective, see Greg Donaghy, *Tolerant Allies: Canada and the United States, 1963-1968*, (Montreal & Kingston: McGill-Queen's University Press, 2002). For the second, see

studies argue that American-Canadian relations were so uncoordinated that all three perspectives are simultaneously valid.²⁷ In any case, successful bilateral diplomacy required these officials to engage their American counterparts informally, and at multiple levels of the bureaucratic hierarchy.²⁸ Continuing economic integration, perhaps the most important prerequisite for Canadian prosperity, also required a constant battle against American protectionism and special interests.²⁹

In the realm of defence policy, Canada gained an outsized influence in continental defence planning during the immediate post-war period because of its unique geography – credible US deterrence strategies required access to the Canadian arctic and airspace.³⁰ Yet this access had costs for Canadian autonomy in other areas. Because of its special relationship with the world's largest arms producer, Canada largely ceded control of military export policy to the Americans immediately following the war.³¹ In this specific niche, Canada was neither a principal power, nor even a middle power, but instead something between satellite and

John Herd Thompson and Stephen J. Randall, *Canada and the United States: Ambivalent Allies*, 4 ed. (Athens, Georgia: University of Georgia Press, 2008). For the third, see Robert Bothwell, *Your Country, My Country: A Unified History of the United States and Canada*, (Oxford: Oxford University Press, 2015).

²⁷ Edelgard E. Mahant, and Graeme S. Mount, *Invisible and Inaudible in Washington: American Policies Toward Canada* (Vancouver: UBC Press, 1999).

²⁸ Geoffrey Hale, *So Near Yet So Far: The Public and Hidden Worlds of Canada-US Relations*, (Vancouver: UBC Press, 2012); Joseph T. Jockel, *No Boundaries Upstairs: Canada, the United States, and the Origins of North American Air Defence, 1945-1958* (Vancouver: University of British Columbia Press, 1987).

²⁹ Alan Gotlieb, *The Washington Diaries, 1981-1989* (Toronto: McLelland and Stewart, 2006). D. W. Middlemiss, "A Pattern of Cooperation: The Case of the Canadian-American Defence Production and Development Sharing Arrangements, 1958-1963" (PhD Dissertation, University of Toronto, 1976).

³⁰ Joseph T. Jockel, *Canada in NORAD, 1957-2007* (Montreal & Kingston: McGill-Queen's University Press, 2007).

³¹ Ernie Regehr, *Arms Canada: The Deadly Business of Military Exports* (Toronto: James Lorimer & Company, 1987).

sycophant. Ultimately, it was left to the Europeans to challenge American policy primacy using a mixture of quiet diplomacy and quieter disobedience.³²

Second, while Canadian policy-makers have long perceived arms control and disarmament issues to be ideal spheres for Canadian niche diplomacy, the complicated nature of Canada's role during the early Cold War required significant concessions in exchange for benefits accrued. The initial whirlpool of anti-communist anxiety which pulled Canada into American hegemony (and NATO) in the post-war period incentivized rearmament and diminished Canadian foreign policy independence and agency.³³ The consequences of this Cold War consensus, replicated across many policy arenas, have since inspired contentious debate over the meaning, extent, outcomes and desirability of being a middle power.³⁴ Canada's ability to leverage its allies for modest successes in arms control and disarmament was therefore complicated by the leverage these same allies (especially the Americans) brought to bear upon Canada.

Third, although Canada did indeed have one of the more restrictive arms control regimes in the world in the post-war period, it often subordinated arms control to the economic imperatives of sustaining domestic military production capacity, as well as the strategic considerations of the Cold War.³⁵ Examples of similar contradictions are not hard to find in the

³² Michael Mastanduno, *Economic Containment: COCOM and the Politics of East-West Trade* (Ithaca: Cornell University Press, 1992); Tor Egil Forland, "Foreign policy profiles of the Scandinavian Countries: Making use of GoCom," *Scandinavian Journal of History* 19, no. 2 (2008).

³³ Denis Smith, *Diplomacy of Fear: Canada and the Cold War, 1941-1948* (Toronto: University of Toronto Press, 1988).

³⁴ Stephen Clarkson, ed., *An Independent Foreign Policy for Canada? Challenges and Choices for the Future*, Carleton Contemporaries (Toronto: University League for Social Reform, 1968); Brian Bow and Patrick Lennox, eds., *An Independent Foreign Policy for Canada? Challenges and Choices for the Future* (Toronto: University of Toronto Press, 2008).

³⁵ Sean M. Maloney, *Learning to Love the Bomb: Canada's Nuclear Weapons During the Cold*

Canadian Cold War historiography. For example, multiple studies detail the subordination of Canadian values to American demands during the Vietnam war.³⁶ A few years later, Pierre Trudeau engineered a rights revolution in domestic Canadian politics that he refused to project into foreign policy, displaying a deep reluctance to condemn human rights violators and impose sanctions.³⁷ Similarly, studies of Canadian foreign aid programs have revealed little impact from human rights criteria apart from exceptional cases.³⁸ Canada's "restrictive" military export policy, like its values-oriented foreign policy, was generally contingent to the specific considerations of the moment.

Assessments of Canada's participation in multilateral arms control initiatives often revolve, like so many interrogations of Canadian foreign policy, around the question of agency. The only true survey text, *A Diplomacy of Hope*, paints a largely triumphalist picture of Canada's arms control and disarmament policy from 1945 into the mid-1980s, in which Canada plays a starring role in the creation of UN initiatives to limit nuclear proliferation and escalation.³⁹ Yet other scholars have since complicated this narrative. While Legault and Fortmann admit that very little multilateral arms control was accomplished in the 1950s, during the so-called 'golden age' of Canadian diplomacy, Joseph Levitt has fully exposed Canada's complicit participation in

War (Washington, D.C.: Potomac Books, 2007); Reg Whitaker and Gary Marcuse, *Cold War Canada: The Making of a National Insecurity State, 1945-1957* (Toronto: University of Toronto Press, 1994); Ernie Regehr, *Making a Killing* (Toronto: McClelland and Stewart, 1975).

³⁶ James Eayrs, *In Defence of Canada: IndoChina – Roots of Complicity* (Toronto: University of Toronto Press, 1983); Victor Levant, *Quiet Complicity: Canadian Involvement in the Vietnam War* (Toronto: Between the Lines, 1986).

³⁷ Asa McKercher, "Reason Over Passion: Pierre Trudeau, Human Rights, and Canadian Foreign Policy," *International Journal* 73, n.1 (March 2018).

³⁸ Bethany Barratt, "Canadian Foreign Policy and International Human Rights," in *Handbook of Canadian Foreign Policy*, ed. Patrick James, Nelson Michaud, and Marc J. O'Reilly (Lanham [Maryland]: Lexington Books, 2006): 235-264; Cranford Pratt, "Ethical Values and Canadian Foreign Policy: Two Case Studies," *International Journal* 56 n.1 (Winter 2000/2001).

³⁹ Legault, and Fortmann. *A Diplomacy of Hope: Canada and Disarmament, 1945-1988*.

American disarmament propaganda during the period.⁴⁰ According to Levitt, Canada's role in multilateral arms control negotiations in the 1950s was to sell deeply cynical western proposals to the Third World, a role that Pearson embraced as the key Canadian functionary at the UN. This narrative meshes well with Adam Chapnick's revisionist account of the founding of the UN, *The Middle Power Project*, which situates Canada as a peripheral player more motivated by Mackenzie King's pragmatism than the internationalist idealism of Escott Reid and (at times) Pearson.⁴¹ This work's analysis of Canadian military export policy supports aspects of both narratives – it shows that Canadian officials leveraged their unquestioning obedience to and advocacy for the political and strategic aspects of American controls to extract economic and commercial concessions.

Balancing Canada's various interests and allegiances in the arms control sphere also resulted in the wearing of multiple, somewhat incompatible hats. For example, Reg Whitaker and Gary Marcuse have detailed the intentional subordination of Canadian military policy and production to American interests during the 1950s, despite Canada's ongoing entreaties for disarmament and arms control at the United Nations.⁴² Additionally, Se Young Jang, David Mutimer, and Duane Bratt have highlighted the incoherence of Canada's nuclear policy, which included both the renunciation of nuclear weapons and commitment to non-proliferation as well as the continuing sale of plutonium and uranium to the American and British nuclear programs and the international marketing of the CANDU reactor.⁴³ Mutimer, in particular, has criticized

⁴⁰ Joseph Levitt, *Pearson and Canada's Role in Nuclear Disarmament and Arms Control Negotiations, 1945-1957*, (Montreal: McGill-Queens University Press, 1993).

⁴¹ Adam Chapnick, *The Middle Power Project: Canada and the Founding of the United Nations*, (Vancouver: UBC Press, 2005).

⁴² Reg Whitaker, and Gary Marcuse, *Cold War Canada: The Making of a National Insecurity State, 1945-1957*, (Toronto: University of Toronto Press, 1994).

⁴³ Se Young Jang, "Strengthening Nuclear Safeguards: The Transformation of Canadian Nuclear

this “performance” of Canadian nuclear policy as an “ongoing improvisation” intended to deflect criticism, assert a complementary narrative, and hide contradiction. For example, while Canadian politicians often claimed to have rejected a nuclear weapons program, the country’s involvement in NORAD resulted in Canadian forces acquiring temporary nuclear capabilities.⁴⁴ Even avoiding involvement in US ballistic missile defence programs, which would have required the violation of several international arms control treaties to which Canada was a signatory, required a grueling, decades-long deliberation.⁴⁵

The specific “performance” of Canadian military export policy has created similar incoherence. Like many facets of Canadian foreign policy, a consensus on military export restraint has historically been shared by both major political parties.⁴⁶ However, this consensus has also included a pragmatic acceptance of military exports to countries accused of human rights abuses.⁴⁷ During the immediate post-war period, for example, the Canadian government engineered the transfer of significant quantities of Canadian military equipment into conflict regions in Asia, Latin America, and the Middle East, despite an alleged commitment to UN arms

Policy Towards Argentina and South Korea after India’s 1974 Nuclear Test,” in *The Nuclear North*, ed. Susan Colbourn and Timothy Andrews Sayle (Vancouver: UBC Press, 2020); David Mutimer, “No CANDU: The Multiply-Nuclear Canadian Self,” in *Canadian Foreign Policy In Critical Perspective*, ed. J. Marshall Beier and Lana Wylie (Toronto: Oxford University Press, 2010); Duane Bratt, *The Politics of CANDU Exports* (Toronto: University of Toronto Press, 2006).

⁴⁴ Sean M. Maloney, *Learning to Love the Bomb: Canada’s Nuclear Weapons During the Cold War*; Joseph T. Jockel, *No Boundaries Upstairs: Canada, the United States, and the Origins of North American Air Defence, 1945-1958* (Vancouver: University of British Columbia Press, 1987); Joseph T. Jockel, *Canada in NORAD, 1957-2007* (Montreal & Kingston: McGill-Queen’s University Press, 2007).

⁴⁵ James Fergusson, *Canada and Ballistic Missile Defence, 1954-2009* (Vancouver: UBC Press, 2010).

⁴⁶ Nossal, Kim Richard. *The Politics of Canadian Foreign Policy*. 3 ed. (Scarborough: Prentice-Hall Canada Inc., 1997).

⁴⁷ Srdjan Vucetic, “A Nation of Feminist Arms Dealers? Canada and Military Exports,” *International Journal* 72, no. 4 (2017).

trade negotiations.⁴⁸ Mid-century contradictions in Canadian military export policy included supplying military equipment to the French Army in Algeria, Canada's economic complicity in the Vietnam War, and the use of Canadian military assistance to incentivize arms sales in Ghana, Tanzania, and other parts of the developing world.⁴⁹ In the 1980s, Ernie Regehr and John Lamb attempted to analyze the larger trajectory of Canadian military export policy since the Second World War – to understand *why* policy and practice have so consistently diverged.⁵⁰ Regehr convincingly argued that twentieth-century Canadian military export policy was largely determined in Washington, rather than Ottawa, because Canadian governments sacrificed policy autonomy for military industrial integration. Lamb has proven that Canadian policy drifted substantially during the 1970s, as government priorities and international forces eroded constraints and incentivized military exports to the developing world. Both scholars agreed that the *restrictions* of Canadian export policy were in continual competition with other economic, political, and strategic considerations which generally took precedence.

⁴⁸ Jean-Pierre Marchant, "The (Im)Polite World of Diplomacy: Canadian Arms Sales to Argentina and other Latin American Countries, 1945-1957" (Masters Thesis, University of Calgary, 2005); Barry Bristman, "'In the Strategic Interests of Canada': Canadian Arms Sales to Israel and other Middle East states, 1949-1956" (PhD Dissertation University of Calgary, 1991); Joel Samuel Montagnes, "'No Objection': Canadian Arms Exports to Asia, 1946-1958" (Masters Thesis, University of Calgary, 2020); Alex Souchen, "Peace Dividend: The War Assets Corporation and the Disposal of Canada's Munitions and Supplies, 1943-1948" (PhD Dissertation, University of Western Ontario, 2016).

⁴⁹ Robin Gendron, "A Question of North Atlantic Security: Canada's Reaction to the Independence Movement in Algeria, 1954-1962" (PhD Dissertation, University of Calgary, 1996); Victor Levant, *Quiet Complicity: Canadian Involvement in the Vietnam War* (Toronto: Between the Lines, 1986); James Eayrs, *In Defence of Canada: Indochina: Roots of Complicity*, (Toronto: University of Toronto Press, 1983); Christopher Richard Kilford, "The Other Cold War: Canadian Military Assistance in the Developing World" (PhD Dissertation, Queen's University, 2009).

⁵⁰ John Lamb, "The Quiet Erosion of an Ideal: Signs of Drift in Restrictive Arms Export Policies"; Regehr, *Arms Canada: The Deadly Business of Military Exports*.

Systems and Decisions

For most of the period between 1945-1960, Canadian military export policy was influenced, interpreted, and implemented by three departments: External Affairs, Trade & Commerce, and National Defence, under the direction of the collection of ministers known as Cabinet.⁵¹ The departments evaluated the political, economic, and military aspects, respectively, of individual military export permit applications submitted by Canadian military producers or sellers, before requesting a final decision from the relevant minister(s) or a designated official. In the case of more controversial permits, decisions were made at the ministerial level, or even passed to Cabinet for final approval. Although this system had some basis in the Export and Import Permits Act, first passed in 1947, its operation was largely the result of Cabinet discretion. It was Cabinet, after all, which passed significant changes to the operation of Canadian military export controls and restrictions in 1946, 1948, 1954, 1957, and 1960, and Cabinet which decided how to reconcile conflicting departmental assessments of specific export applications.

The most important department for the purpose of this study is External Affairs, whose evolving system of regional divisions were responsible for assessing the political impact of all Canadian foreign policy decisions, including military exports.⁵² External Affairs was generally the most cautious of the three departments involved, the most likely to adhere to the “restrictive” impulse of Canadian military export policy, and the one with primarily responsibility for

⁵¹ These departments have been renamed and reorganized several times. For the sake of consistency, these same titles will be used throughout this work.

⁵² John Hilliker and Donald Barry, *Canada's Department of External Affairs: Coming of Age 1946-1968*, v.2 (Montreal: McGill-Queen's University Press, 1995); John Hilliker, Mary Halloran, and Greg Donaghy, *Canada's Department of External Affairs: Innovation and Adaptation, 1968-1984*, v.3 (Toronto: University of Toronto Press, 2017).

assessing the political risk of a specific military export. By the mid 1970s, it would also become explicitly responsible for assessing the human rights implications of applications, although that language wasn't used in the 1940's and 1950's. Especially during the post-war period, the powerful officials at External Affairs were given significant autonomy over Canadian foreign policy, including the creation and implementation of military export restrictions.

The Department of External Affairs – as a collection of individuals, a structured hierarchy, and a locus of power – was therefore a key actor in the decision-making process regarding military exports. The theoretical models which could be used to interpret this process are beyond the scope of this study; however, the continuous use of “hypocrisy” to describe the policy-practice gap of Canadian military export policy implies an accusation that requires further explanation. Hypocrisy is both a moral and analytical judgment, which makes this work vulnerable to accusations of both presentism and authorial bias. Yet this usage is not simply a rhetorical flourish; in this work it serves an important analytical purpose.

From the inter-war period until the late 1940s, many Canadians viewed the commercial arms trade and the general reduction of armaments as a moral problem. Canada had not played an important role in the international disarmament negotiations of the interwar period, instead using the League of Nations to advance national interests.⁵³ Still, increasing international attention on disarmament during the 1920s and early 1930s coincided with a surge of anti-war and even pacifistic sentiment in Canada.⁵⁴ In 1931, *Maclean's* magazine began a “campaign” to

⁵³ Indeed, the Canadian government had tended to view the League as a vehicle for establishing Canada's sovereignty and remained uninterested in the League's “main purpose...as an agency to prevent war.” Richard Veatch, *Canada and the League of Nations* (Toronto: University of Toronto Press, 1975), 10. Tavis W. Harris, “A Treaty is Better than a Battleship: Canada, Autonomy and Interwar Naval Disarmament” (PhD Dissertation, Wilfrid Laurier University, 2013).

⁵⁴ Veatch, *Canada and the League of Nations*, 62-63; Thomas Paul Socknat, *Witness Against*

“inform the public of the sinister side of private armament making,” as well as its possible influence over the origins of the Great War.⁵⁵ One of its key proponents was future Progressive Conservative Party leader George Drew. References to the recently published *Merchants of Death*, a lurid exposé on the misdeeds of private arms manufacturers such as Vickers, Krupps, and DuPont, multiplied in Parliament and Canadian newspapers.⁵⁶ In fact, the public’s condemnation of arms trading and militarization played a role in convincing the Liberals to delay the establishment of a privately-owned military industry until the late 1930s, despite events in Europe.⁵⁷

Canadian politicians, secure in a fireproof house and with few arms to peddle, tended to mirror the moral language of the public.⁵⁸ Even after the Second World War, and even in private, Canadian policymakers characterized the arms trade as a “delicate and dangerous” business.⁵⁹ While they rarely spoke directly of the importance of keeping their “hands clean,” officials frequently referenced the importance of avoiding sales “repugnant” to the Canadian public or that might have “embarrassed” the government.⁶⁰ As the body of this work will make clear,

War: Pacifism in Canada, 1900-1945 (Toronto: University of Toronto Press, 1987).

⁵⁵ “Salesmen of Death,” 15 June 1934, *Maclean’s*.

⁵⁶ H.C. Engelbrecht and F.C. Hanighen, *Merchants of Death: A Study of the International Armament Industry* (New York: Dodd, Mead & Company, 1934); For example, see House of Commons Debates, 18 Parliament, 2 Session: v.1, 566.

⁵⁷ Ronald G. Haycock, “Policy, Patronage and Production: Canada’s Public and Private Munition Industry in Peacetime, 1867-1939,” in *Canada’s Defence Industrial Base*, ed. David Haglund (Kingston: Ronald P. Frye & Company, 1988).

⁵⁸ For example, Robert Borden, the Canadian Delegate to the League of Nations, once lamented to the Assembly, “To what end does the maintenance of enormous armaments continue? ... [we] stand to-day at the bar of public opinion. The burden of armaments is intolerable; their continuance is a perpetual menace to world peace.” Robert Borden, 30 September 1930, League of Nations, Text of the Debates, 11 Ordinary Session, 163.

⁵⁹ Lester Pearson to Louis St. Laurent, “Export of Armaments,” 17 March 1947, RG25 v.6272, file 11044-40 p.1.1, LAC.

⁶⁰ S.D.P. “Arms Traffic,” (Handwritten Note) 26 April 1946, RG25 v.4440, file 5000-40 p.1, LAC; Escott Reid to L. St. Laurent, “Export of Armaments (Including Ammunition and

Canadian policymakers frequently misrepresented, obfuscated, or even denied military exports approved by the government when speaking to the public. The moral arguments used in such statements, when contrasted with the absence of such arguments in departmental assessments, justifies the accusation of hypocrisy.

The use of “hypocrisy” is also a response to evolving historiographical analysis of Canadian foreign policy in general. Traditional assessments of the field revolved around Canada’s positionality as an international power, its agency (especially in regards to Washington and London), and the abruptness of its pivot from relative isolationism to enthusiastic internationalism. They emphasized that Mackenzie King’s star was falling quickly, while those of Louis St. Laurent and Lester B. Pearson were ascending.⁶¹ Most scholars acknowledged the fundamental pragmatism of Canadian policy, but also argued that Canadian interests aligned with a progressive internationalist ideal. Tom Keating has long contended that the pivot toward multilateralism was the guiding principle of post-war Canadian policy precisely because it served a variety of Canadian goals.⁶² Denis Stairs famously proposed that Canadian policymakers used multilateralism to constrain American action during the Korean War – shading Canada’s long-standing support for the UN with realist hues.⁶³ Apart from their pragmatism, Canadian officials

Implements of War) to Foreign Governments,” 2 April 1947 in *DCER*, v.13, 1585-1588; Thomas Stone to H.O. Moran, WA-1020, 1 April 1947, RG25 v.6272, file 11044-40 p.1.1, LAC.

⁶¹ Both James Eayrs and C.P. Stacey portray a stark contrast between the post-war King, his health and capabilities failing, and the new internationalists waiting to replace him. James Eayrs, *In Defence of Canada: Peacemaking and Deterrence* (Toronto: University of Toronto Press, 1972), 5-7, 21; C.P. Stacey, *Canada and the Age of Conflict: A History of Canadian External Policies, Volume 2: 1921-1948, The Mackenzie King Era* (Toronto: University of Toronto Press, 1981), 377, 425-426.

⁶² Keating, *Canada and World Order: The Multilateralist Tradition in Canadian Foreign Policy*, 2, 5.

⁶³ Denis Stairs, *The Diplomacy of Constraint: Canada, the Korean War, and the United States* (Toronto: University of Toronto Press, 1974).

were also generally characterized as both disproportionately adept and successful. For example, Robert Bothwell and John English have noted the “consummate skill” of Canadian officials during the “golden age” of Canadian diplomacy.⁶⁴ These assessments were considered to be most accurate during the period between 1945 and the mid-1950s, when a variety of factors meant Canada could exercise disproportionate influence on the world stage.⁶⁵ Hypocrisy would not be an appropriate assessment of Canadian policy according to this school, since the compromises it describes are simply the result of negotiating between competing interests in a dynamic environment.

A second school of revisionist thought has characterized Canadian foreign policy as a “muddling-through, without much dogmatism about means, and sometimes even principles.”⁶⁶ This school perceives a continuity in Canadian policy after 1945 rather than a deliberate pivot.⁶⁷ It has also pointed out that Canadian “quiet diplomacy” often worked to advance US interests, especially on disarmament issues.⁶⁸ As well, it highlighted how flexible internal priorities were often contrasted with rigid external rhetoric. For example, Canadian historians have long complained of the Canadian tendency to be “public scolds,” including using the UN as a “bully pulpit” from which to pursue “Canadian romanticism” in foreign policy.⁶⁹ This aligns with the

⁶⁴ Robert Bothwell and John English, “The View from Inside Out: Canadian Diplomats and Their Public,” *International Affairs* 39, n.1 (Winter 1983/84): 65.

⁶⁵ Adam Chapnick, “Canadian Foreign Policy, 1945-1968,” in *Readings in Canadian Foreign Policy: Classic Debates and New Ideas*, 2 ed., ed. Duane Bratt and Christopher J. Kukucha (Don Mills: Oxford University Press, 2011): 15-30.

⁶⁶ Jean Daudelin, “Introduction: Managing Empires,” in *Canada Among the Nations, 2008: 100 Years of Canadian Foreign Policy*, ed. Robert Bothwell and Jean Daudelin (Montreal: McGill-Queen’s University Press, 2009), 7.

⁶⁷ Greg Donaghy, “Introduction,” in *Canada and the Early Cold War*, ed. Greg Donaghy (DFAIT: Ottawa, 1998), 20.

⁶⁸ Joseph Levitt, *Pearson and Canada's Role in Nuclear Disarmament and Arms Control Negotiations, 1945-1957* (Montreal: McGill-Queens University Press, 1993).

⁶⁹ Robert Bothwell, “Foreign Affairs a Hundred Years On,” in *Canada Among the Nations*,

Canadian proclivity to exaggerate the moral responsibility of Canadian foreign policy in the international sphere.⁷⁰ Over time, Canadian diplomatic endeavors took on a missional quality which detracted from the possibility of success.⁷¹ Numerous scholars have explored the contradiction between Canadian action on specific issues and the espoused values of Canadian international diplomacy.⁷² According to this school, hypocrisy would be an appropriate description for a flexible and reactive system which benefited from preaching liberal international values while capitalizing on the benefits of selling arms.⁷³

A more recent historiographical turn has sharpened the criticisms of the second school into an assault on the foundational constructs of Canadian foreign policy. Adam Chapnick has written numerous articles arguing that terms such as “functionalism,” “middle power,” and “golden age” are conceptually flawed and problematic ways of envisioning Canadian foreign policy.⁷⁴ Asa McKercher has called for Canadian foreign policy history to step beyond its statist constraints and pursue a more “transnational” and global analysis of “Canadian” narratives.⁷⁵

2008: *100 Years of Canadian Foreign Policy*, ed. Robert Bothwell and Jean Daudelin (Montreal: McGill-Queen's University Press, 2009), 33; Kim Richard Nossal, “Canada and the General Assembly: A Global Bully Pulpit,” in *Canada and the United Nations: Legacies, Limits, Prospects*, ed. Colin McCullough and Robert Teigrob (McGill-Queens University Press, 2017).

⁷⁰ David G. Haglund, “The Paradigm that Dare Not Speak Its Name: Canadian Foreign Policy’s Uneasy Relationship with Realist IR Theory,” *International Journal* 72, no.2 (2017); John Holmes, *The Shaping of Peace*, 4, 13.

⁷¹ Kim Richard Nossal, “Mission Diplomacy and the ‘Cult of the Initiative’ in Canadian Foreign Policy,” in *Worthwhile Initiatives? Canadian Mission-Oriented Diplomacy*, edited by Cooper, Andrew F., and Geoffrey Hayes (Toronto: Irwin, 2000).

⁷² For example, see *Canada and the United Nations: Legacies, Limits, Prospects*.

⁷³ Some of which have also used the label “hypocrisy.” Jean Daudelin, “Introduction: Managing Empires,” 3, 8; Timothy Andrews Sayle, “Conclusions,” in *The Nuclear North*, ed. Susan Colbourn and Timothy Andrews Sayle (Vancouver: UBC Press, 2020), 228.

⁷⁴ Adam Chapnick, “Canada’s Functional Principle: 75 Years On,” *International Journal* 72, n.2 (2017); Adam Chapnick, “The Golden Age: A Canadian Foreign Policy Paradox,” *International Journal* 64, n.1 (Winter 2008); Adam Chapnick, “The Canadian Middle Power Myth,” *International Journal* 55, n.2 (Spring 2000).

⁷⁵ Asa McKercher, “Toward Canada and the World: Thoughts on the future of Canadian Foreign

One of the better examples of this type of work is *Dominion of Race*, a collective attempt by Canadian historians to explore how the systems and concepts of Canadian foreign policy perpetuated and strengthened racialized paradigms.⁷⁶ Other scholars have brought a critical lens to bear on Canadian foreign policy.⁷⁷ The goal is to invigorate a shrinking discipline by blurring its boundaries and problematizing its traditional frameworks.

Hypocrisy is not an appropriate concept for this school because its methodologies cannot present a stable ethical framework to be violated; however, some of the techniques used by authors in this school have proven important to this work. For example, this dissertation pays close attention to the language and foundational concepts of Canadian military export policy, reading against their grain to reveal important gaps and silences. It also seeks to highlight the systems, both ideological and bureaucratic, which enabled the contradictions in thought and behavior displayed by individuals, departments, and governments when assessing Canadian arms sales.

This study will not construct Canadian policy-makers as unabashed realists engaging in deeply cynical attempts to deceive the Canadian public about the governments intentions to pursue the national interest and seize systems of power.⁷⁸ Nor will it argue, in the other extreme, that systems of power seized Canadian policy-makers, subverting their individual agency to the dominant meta-narratives.⁷⁹ Instead, it seeks to create a compassionate middle ground between

Policy History,” *International Journal* 72, n.2 (2017).

⁷⁶ Laura Madokoro, Francine McKenzie, and David Meren (eds.), *Dominion of Race: Rethinking Canada's International History* (Vancouver: UBC Press, 2017).

⁷⁷ See *Canadian Foreign Policy In Critical Perspective*, ed. J. Marshall Beier and Lana Wylie. For more discussion: Brian Bow, “Paradigms and Paradoxes: Canadian Foreign Policy in Theory, Research, and Practice,” *International Journal* 65, n.2 (Spring 2010).

⁷⁸ David G. Haglund, “The Paradigm that Dare Not Speak Its Name.”

⁷⁹ Mark Nuefeld and Sandra Whitworth, “Imag(in)ing Canadian Foreign Policy,” in *Understanding Canada: building on the new Canadian political economy*, ed. Wallace Clement

the political structures and constraints which encumbered Canadian policy-makers, and the ideas and ethics which motivated them.⁸⁰ In this way, the authentic and enduring Canadian commitment to multilateral restrictions on the global arms trade can be preserved, while still acknowledging the hypocrisy of the systems created to enforce this commitment. Policymakers neither tried to sell military exports indiscriminately to every potential buyer, nor sought to blindly obey the Canadian commitment to military export restraint, but instead attempted to apply contextual knowledge to specific dilemmas in light of incompatible departmental mandates.

This work does not follow the third school into its more foundation-shaking aspirations, and instead evidences the assertions of more traditional scholarship. It supports, for example, the argument that Canadian foreign policy was committed to both multilateralism and realism in the immediate post-war years. Canadian policymakers restricted sales of weapons and ammunition during this period because of an allegiance to the notion of international controls, to be negotiated at the fledgling UN Commission for Conventional Armaments. At the same time, such restrictions also suited the cautious pragmatism of Prime Minister Mackenzie King because of his fear that arms sales could incur political obligations.

This consensus unraveled after UN negotiations stalled in the mid-1940s and Canada began to rearm as part of its US-aligned role in the burgeoning Cold War. In the following years, military export policy, like defence policy in general, was used as a bargaining chip to be traded

(Montreal: McGill-Queen's University Press, 1997); Kyle Grayson, "Clandestine Convergence: Human Security, Power, and Canadian Foreign Policy," in *Canadian Foreign Policy In Critical Perspective*, ed. J. Marshall Beier and Lana Wylie (Toronto: Oxford University Press, 2010).

⁸⁰ For an example of a similar attempt to create a merging of the two perspectives, see Costas Melakopides, *Pragmatic Idealism: Canadian Foreign Policy, 1945-1995* (Montreal: McGill-Queen's University Press, 1998).

for economic concessions from Washington. This both obligated the Canadian government to match increasingly restrictive American controls and created increasing commercial tension between the military producers in both countries. For the next decade, arms export negotiations in Ottawa would create a sort of shadow “North Atlantic Triangle” consisting of consultations, accusations, and compromise between the US, UK, and Canada over potential arms sales.⁸¹ Canadian officials would display remarkable initiative in leveraging allies against each other for commercial gain, yet they reliably supported American policy in multilateral forums such as COCOM. Canadian military export policy therefore substantiates a clear shift from the British to the American sphere, as evidenced by the increased weight given to American opinions on potential exports during the period.

This work also corroborates arguments about the political bureaucracy, especially within External Affairs, in the post-war period. First, it provides compelling evidence for the argument that the close working relationship between Lester Pearson and Louis St. Laurent translated into significant autonomy for the Department of External Affairs on important foreign policy issues.⁸² Second, it supports the revisionist contention that Diefenbaker’s fears about the loyalties of Canadian officials within External Affairs were not entirely misplaced.⁸³ On military export policy, this work will show that External Affairs sought to manage the new Progressive

⁸¹ Robert Bothwell argues that the European vertex of the “Atlantic Triangle” grew to include all western European countries in the early 1950s, instead of the UK specifically. This trend is also apparent in Canadian military export policy. *Alliance and Illusion* (Vancouver: UBC Press, 2007).

⁸² John Hilliker and Donald Barry, *Canada's Department of External Affairs: Coming of Age 1946-1968* (Montreal: McGill-Queen's University Press, 1995), 8; Robert Bothwell, “Pearson and Pearsonianism,” in *Mike's World: Lester Pearson and Canadian External Affairs*, edited by Galen R. Perras and Asa McKercher (Vancouver: UBC Press, 2017): 32.

⁸³ Asa McKercher “No, Prime Minister: Revisiting Diefenbaker and the ‘Pearsonalities,’” *Canadian Journal of History* 52, no. 2 (Autumn 2017).

Conservative government in 1957 by passively resisting new initiatives. Third, this work reveals complex inter-departmental conflicts which affirm larger constructions of the making of Canadian foreign policy as a turbulent and contested “muddling through.”⁸⁴ This is especially apparent in Canadian conceptions of aircraft and aircraft parts, which formed the nexus of an ongoing debate between External Affairs, Trade & Commerce, and National Defence concerning what did and did not constitute military equipment.

The balance between the restrictive impulse and exportive impulse in Canadian policy has not remained constant over time. Between 1945 and 1991, despite temporary periods of greater restrictiveness, Canadian military export policy generally became more permissive.⁸⁵ This shift, driven by the external pressures of the international arms market, and the internal pressure of Canadian commercial and strategic interests, is best described as a gradual drift in policy rather than a deliberate pivot. Canadian policy-makers continued to closely evaluate export permit applications, and never publicly declared a general relaxation of Canada’s restrictive policy. The erosion of Canadian restrictions accelerated in the 1970s as the government attempted to increase the competitiveness of Canadian military producers in the developing world. These initiatives directly clashed with the human rights ideals which swept through Canadian politics in the 1970s.⁸⁶ Policymakers reacted by establishing new military export guidelines in 1978 and 1986, yet, even still, these ideals rarely influenced military export

⁸⁴ Once again, see Jean Daudelin, “Introduction: Managing Empires,” in *Canada Among the Nations, 2008: 100 Years of Canadian Foreign Policy* (Montreal: McGill-Queen’s University Press, 2009), 7.

⁸⁵ Lamb, *The Quiet Erosion of an Ideal: Signs of Drift in Restrictive Arms Export Policies*; E. Regehr, *Arms Canada*; David Webster, “Canada’s checkered history of arms sales to human rights violators,” *The Conversation* (2018).

⁸⁶ Dominique Clement, *Human Rights: A History* (Waterloo, Ontario: Wilfrid Laurier University Press, 2016).

decisions unless they aligned with other foreign policy goals.⁸⁷ Critics of military exports in this period specifically argued that the new human rights considerations were outweighed by commercial considerations, as evidenced by the growing number of controversial destinations for Canadian exports.⁸⁸

Multiple studies have shown that this sort of institutional hypocrisy in military export policy is ubiquitous amongst all military supplier states.⁸⁹ The proliferation of ethics-based and human rights-oriented language in such policies has not meaningfully changed their operation – geostrategic and commercial interests have dictated that arms continue to flow into the hands of authoritarian and human rights violating regimes. Instead, such language has allowed states to capitalize on the domestic popularity of ethics-based and rights-oriented policies while avoiding direct responsibility for their outcomes (since they are generally aimed at foreign governments).⁹⁰ Most nations have consequently shown little interest in narrowing this “policy-practice gap,” and comply with ethics-based domestic and international restrictions only when

⁸⁷ Kim Richard Nossal, "Cabin'd, Cribb'd, Confin'd?: Canada's Interest in Human Rights," & Robert O. Matthews and Cranford Pratt, "Conclusions: Questions and Prospects," in *Human Rights in Canadian Foreign Policy*, ed. Robert O. Matthews and Cranford Pratt (Montreal: McGill-Queen's University Press, 1988).

⁸⁸ Ernie Regehr, "Military Sales," in *Human Rights in Canadian Foreign Policy*, ed. Robert O. Matthews and Cranford Pratt (Montreal: McGill-Queens University Press, 1988).

⁸⁹ Jennifer Lynn Erickson, *Dangerous Trade: Arms Exports, Human Rights, and International Reputation* (New York: Columbia University Press, 2015); Richard Perkins, and Eric Neumayer. "The Organized Hypocrisy of Ethical Foreign Policy: Human Rights, Democracy and Western Arms Sales." *Geoforum* 41, no. 2 (March 1, 2010): 247–56; Lerna K. Yanik, "Guns and Human Rights: Major Powers, Global Arms Transfers, and Human Rights Violations," *Human Rights Quarterly* 28, no. 2 (2006): 357–88; Hendrik Platte and Dirk Leuffen. "German Arms Exports: Between Normative Aspirations and Political Reality," *German Politics* 25, no. 4 (2016): 561–80.

⁹⁰ David Chandler, "Rhetoric without Responsibility: The Attraction of 'Ethical' Foreign Policy," *The British Journal of Politics and International Relations* 5, no. 3 (August 2003): 295–316.

faced with the threat of significant reputational harm.⁹¹ In addition, many nations exploit the interpretive ambiguity of their military export restrictions to provide political cover for controversial sales.⁹² The Canadian government, for example, has continued to defend military exports to Saudi Arabia by arguing that official reviews have not established a direct link between the equipment being exported and the human rights violations being committed – a convenient technicality engineered into Canadian restrictions.⁹³ Canadian policy is therefore entirely aligned with its contemporaries – if such alignment is defined as a collective willingness to reap the benefits of announcing human rights restrictions and a collective reticence to enforce them when commercially inconvenient.

Military Exports as a Defence Requirement

The erosion of Canadian military export policy is correlated with the increasing importance of exports to the Canadian Defence Industrial Base (DIB) – the network of domestic producers of military equipment and technology which together constitute the military industrial capacity of the nation.⁹⁴ The purpose of the DIB is twofold: to meet the normal procurement requirements of the armed forces in peacetime, and to be capable of rapidly expanding

⁹¹ According to Jennifer Erickson, social reputation, both domestic and international, is a key motivator in the adoption of military export controls. However, it does not guarantee compliance with those controls, especially if a state believes it can enjoy the reputational advantages of having controls without the necessity of enforcement. Erickson, *Dangerous Trade: Arms Exports, Human Rights, and International Reputation*.

⁹² Yanik, “Guns and Human Rights: Major Powers, Global Arms Transfers, and Human Rights Violations.”

⁹³ GAC, “Update on Export Permits to Saudi Arabia,” 17 September 2019.

⁹⁴ John Treddenick, “Economic Significance of the Canadian Defence Industrial Base” in *Canada's Defence Industrial Base*, ed. by David Haglund (Kingston: Ronald P. Frye & Company, 1988).

production under wartime conditions.⁹⁵ Military exports have historically operated as a form of subsidy for the Canadian DIB, producing strategic and economic incentives that have generally influenced Canadian defence policy, and directly conflicted with political commitment to restricting the arms trade.⁹⁶

During the Second World War, Canada greatly expanded its production of military equipment and supplies, and built up sizeable reserves of such material.⁹⁷ Canadian participation in several wartime agreements, most notably the Ogdensburg Agreement of 1940 and the Hyde Park Declaration of 1941, began the process of integrating American and Canadian military producers into an informal North American DIB (or NADIB).⁹⁸ In return, the Canadian government largely bound itself to American defence policy, especially American military export policy, and excluded all military exports to the US from Canadian export controls. These agreements would form the basis of later defence partnerships (such as NORAD and the DPSA) and provide an expanding market for Canadian military production.⁹⁹

After the Second World War, the Canadian DIB became increasingly export-oriented due to the limited procurement capacity of the Canadian Armed Forces, and gradually shed the

⁹⁵ John Treddenick, "Economic Significance of the Canadian Defence Industrial Base," 16.

⁹⁶ Howard Peter Langille, *Changing the Guard: Canada's Defence in a World in Transition* (Toronto: University of Toronto Press, 1990); A.D. Crosby, "The Relations of Economic Integration in the making of Canadian defence policy," *Studies in Political Economy* 57 (1997); E. Regehr, *Arms Canada: The Deadly Business of Military Exports* (Toronto: James Lorimer & Company, Publishers, 1987).

⁹⁷ Alex Souchen, *War Junk: Munitions Disposal and Postwar Reconstruction in Canada* (Vancouver: UBC Press, 2020); J. Kennedy, *History of the Department of Munitions and Supply: Canada in the Second World War*. (Ontario: E. Cloutier, King's Printer and Controller of Stationery, 1950).

⁹⁸ Robert Van Steenburg, "An Analysis of Canadian-American Defence Economic Cooperation: The History and Current Issues," in *Canada's Defence Industrial Base*, ed. David G. Haglund (Kingston: Ronald P. Frye & Company, 1988).

⁹⁹ Ernie Regehr, *Making a Killing* (Toronto: McClelland and Stewart, 1975), 17-18; Crosby, "The Relations of Economic Integration in the making of Canadian defence policy."

capability to directly supply most Canadian requirements.¹⁰⁰ Canadian policy-makers gave up on developing an independent Canadian DIB in the 1950s, a pivot that is generally associated with Diefenbaker's abandonment of the Avro Arrow.¹⁰¹ After this ill-fated foray into the world of independent weapons development, Canadian governments refocused on making Canada's DIB interconnected with, and dependent upon, the American military industrial complex.¹⁰² The resulting export dependence would continue to subordinate Canadian foreign policy to American interests, constrain the ability of the Canadian DIB to meet Canadian defence requirements, and, over the long term, produced fewer economic benefits than anticipated.¹⁰³ Canadian military exports to the US did explode during the Vietnam War, artificially increasing Canadian military production capacities and providing more than \$2.5 billion in war material to the Pentagon between 1965 and 1973.¹⁰⁴ Yet after the war, the Canadian government struggled to sustain this capacity by finding new markets for Canadian military exports, encouraging the use of "offset" agreements in its major procurement contracts, and nationalizing and subsidizing key defence producers.¹⁰⁵

¹⁰⁰ Lynne M. Pepall and D.M. Shapiro, "The Military-Industrial Complex in Canada," *Canadian Public Policy / Analyse de Politiques* XV, no. 3 (1989); R.B. Byers, "Canadian Defence and Defence Procurement: Implications for Economic Policy," in *Selected Problems in Formulating Foreign Economic Policy*, ed. Denis Stairs and Gilbert R. Winham (Toronto: University of Toronto, 1985); Howard Peter Langille, *Changing the Guard: Canada's Defence in a World in Transition* (Toronto: University of Toronto Press, 1990).

¹⁰¹ Van Steenburg, "An Analysis of Canadian-American Defence Economic Cooperation: The History and Current Issues," 195.

¹⁰² Reg Whitaker and Gary Marcuse, *Cold War Canada: The Making of a National Insecurity State, 1945-1957* (Toronto: University of Toronto Press, 1994); Gideon Rosenbluth, *The Canadian Economy and Disarmament* (Toronto: McLelland and Stewart Ltd., 1978 [1967]).

¹⁰³ Regehr, *Arms Canada: The Deadly Business of Military Exports*.

¹⁰⁴ Victor Levant, *Quiet Complicity: Canadian Involvement in the Vietnam War* (Toronto: Between the Lines, 1986), 55.

¹⁰⁵ Aaron Plamondon, *The Politics of Procurement: Military Acquisition in Canada and the Sea King Helicopter* (Vancouver: UBC Press, 2010).

These attempts to preserve the Canadian DIB warped Canadian military procurement policy, which became increasingly hijacked by political and economic considerations. While such influences had always been present, the 1974-75 Defence Structural Review instituted elaborate contractual requirements for both Canadian content and economic offsets in the procurement process – requirements which were formalized by Cabinet in 1986.¹⁰⁶ Evaluating these requirements lengthened and complicated the procurement process and inflated the cost of the contract, creating regional competition and diluting the importance of the requested military capabilities.¹⁰⁷ Canada, in the words of defence economist John Treddenick, was attempting to use military expenditures “to buy both guns and butter,” producing “a mixture of the two, but not really either.”¹⁰⁸

By the 1980s, these trends had resulted in a Canadian DIB of small to medium-size corporations that ranked between tenth and fifteenth amongst global military exporters.¹⁰⁹ Most production was concentrated in the ship-building, aerospace, and communications industries, although Canada produced very few complete military systems, instead providing components and sub-systems for larger American manufacturers.¹¹⁰ Consequently, Canadian policymakers increasingly viewed the DIB as both a military requirement and a convenient economic lever – a

¹⁰⁶ Plamondon, *The Politics of Procurement: Military Acquisition in Canada and the Sea King Helicopter*, 9, 84-5.

¹⁰⁷ Aaron Plamondon, *Equipment Procurement in Canada and the Civil-Military Relationship: Past and Present*, Centre for Military and Strategic Studies, n.2 (Calgary, 2008); Alan S. Williams, *Reinventing Canadian Defence Procurement: A View from the Inside*, ed. Douglas Bland and John S.P. Robson (Kingston: Breakout Educational Network, 2006).

¹⁰⁸ John Treddenick, "Regional Impacts of Defence Spending" (paper presented at the Guns and Butter: Defence and the Canadian Economy Conference, Kingston, 1984), 158.

¹⁰⁹ Byers, "Canadian Defence and Defence Procurement: Implications for Economic Policy," 174; Stockholm International Peace Research Institute, "Arms Transfers Database," accessed September 12, 2022. <https://www.sipri.org/databases/armstransfers>

¹¹⁰ Alistair Edgar and David G. Haglund, *The Canadian Defence Industry in the New Global Environment* (Montreal & Kingston: McGill-Queen's University Press, 1995), 76.

means of supporting defence production while producing jobs, votes, and a positive trade balance.¹¹¹ However, the rapidly increasing cost of military systems during the mid-20th century, an increase in US protectionism in the 1970 and 1980s, and over-capacity in defence production across world markets, produced a hostile environment for Canadian firms.¹¹² It was in this environment that Canada's export-oriented, artificially-buoyed DIB began aggressively targeting contracts in the developing world, including the Middle East and Saudi Arabia, to maintain production capacity and preserve jobs.

Canadian military export policy has been explicitly linked to procurement policy since 1948, when Cabinet first decided to allow the export of weapons from current production as a means of preserving Canadian military industrial capacity. In the decades since, even as the Canadian DIB has largely transformed into a minor branch of the American military industrial complex, production capacity has remained an important argument for continuing financial subsidy and political support. Additionally, the jobs, investment, and orders captured through contractual offset requirements have increased Canadian export dependency – creating a “defence trap” which increasingly captured Canadian defence policy.¹¹³ Torn between the restrictive impulse of Canadian military restrictions and the possibility of losing a Canadian military producer to a less restrictive market, policy-makers have generally chosen to sacrifice Canadian restrictions. This, in turn, perpetuates military export dependency and normalizes the

¹¹¹ A.D. Crosby, "The Relations of Economic Integration in the making of Canadian defence policy"; John M. Treddenick, "Economic Significance and the Canadian Industrial Base," in *Canada's Defence Industrial Base*, ed. David G. Haglund (Kingston: Ronald P. Frye & Company, 1988); Treddenick, "Regional Impacts of Defence Spending."

¹¹² Edgar and Haglund, *The Canadian Defence Industry in the New Global Environment*, 42-49.

¹¹³ Langille, *Changing the Guard: Canada's Defence in a World in Transition*, 7.

use of security and economic considerations to justify ostensible violations of Canadian military export policy

Purpose & Outline

In a general sense, the purpose of this work is to provide analysts and critics of Canadian arms sales with a cosmogony for Canadian military export policy that both situates it in larger alliance structures and transcends specific bilateral or chronological contexts. This dissertation grounds the trends identified by other researchers (specifically Regehr and Lamb) in documentary evidence and provides a historical context for their narratives. Most importantly, it presents a granular, text-oriented analysis that tracks the evolution of technical concepts, categories of assessment, and policy priorities during a period of significant fluidity. By doing so, it seeks to lay bare the rhetorical devices, semantic shift, and definitional confusion employed by the Canadian government to obscure the extent of Canadian arms sales from all but the most determined critic.

Specifically, this dissertation seeks to explain the contradictions of Canadian conventional military export policy by exploring its evolution in the key years between 1946 and 1960. It loosely divides this 15-year span into three periods, which correspond to the genesis of Canadian military export policy (1946-1949), its expansion and formalization (1950-1955), and its first existential challenge (1956-1960). Using a variety of government documents, secondary sources, and unpublished literature, it provides a close analysis of the policies proposed, debated, created and practiced by various actors within the Canadian government. From this analysis come four primary arguments:

First, the most egregious erosion of Canadian military export restrictions occurred not in the 1970s, as argued by Lamb, but instead in the period between 1946 and 1949, just after the Second World War. Prior to 1946 Canada prohibited military exports to all countries except the United States, the United Kingdom, and certain wartime recipients under the Mutual Aid program. The Canadian position, at least within External Affairs, was that the government should refuse all arms exports until a UN initiative established multilateral restrictions on the arms trade. By 1950, Canada had accepted that military exports were economically and strategically necessary and had become an opportunistic exporter of military equipment to the non-communist world. During the preceding years, Cabinet had approved an accelerating number of sales to dictatorships, countries at war, and regions under UN supervision. To do so, it had undertaken a radical transformation of Canadian military export policy which far surpasses later “drifts.”

Second, both *discretionary flexibility* and *categorical ambiguity* were engineered into Canadian conventional military export policy during its genesis. Despite engaging in substantial military exports in the 1940s, the Canadian government would not produce a formal, comprehensive policy on military exports until 1954. Both officials and politicians obviously preferred to operate on an *ad hoc*, case-by-case basis in which individual applications were evaluated independently, rather than according to general guidelines. In the meantime, the three departments regularly consulted on potentially sensitive military export deals (External Affairs, Trade & Commerce, and National Defence) used a rotating collection of garbled and ambiguous arguments to justify Canada’s transition into an arms merchant and its entrance into new markets. For example, in 1949, Canadian officials decided to categorize military exports according to their “offensive” potential, an ill-defined and ill-constructed metric that largely served to justify exports of “defensive” goods to controversial nations. The *categorical*

ambiguity of “offensive” and “defensive” equipment increased the government’s *discretionary flexibility* to approve previously prohibited export sales – an important synergy.

The point of the system was to be flexible, pragmatic, and reactive – incentivizing risk-aversion and commercial competitiveness – but *not necessarily* to be internally consistent. Attempts to create comprehensive export restrictions were therefore interpreted as an obstacle to the government’s discretion, to be ignored or creatively re-interpreted. Instead, Canadian policy tended to avoid categorical prohibitions where possible, favouring qualifiers such as “significant,” “normally,” and “substantial.”¹¹⁴ Even so, the sheer number of formal and informal revisions to Canadian military export policy between 1945 and 1960 indicate an inability to keep pace with dynamic geopolitical changes and proliferating applications. In 1946 all arms sales to nations other than the US and UK required consideration at the Cabinet level; by 1960, the government was receiving more than 100 such applications a month.

Third, the fundamental objective of Canadian military export policy, and therefore its most important restriction, was to mirror its American equivalent specifically and other allied export policies generally. This alignment maintained western solidarity and multilateral agreements regarding military exports, used collective action to diffuse the reputational risks of arms dealing, maintained privileged Canadian access to the American military industrial complex, and allowed Canadian military producers to compete equally in the global market. It is no accident that the only unbroken Canadian export restriction during this period enforced a similar prohibition in American policy – a ban on military exports to the communist world. It is also no accident that successive modifications to the Canadian Export and Import Control Act

¹¹⁴ For example, a document might read: Military exports will not *normally* be issued for *significant* amounts of offensive military equipment unless the transaction is of *substantial* advantage to Canada.

(EIPA), as well as Canadian procedures and controls, often mirrored American legislation and practices. Abrupt changes in American policy tended to jerk around the Canadian equivalent like a dog does a leash, providing additional incentive for flexible and adaptive controls.

Fourth, international crises, foreign wars, illegal arms trafficking, and public scandals salient to Canadian arms dealing permanently increased government oversight and surveillance, but only temporarily increased government restrictions. For example, public discovery of the sale of military trainer aircraft to Egypt in 1956 catalyzed the creation of a permanent system for tracking military shipments from Canadian ports, but only a temporary freeze on Canadian military exports to the Middle East. Over time, multiple scandals resulted in a Canadian military export system with robust export controls and consultative procedures, but anemic export restrictions and policy guidelines. While domestic backlash and international criticism were effective tools for curbing Canadian military exports in the short term, the government generally returned to the mean once public controversy diminished.

The seven chapters of this dissertation are divided into two groups: five chronological chapters detailing the evolution of Canadian policy between 1946 and 1960, and two topical chapters exploring specific cases of controversial bilateral arms sales. Chapter 1 summarizes Canada's initial entry into the arms trade as a liquidator of surplus munitions and supplies in the months and years after the Second World War. It explores the government's reluctance to acknowledge Canada's entry into the arms trade, as well as the series of short-term expedients used to approve specific military exports in the post-war period. Chapter 2 analyzes the series of decisions within Cabinet and various government departments which led Canada to become a major supplier of military equipment to Pakistan in 1949, and a moderate supplier of arms to Israel in 1951. These two case studies show how geopolitical considerations and the calculus of

commercial competition were used to override general Canadian restrictions on the sale of arms to countries in conflict and/or under UN scrutiny.

The practical systems and procedures of Canadian military export controls are explored in Chapter 3, which describes the movement of military export applications through an inter-departmental pipeline. Between 1946 and 1949, the departments of External Affairs, Trade & Commerce, and National Defence created the structure of this pipeline, modified it to accommodate different categories of military equipment, and implemented the delegation of approval authority from Cabinet to various department officials. This chapter also discusses the formation of Canada's legislative basis for military export controls (the 1947 EIPA), as well as the creation of the Export Control List (ECL) and Area Control List (ACL) under American duress.

Chapter 4 continues the narrative begun in the first chapter, summarizing the evolution of Canadian military export policy from 1950 until the passage of the first formal directive by Cabinet in 1954. It explores early conflict over the marketing of Canadian military goods abroad, as well as the impact of the Korean War on Canadian arms sales, before excavating the context and motivation of the 1954 reforms to the EIPA and military export policy. Chapter 5 explores the impact of domestic backlash on Canadian military exports using four specific cases: sales to the Dutch for use in Indonesia (1945-1949), sales to the Chinese Nationalists (1946-1949), and controversies over the specific sales of Harvard aircraft to Egypt (1956) and F-86 Sabre jet fighters to Israel (1956). It analyzes the reaction of the Canadian government to these controversies and identifies the tools they used to evade and diffuse public concern over military exports.

Chapter 6 summarizes the policy response of Louis St. Laurent's Liberal government to the crises of 1956, as well as the first attempts of John Diefenbaker's Progressive Conservative government in 1957 to manage a file that it had criticized publicly and vociferously only the year before. It argues that friction between External Affairs and the new government led to miscommunication and confusion regarding military export policy, especially in regards to dual-use equipment – or goods with both military and civilian uses. This vulnerability is explored through a case study on the sale of tractor parts to Israel by the Canadian wholesaler Levy Auto Parts Limited, despite the inconvenient fact that these tractor parts could be used in Israeli tanks.

In general, this dissertation is the story of the expansion of Canadian participation in the arms trade, interspersed with temporary contractions due to domestic scandal or international crisis. However, the final chapter analyzes the first serious attempt to reduce both the scope of Canadian military exports and their potential destinations – a policy review initiated by the Conservative government in 1960. This review was influenced by the impacts of decolonization and a resurgent Cold War, as well as the failure of the Avro Arrow, and buoyed by the deep suspicion of the arms trade exhibited by certain members of the Conservative Government. It explicitly questioned the foundational justifications of Canadian arms sales before collapsing at a pivotal Cabinet meeting in September.

A Question of Numbers

This dissertation deals with a commodity (military equipment) and a market (the arms trade) which is difficult to quantify even today. Despite significant advances in tracking and transparency among many supplier states, the arms trade remains disproportionately opaque and corrupt.¹ In the post-war period, significant quantities of war surplus goods changed hands within a relatively short period, and often without adequate documentation.² It is therefore difficult to determine Canada's relative position in the pantheon of military exporters during these years, as well as its importance as a supplier to specific countries such as the Netherlands, China, Pakistan, and Israel.

The numbers and databases that do exist tell a complicated story. The Stockholm International Peace and Research Institute (SIPRI), for example, maintains an Arms Transfer Database tracking conventional weapons transfers back to 1950.³ According to SIPRI, between 1950 and 1960, Canada was the sixth-largest military supplier in the world, trailing only the United States, the Soviet Union, the United Kingdom, Czechoslovakia, and France. Yet this statistic must be accompanied by a substantial asterisk. The SIPRI database includes only what it defined as "major weapons" and therefore excludes most of the military sub-systems, spare parts, and components which constituted most Canadian commercial military exports. It also includes transfers under the Mutual Aid program to Canada's NATO allies – a value of \$1.1 billion from

¹ Paul Holden et al, *Indefensible: Seven Myths that Sustain the Global Arms Trade* (London: Zed Books, 2016); Andrew Feinstein, *The Shadow World: Inside the Global Arms Trade* (New York: Farrar, Straus, and Giroux, 2011).

² For the story of the Canadian struggle to offload its surplus war equipment and material, see Souchen, *War Junk*.

³ SIPRI's database can be found at <https://www.sipri.org/databases/armstransfers>

1950 to the end of 1959.⁴ Additionally, more than a quarter of Canadian transfers included in the database for this period are to the United States, which means they did not require Canadian military export permits nor were they subject to Canadian export controls.

Because of the destruction of European military production during the Second World War, Canada was most certainly among the top five military suppliers in the world well into the 1950s. However, this is also a misleading statistic, since the top three suppliers (the US, Soviet Union, and US) collectively accounted for the vast majority of all transfers. While Canada was an important supplier of military equipment to certain regions at certain points, it never gained the market share nor the monopolies over specific systems enjoyed by the larger players. Because of this fact, Canadian politicians and officials would often claim that Canadian military exports to various conflict regions around the world were too small to make a difference, and constituted such a small portion of Canada's overall military exports as to be statistically insignificant.

Evaluating this argument empirically is also difficult. While it is true that the majority of Canadian military exports (excepting Mutual Aid shipments during the 1950s) went to the United States, the fact that these goods were exempted from Canadian military export controls should also preclude them from being used to evaluate the operation of said controls. Additionally, many of these goods ended up being re-purposed as American military aid or arms sales into conflict regions, yet were rarely acknowledged as such by the Canadian government. In some cases, especially after the war, Canadian officials seem to have encouraged the sale of military surplus through American brokers to third parties as a means of evading responsibility for its final destination.

⁴ G.M. Schuthe to Commodities Branch, T&C, 12 July 1960, RG20 v.1952, file 20-27 p.3, LAC.

Regarding military exports transferred to other destinations, the historical record presents several challenges. First, while Canada's Dominion Bureau of Statistics did publish export statistics divided by country and commodity between 1945 and 1960, most of the commodity categories intentionally conflate civilian and military goods.⁵ For example, the export of \$231,000 worth of what were almost certainly Sherman tank parts to Israel in 1958 is included under the heading "Tractors and Parts," because de-turreted Sherman tanks could also be used as industrial tractors.⁶ Sales of "dual-use" aircraft or aircraft parts (having civilian and military application) are similarly combined with the sales of other aircraft and parts consigned to civilian entities, even when obviously intended for military use. , Only two categories – "Guns, Rifles, and other Firearms of all kinds," and "Cartridges of Guns, Rifles, and other Firearms," are easily identifiable as military goods, and even these are not comprehensive. "Sporting" ammunition and firearms are included under a separate category ("Sporting Goods") which also includes fishing and hunting equipment.

Second, even internal reports on Canadian military exports aren't generally reliable. Overworked government officials, tasked with compiling military export totals for various regions or specific years, generally missed some transactions while double-counting others. In addition, they often used inconsistent definitions of "military equipment" that failed to include "demilitarized" naval vessels or "dual-use" aircraft, or, in some cases, anything that wasn't explicitly a weapons system or munition. It is therefore difficult both to trust these numbers and (unfortunately) to verify them.

⁵ See the second volume of the annual *Trade of Canada* series:
<https://publications.gc.ca/site/eng/9.809303/publication.html>

⁶ Dominion Bureau of Statistics, *Trade of Canada: Volume II – Exports – 1959-1960*, 244.
https://publications.gc.ca/collections/collection_2018/statcan/65-201/CS65-202-1960.pdf

Third, while military export statistics for supplier states from the period 1945-1960 are incomplete, statistics for consumer states, especially in regions of conflict, are far worse. Not only did many of these states possess a far less developed bureaucracy than Canada, they were also motivated to keep the extent of their military imports secret for strategic reasons. Nations such as Israel, India, and Pakistan obtained military equipment from a wide variety of sources, and through means that were of varying degrees of international legality. Determining the portion of their military purchases which were Canadian is incredibly complicated, and determining whether this portion could not have alternatively been purchased from another supplier verges on conjecture.

Consequently, this dissertation does not dwell on the quantities or value of military goods exported by Canada, nor attempt to speculate on the importance of these goods to the countries which purchased them. There are circumstances where the behavior of foreign representatives indicates that Canadian transfers are politically and militarily significant, and this is generally noted in the text. However, it accepts the proposition, voiced by uncountable Canadian officials and politicians since the Second World War, that Canada's contribution to the arms trade is *generally* insignificant in almost every case.

Yet it also accepts the rebuttal of the famous Canadian peace researcher Ernie Regehr, who once called this argument "a bit like insisting that it's perfectly acceptable to supply dope to a junkie so long as your contribution could not on its own sustain an addiction."⁷ The arms trade was (and is) a collective action problem in which the relative insignificance of individual states' contributions is used to obscure responsibility for the consequences of the trade as a whole. While Canadian arms exports may have become increasingly insignificant globally during the

⁷ Regehr, *Arms Canada*, xv-xvi.

1950s, they were important enough to Canadian politicians and officials to justify substantial political risks and create an obvious policy-praxis gap. Military exports were therefore politically, strategically, and commercially significant *in Canada* – a reality which is the central topic of this dissertation.

Chapter 1: In The Beginning

After the First World War, Canadian military production largely ceased to exist. The Imperial Munitions Board was disbanded, munitions factories dismantled, and existing stocks and machinery were sold.¹ These reductions mirrored general declines in defence spending, as well as a public suspicion of arms manufacturing and trading.² By 1935, Canada possessed only the small Dominion Arsenal at Quebec, and lacked any facilities for building service aircraft or large naval vessels.³ In fact, there wasn't a single tank or modern anti-aircraft gun in the country, and only a few obsolescent aircraft and naval vessels.⁴ Only later in the decade as the clouds of war once again gathered in Europe did the Canadian government seek to re-establish an "essential munitions industry" in Canada.⁵ The military and the government were divided as to whether these munitions should be produced by private or public means, yet because of the prohibitive cost of establishing a public arsenal, the government eventually chose to pursue private manufacture under strict profit controls.⁶ Economic realities therefore shaped the Canadian DIB from the very beginning.

¹ Ronald G. Haycock, "Policy, Patronage and Production: Canada's Public and Private Munition Industry in Peacetime, 1867-1939," in *Canada's Defence Industrial Base*, ed. David Haglund (Kingston: Ronald P. Frye & Company, 1988), 80.

² Arms suppliers and traders, popularly referred to as "merchants of death," were often blamed for the duration and destruction of the previous war. Desmond Morton, *A Military History of Canada*, 5 ed. (Toronto: McLelland & Stewart, 2007), 169, 174.

³ C.P. Stacey, *Arms, Men and Governments: The War Policies of Canada, 1939-1945* (Ottawa: National Defence, 1970), 101-107.

⁴ C.P. Stacey, *Canada and the Age of Conflict: A History of Canadian External Policies, Volume 2: 1921-1948, The Mackenzie King Era* (Toronto: University of Toronto Press, 1981), 199.

⁵ Haycock, "Policy, Patronage and Production: Canada's Public and Private Munition Industry in Peacetime, 1867-1939," 88.

⁶ C.P. Stacey, *Arms, Men and Governments: The War Policies of Canada, 1939-1945* (Ottawa: National Defence, 1970), 101.

It should be emphasized that the gears of Canadian defence production turned slowly and were required to overcome great friction. In 1930, the Canadian Chief of the General Staff, Andrew McNaughton, almost resigned over the government's refusal to allow the purchase of new equipment or the building of a new arsenal.⁷ He eventually obtained permission to build a new crown arsenal at Valcartier only as a Depression-era employment project.⁸ Private attempts by Canadian businessmen to obtain British munitions contracts were also treated with hesitation, since the public remained quick to condemn any whiff of Canadian collusion in the arms trade. Scandals erupted over a contract to produce 50,000 anti-aircraft shells by Hamilton's National Steel Company in 1936, as well as a subsequent bid from Toronto's John Inglis Company to produce Bren guns.⁹ Only in 1938 did Prime Minister Mackenzie King intervene to endorse the Inglis bid, ensuring its success. By then, the cautious King had decided to treat British demand for Canadian military exports as a convenient means to stimulate Canadian military production while relieving Ottawa "of the stigma of having created it."¹⁰ Additionally, he hoped that Canada's contribution to a potential war could be as a supplier of military equipment and munitions, rather than a provider of men in an overseas force.¹¹

The production of Canadian munitions for export required new export controls, especially if the government were to avoid being labelled a "Merchant of Death." The first comprehensive legislation restricting the sale of military goods from Canada was a 1937 amendment to the

⁷ Morton, *A Military History of Canada*, 174.

⁸ Haycock, "Policy, Patronage and Production: Canada's Public and Private Munition Industry in Peacetime, 1867-1939," 82.

⁹ Morton, *A Military History of Canada*, 177; Haycock, "Policy, Patronage and Production: Canada's Public and Private Munition Industry in Peacetime, 1867-1939," 85, 87.

¹⁰ Haycock, "Policy, Patronage and Production: Canada's Public and Private Munition Industry in Peacetime, 1867-1939," 87-88.

¹¹ Haycock, "Policy, Patronage and Production: Canada's Public and Private Munition Industry in Peacetime, 1867-1939," 86.

Customs Act, a change ostensibly intended to control the transfer of Canadian military equipment to the combatants of the Spanish Civil War.¹² By prohibiting the export of arms and military equipment from Canada without a permit from the Minister of National Revenue, the amendment provided Cabinet-level supervision over Canadian participation in the arms trade in general, not just in regard to transfers to Spain.¹³ This change aligned Canadian policy with a general consensus among industrialized nations that governments had a responsibility to control the domestic production and export of arms.¹⁴ However, the process for approving export permit applications was conducted largely on an *ad hoc* basis in those early years, since the number of potential transactions was so small. Pre-war Canadian military exports consisted entirely of British orders and could be counted on one hand: the Bren guns from the Inglis company, anti-aircraft shells from National Steel, and orders for 100 machine-gun carriers, 800,000 lbs. of TNT, and 100 25-pounder field guns.¹⁵

During the Second World War, Canadian production of military equipment and supplies exploded. By 1945, Canadian factories had built some 9,000 ships, 850,000 military-patterned vehicles, 1.5 million firearms, and 4.4 billion rounds of small arms ammunition – and 70 percent of all war production had been exported overseas as Mutual Aid to Canada’s allies.¹⁶ This proliferation had led, by 1941, to the creation of the Export Permit Branch within the Department

¹² John Lamb, *The Quiet Erosion of an Ideal: Signs of Drift in Restrictive Arms Export Policies*. 1983, The Canadian Centre for Arms Control and Disarmament, Unpublished, 278.

¹³ Jean-Francois Rioux, “Canadian Controls on the Export of Arms and Strategic Goods,” Canadian Institute for International Peace and Security, Background Paper 37, August 1991: 2.

¹⁴ Jennifer Lynn Erickson, *Dangerous Trade: Arms Exports, Human Rights, and International Reputation* (New York: Columbia University Press, 2015), 49-51.

¹⁵ C.P. Stacey, *Arms, Men and Governments: The War Policies of Canada, 1939-1945* (Ottawa: National Defence, 1970), 104.

¹⁶ Alex Souchen, “Peace Dividend: The War Assets Corporation and the Disposal of Canada’s Munitions and Supplies, 1943-1948” (PhD Dissertation, University of Western Ontario, 2016), 12; 21.

of Trade & Commerce, which was given responsibility for evaluating all export applications from Canadian suppliers and issuing export permits.¹⁷ Canadian participation in several wartime defence agreements, most notably the Hyde Park Declaration of 1941, created a continental defence base integrating American and Canadian military producers that greatly expanded the Canadian trade in military goods. These agreements would form the basis of later defence partnerships (such as NORAD), providing a continuing market for Canadian military production in the post-war world.¹⁸ In return for this unprecedented access, the Canadian government largely bound itself to American defence policy, especially American military export policy, and excluded all military exports to the US from the general requirement for export permits.¹⁹

By spring 1944 the Canadian government had begun disposal operations of military surplus under the operation of the War Assets Corporation (WAC), a crown entity tasked with the efficient liquidation of all such materials and excluded from the requirement for export permits.²⁰ In many cases, this liquidation involved goods that were obviously civilian in nature, or operated as a polite euphemism for dumping ammunition directly into the ocean.²¹ Government policy required that actual munitions, such as surplus artillery and naval guns, be

¹⁷ House of Commons Standing Committee on Banking and Commerce, 13 March 1947, 20 Parliament, 3 Session, v.1, 202.

¹⁸ Ernie Regehr, *Making a Killing* (Toronto: McClelland and Stewart, 1975), 17-18.

¹⁹ Technically, all war supplies exported by the Canadian government due to the “exigencies of war or requirements of the Allies” were exempted, but the salient Order in Council was specifically intended to exempt exports to the US and UK. L.D. Wilgress to N.A. Robertson, 26 June 1941, RG25 v.1952, file 836-U-39 p.2, LAC.

²⁰ Christopher Richard Kilford, “The Other Cold War: Canadian Military Assistance in the Developing World” (PhD Dissertation, Queen’s University, 2009), 101; Kennedy, J., *History of the Department of Munitions and Supply: Canada in the Second World War*. (Ontario: E. Cloutier, King’s Printer and Controller of Stationery, 1950), 474

²¹ A.D.P. Heeney to R.A.C. Henry, 18 August 1945, RG28 v.856, Cabinet Conclusions and Directives 1, LAC.

mutilated prior to being sold so they could not be used “for their original purpose.”²² This policy also applied to small arms, rifles, and machine guns, which were mutilated and sold as scrap due to the high cost of keeping operable weapons under guard.²³ Even sales of unarmed surplus aircraft to South America required special scrutiny from the Minister of Munitions and Supply and the Minister of External Affairs.²⁴ However, as surplus munitions piled up in government warehouses and supply dumps, so did the incentives for WAC to loosen restrictions and pursue international markets.

The supply dumps in Europe weren’t the problem. It was a given by early 1945 that Canadian surplus in Europe would be sold intact to the European power in whose borders it resided.²⁵ Neither, surprisingly enough, was the allure of the American market. By February 1944 Canadian and US officials had agreed to fight speculation through an informal policy of non-competition.²⁶ Neither would entertain bids on surplus from buyers in the other country, except by mutual consent.

It was the goods piling up on Canadian shores, the planes on Canadian airfields, and the boats in Canadian harbours that caused the most dissension between the government branches responsible for processing and disposing of this surplus (WAC, the Mutual Aid Board, and the Department of Munitions and Supply), and those tasked with assessing the political consequences of arms trading (the Department of External Affairs). In September 1945, the

²² J.H Berry to C.D. Howe, 30 September 1944, RG28 v.132, file 3-C-34 p.3, LAC.

²³ C.D. Howe to A.D.P. Heeney, 5 December 1945, RG2, v.121, file W-45, LAC.

²⁴ J.G. Godsoe to S.D. Pierce, 23 September 1944, RG19 v.388, file 101-102-34-1A-1, LAC.

²⁵ This was partly pragmatic, since the government suspected that the war-ravaged European hosts would not allow valuable surplus (military or not) to be exported. “Crown Assets Allocation Committee – Recommendation for the Disposal of Surplus Canadian Property, becoming surplus within the territorial limits of any Allied Nation,” 22 January 1945, RG28 v.133, file 3-C-34 p.4, LAC.

²⁶ J.G. Godsoe to S.D. Pierce, 23 September 1944.

Mutual Aid Board drafted a letter directing Canadian trade commissioners abroad to begin peddling a list of surplus ordnance and ammunition to foreign buyers, prompting backlash from officials within EA.²⁷ The matter was brought to Cabinet, which decided to consult both London and Washington regarding their policies on the sale of surplus arms. The Americans, it was discovered, had frozen all potential sales of arms and ammunition in anticipation of a UN Security Council decision on arms trading.²⁸ The British, by contrast, were evaluating potential sales on a case-by-case approach, and had already completed transactions in Europe and the Middle East.²⁹

The results of these consultations created a dilemma for External Affairs. On one hand, the department had no desire to face the political complications of selling arms abroad. On the other, EA officials didn't want "to impose restrictions on the disposal of Canadian surplus or production to a greater extent than may be imposed by other potential suppliers."³⁰ As Pearson would later sermonize in a letter to Canadian offices abroad, "it appeared that the Canadian government, thought it might lose much by an embargo on the export of arms, could not hope, by adopting such an embargo, to make any major contribution to world peace."³¹ This competitive commercial impulse would become the key argument for liberalizing Canadian military export policy in the coming years as the government sought ways to reconcile its multilateral ideals with the pragmatic realities of the post-war world.

²⁷ N.A. Robertson to G.R. Heasmen, 14 September 1945, RG2 v.121, file W-45-1, LAC.

²⁸ WA-4879, 19 September 1945, RG2 v.121, file W-45-1, LAC.

²⁹ NO. 2949, 10 October 1945, RG2 v.121, file W-45-1, LAC.

³⁰ EX-3349, 17 September 1945, RG2 v.121, file W-45-1, LAC.

³¹ L.B. Pearson, "Circular Document No. A.115," 1 May 1948, reprinted in *Documents on Canadian External Relations* (DCER), v.14 (Ottawa: Canada Communication Group, 1994), 1188-1190.

At the end of September, Cabinet ruled that both military aircraft and naval vessels could be sold abroad, but only once “armament and armament emplacements” were removed.³² A month later, WAC and EA agreed that other “purely warlike and offensive” military equipment could also be marketed abroad, but any potential sales would need to be cleared with EA officials prior to an agreement being made.³³ This was a significant concession from both parties. EA would tolerate certain sales of weapons and ammunition in exchange for the capability to veto others. WAC, which had been granted the ability to export surplus without permits in August, would sacrifice a portion of its hard-won autonomy to inter-departmental consultation.³⁴

Canada thus entered the post-war period with a rather convoluted military export policy involving a system of export permits, a crown corporation that was technically exempt from permit requirements, and a rather hazy conception of what *was* and *was not* military equipment. By 1946, Canadian officials would claim that the country maintained a rudimentary system requiring “review by the government of each individual proposal for sale of arms to foreign governments (other than the United Kingdom and the United States).”³⁵ However, this system was neither articulated in a formal policy, nor consistently applied. Requests for military equipment reached the government in a variety of ways and were generally relayed to External Affairs to be reviewed at the departmental level. Potential sales endorsed by Canadian officials within EA were then forwarded to Cabinet, since, at least in those early years, arms trading was still sufficiently novel and controversial to require the highest level of governmental scrutiny.

³² EX-3349, 17 September 1945.

³³ A.E. McMaster to H.H. Wrong, 31 October 1945, RG25 v.3732, file 5979-G-40, LAC.

³⁴ A.D.P. Heeney to R.A.C. Henry, 8 August 1945, RG2 v.35, file C-20-2 p.2., LAC; A.D.P. Heeney, “Memorandum to Cabinet: Procedure Regarding Disposal of Surplus Crown Assets,” 31 July 1945, RG2 v.121, file W-45, LAC.

³⁵ Cabinet Conclusions, “Sale and export of arms to foreign governments,” 24 May 1946, RG2, v.2638, LAC.

Initially very few requests were considered advantageous enough to justify the risks of dabbling in the arms trade, at least according to the cautious Mackenzie King government. Officials within External Affairs initially considered it self-evident that Canada would avoid most military exports until the UN Security Council had fulfilled its promise under Article 26 of the UN Charter to establish an international system “for the regulation of armaments.”³⁶ Yet eventually, frustrated by Security Council inaction, burdened by a surplus of military materials from the war, and compelled by a lack of hard currency, the government became increasingly interested in the commercial potential of arms sales. This interest, in turn, required decisions regarding *what* Canada was prepared to export, *to whom* it would sell, and in *which* circumstances these considerations would change.

In general, the primary consideration of this proto-policy was to maintain strict alignment with American and British military export policy, and thereby avoid irritating either of Canada’s major allies, exposing Canada to international embarrassment, or losing privileged access to the American defence market. This alignment meant that Canadian policy was largely subjugated to the strategic interests of Washington and London as they sought to shape the post-war world, both in creating a western alliance against communism and in establishing their own spheres of interest. For example, from 1942 onward, Canada participated in an informal “gentleman’s agreement” between the US and the UK to prevent the export of military equipment to Argentina, and began regular consultations with both allies regarding military exports to Latin America broadly.³⁷ Canadian military export opportunities to the Middle East were likewise

³⁶ N.A. Robertson, “Sale of Armaments (Including Ammunition and Implements of War) to Foreign Governments,” 30 April 1946, reprinted in *Documents on Canadian External Relations* (DCER), v. 12 (Ottawa: Canada Communication Group, 1977), 1972-1973.

³⁷ Jean-Pierre Marchant, “The (Im)Polite World of Diplomacy: Canadian Arms Sales to Argentina and other Latin American Countries, 1945-1957” (Masters Thesis, University of

constrained by the historical alliances between the UK and various Arab states, as well as the nascent US-Israeli connection.³⁸ Still, like Canada, neither the US nor the UK implemented a general military export policy for several years in the immediate post-war period, resulting in increasing frustration within External Affairs as officials tried to maintain policy alignment with evolving perspectives in London and Washington. As an additional complication, Canada had been a key wartime supplier of British munitions, which were incompatible with American-pattern equipment.³⁹ Consequently, when the Canadian government began to seek markets for its military surplus after the war, it naturally targeted Commonwealth and British-dominated markets.

The first major post-war transfers of military equipment were not technically export deals at all, but instead (as mentioned above) the liquidation of massive supply caches and equipment dumps in Europe. In the summer of 1945, for example, the Dutch requested enough clothing, equipment, and weapons from Canadian stockpiles to outfit two infantry divisions and one armoured division.⁴⁰ While that order was initially too big to swallow, by the fall the government had sold \$7 million in surplus clothing and equipment to the Netherlands, as well as an unspecified value in military vehicles and munitions.⁴¹ Still, this golden opportunity to offload deteriorating and depreciating war surplus on foreign soil presented a dilemma to the risk-averse

Calgary, 2005), 12.

³⁸ Barry Bristman, "'In the Strategic Interests of Canada: Canadian Arms Sales to Israel and other Middle East states, 1949-1956" (PhD Dissertation, University of Calgary, 1991), 10-14.

³⁹ Souchen, "Peace Dividend: The War Assets Corporation and the Disposal of Canada's Munitions and Supplies, 1943-1948," 20-21.

⁴⁰ SSEA to Pierre Dupuy, No. 52, 6 July 1945, RG25 v.3732, file 5979-G-40, LAC. (The reference to "Belgium" in the first paragraph of this letter should read "Netherlands")

⁴¹ A.D.P. Heeney, "Minutes of a Meeting of the Committee of the Privy Council," 4 October 1945, RG25 v.3732, file 5979-G-40, LAC; C.C. Douglas, "CFN Disposal Release No. 8," 18 October 1945, RG24 v.10621, file D178, LAC.

King government. While WAC, under the direction of the Canadian Minister of Reconstruction, C.D. Howe, was desperate to rid itself of the liability, the Canadian surplus had apparently outfitted one of the three Dutch divisions being sent to fight a controversial colonial war in Indonesia.⁴²

The war turned the Dutch into the most prolific customers WAC could have ever hoped for. In late March 1946, Cabinet approved the transfer of all remaining Canadian surplus in the Netherlands to the Dutch government as part of a final settlement of war debts between the two countries.⁴³ When the Dutch requested ammunition compatible with the new equipment a month later, C.D. Howe, Minister of Reconstruction and Supply, observed that refusing this request after allowing the others would be extremely difficult, despite the situation in Indonesia.⁴⁴ The sale, the first from current Canadian production rather than war surplus, was subsequently approved.⁴⁵

However, because of international outrage over the Indonesian conflict, the US and UK had begun evaluating Dutch requests for military equipment according to their alleged destination.⁴⁶ Equipment to be used in Europe was eligible for export while equipment intended for use in the East Indies was not. While Cabinet approved the export of 118 armoured trucks to

⁴²Souchen, "Peace Dividend: The War Assets Corporation and the Disposal of Canada's Munitions and Supplies, 1943-1948," 326-27; David Webster, *Fire and the Full Moon: Canada and Indonesia in a Decolonizing World* (Vancouver: UBC Press, 2010), 16.

⁴³ At that point, the remaining surplus' original value of \$80 million had sunk to around \$25 million. Privy Council Office, "Disposition of Canadian War Surplus Abroad," 26 March 1946, v.65, C-20-5, LAC; Alex Souchen, *War Junk: Munitions Disposal and Postwar Reconstruction in Canada* (UBC Press, 2020), 121.

⁴⁴ Cabinet Conclusions, "Sale and Export of Arms to Foreign Governments," 24 May 1946, v.2638, LAC.

⁴⁵ Although never completed. The Dutch government considered the price untenable. Louis St. Laurent, "Export of Arms from Current Production," 25 March 1948, RG2 v.66, file C-20-5, LAC.

⁴⁶ Escott Reid, "Export of Armaments from Canada," 2 April 1947, in *DCER*, v.13, 1588-1594.

the Dutch in October 1946, this would prove to be the last Canadian military transfer made without similar end-use guarantees.⁴⁷ In December, when the Dutch requested 10,000 Sten submachine guns and 100,000 magazines for policing in Indonesia, they were promptly refused on the basis that the arms “would be used to pacify the native population.”⁴⁸ In the words of R.M. Macdonell of External Affairs’ Third Political Division, allowing the sale might subject the Canadian government to “severe domestic and international criticism for supplying these arms, and such supply might prejudice for a long time our commercial relations with Indonesia.”⁴⁹ Canadian officials therefore attempted to walk a fine line between providing military equipment to an ally and backing a deeply unpopular colonial war.

The arrival of requests for armaments from other countries in 1946, including China, Argentina, Mexico, and the Dominican Republic, required further clarification of Canadian policy. External demand was matched by internal pressure to export; while Canada had dealt with most of its war surplus in Europe by May 1946, large quantities of depreciating material remained on Canadian soil.⁵⁰ The “entrepreneurial” and “managerial” C.D. Howe, in his capacity as Minister of Reconstruction and Supply, had fought hard to ensure the flow of munitions and supplies during the war.⁵¹ Those same skills now made him the foremost advocate of military exports in Cabinet, and frequently caused him to butt heads with St. Laurent on the issue.

⁴⁷ Cabinet Conclusions, “Export of Armaments; Sale of Armoured Trucks to Netherlands,” 30 October 1946, RG2 v.2639, file A-5-a, LAC.

⁴⁸ Escott Reid, “Export of Armaments from Canada,” 2 April 1947 in *DCER*, v.13, 1592.

⁴⁹ R.M. Macdonell, “Memorandum to Economic Division,” 7 January 1947, RG25, v.4075, file 11044-b-40 p. 1, LAC.

⁵⁰ Alex Souchen, “Peace Dividend: The War Assets Corporation and the Disposal of Canada’s Munitions and Supplies, 1943-1948,” 330.

⁵¹ James Eayrs, *In Defence of Canada: Peacemaking and Deterrence* (Toronto: University of Toronto Press, 1972), 9.

Three possible options were presented to Cabinet, as outlined in a memorandum from Norman Robertson, Under-Secretary of State for External Affairs.⁵² First, Canada could maintain its present course and refuse to sell arms, except to countries with whom Canada had an “exceptionally close political relationship” and a “community of defence interest,” like the US and the UK. This would require Canada to sacrifice significant commercial opportunities to countries with fewer scruples – a group which was also suspected to include the US and the UK.⁵³ Second, Canada could follow the US in allowing sales to certain other countries like Brazil and Mexico, while refusing others – a policy which would invite charges of discrimination. Third, Canada could sell freely to all countries, creating immediate diplomatic and domestic backlash far beyond the value of the exports themselves. Robertson recommended that Canada continue to follow the first course because of the uncertain profitability and possible risk of the other options.⁵⁴

After a discussion on May 24, 1946, Cabinet decided that the current policy of government review of all potential exports should “be continued.”⁵⁵ However, while this decision was framed as a continuation of existing policy, it actually constituted a significant departure. As EA official Dorothy Burwash argued, “the phrasing of the Cabinet decision on this matter does not seem to square exactly with the fact.”⁵⁶ Prior to May 1946, the government had

⁵² N.A. Robertson, “Sale of Armaments (Including Ammunition and Implements of War) to Foreign Governments,” 30 April 1946, *DCER*, v.12, 1973.

⁵³ By 1946 Washington had abandoned its wartime freeze on military exports, although it still maintained a more restrictive policy than the British.

⁵⁴ Robertson argued that the government “could count on a good deal of United States diplomatic opposition if the equipment we were trying to sell was of United Kingdom type and standard,” and that “it would be a pretty unprofitable business selling United States type and standard equipment” at competitive prices.

⁵⁵ Cabinet Conclusions, “Sale and Export of Arms to Foreign Governments,” 24 May 1946.

⁵⁶ H. D. Burwash, “Memorandum for Mr. Wrong – Export of Arms and Ammunition,” 29 May 1946, RG25 v.4440, 50000-40 p.1, LAC.

generally refused to sell arms to other countries, making only three exceptions for very specific reasons. “Under the old policy,” Burwash noted, “we should probably have refused all these [new] requests.” Yet refusal, informed by a strict continuation of existing policy, did not seem to be the intention of the Cabinet decision.

Robertson had asked Cabinet for a decision on *policy*, yet what he got in response was a ruling on *protocol*. When pressed for clarification, Assistant Secretary to the Cabinet John Baldwin explained that Cabinet neither wished to completely ban the sale of arms and ammunition to other countries, nor to have such sales take place without its knowledge.⁵⁷ Cabinet had quietly abandoned the convention that Canada would *only* sell arms to close allies like the US and the UK, and instead embraced Robertson’s second option: the possibility of mimicking British and American policy through export sales to certain friendly countries if such sales were perceived to align with Canadian interests. Cabinet’s ruling on *protocol* was therefore indeed a ruling on policy, albeit disguised to obscure the importance of this change.

To make things more confusing, the ruling also created numerous protocol changes. First, it formalized the practice of screening military export applications through EA officials either at Canadian posts abroad or in Ottawa.⁵⁸ Second, it formalized Cabinet review of all potential military transfers which passed this screening, but only once they had also received consultation from Trade & Commerce and National Defence.⁵⁹ Although Cabinet consultation was required to *approve* potential military exports from Canada, EA officials were thereby given authority to

⁵⁷ J.R. Baldwin, “Memorandum to Mr. Heeney,” – June 1946, RG25, v.6272, file 11044-40 p. 1.1, LAC.

⁵⁸ H. Wrong, EX-1490, 7 June 1946, in *DCER*, vol.12, 1946, 1975.

⁵⁹ Although the Department of Trade and Commerce was officially responsible for issuing all export permits for Canadian goods by 1946, trade officials generally referred military export cases to their counterparts in External Affairs for a political assessment, as well as National Defence for a strategic assessment.

preemptively *reject* cases that they felt were clearly inadvisable without further consultation.

This is why, for example, there is no Cabinet record of the rejection of the 1947 request from the Netherlands for 10,000 Sten guns to be used by Dutch forces in Indonesia – it was dealt with entirely at the official level and never reached Cabinet.⁶⁰

The new policy was tested a month later, when Cabinet approved the sale of six million ammunition cartridges to the Netherlands while rejecting the sale of eleven demilitarized frigates and accompanying armaments to the Chinese.⁶¹ Since both potential customers were involved in controversial wars, and the decision had been reached at the same Cabinet meeting, the juxtaposition recalled Robertson's warning about the perils of discrimination. The May policy amendment might have opened new markets to potential Canadian military exports, but it hadn't provided Canadian officials with any criteria for evaluating these markets within the wider context of Canadian foreign policy. Additionally, the government's vacillation on the status of demilitarized frigates – which were generally considered non-military equipment when sold to American private brokers but were denied to the Chinese because of their military potential – created further ambiguity.⁶²

⁶⁰ Escott Reid, "Export of Armaments from Canada," 2 April 1947 in *DCER*, v.13, 1592.

⁶¹ Cabinet Conclusions, "Sale and Export of Arms to Foreign Governments," 27 June 1946, v.2638, LAC.

⁶² To be fair, Baldwin later claimed in a letter to C.D. Howe that Cabinet had only refused the sale of the accompanying armaments, not the frigates themselves. Later in the summer, after being informed by the UK that the Chinese were requesting the British arm the frigates to circumnavigate the Canadian refusal, Cabinet discussed the sale a second time. It was decided to tell the British that the Canadian government "had refused to sell arms and ammunition to China for the frigates in question and that the frigates would not be permitted to leave Canadian waters bearing arms or ammunition." However, despite this cryptic response, no sale of frigates or armaments was ever completed.

J.R. Baldwin to C.D. Howe, 26 July 1946, RG2, v.86, file M-30-2, LAC; "Memorandum from Assistant Secretary to the Cabinet to Acting Under-Secretary of State for External Affairs," 2 August 1946, in *DCER*, v.12, 1886-1887.

The Canadian reluctance to export demilitarized frigates to the Chinese was inconsistent not only with its approval of ammunitions exports to the Dutch, but also with its existing military export policy regarding China. In early 1946, the Canadian Mutual Aid Board had extended \$60 million in credit to the Chinese Nationalists, of which \$25 million was to be used to purchase military supplies ordered from Canada under the Mutual Aid program during the war, but never actually delivered.⁶³ This decision was opposed by External Affairs on the grounds that Canada could be perceived as interfering in a civil war, but these concerns were overruled by the Prime Minister at the request of C.D. Howe and the Department of Reconstruction.⁶⁴ Thus, in March 1946, the Mutual Aid Board approved a shipment of \$3.4 million in small arms, including 11,000 Bren machine guns to the Nationalists.⁶⁵ Yet in June, further Chinese orders for the 11 frigates and 100 million rounds of Bren ammunition were rejected because of the “seriously deteriorated” situation in China.⁶⁶ Canadian policy therefore evolved to allow the shipping of military equipment to the Chinese nationalists which had been ordered under the wartime Mutual Aid program, and reject orders for military equipment that had not.⁶⁷ Since the UK and the US had imposed an unofficial arms embargo on China in August 1946, this constituted one of the few times that Canada intentionally broke ranks on military export policy with its two principal allies.⁶⁸

⁶³ Kim Richard Nossal, "Business as Usual: Canadian Relations with China in the 1940s," *The Historical Papers / Communications historiques* 13, no.1 (1978): 139-41.

⁶⁴ Nossal, "Business as Usual: Canadian Relations with China in the 1940s," 141-42.

⁶⁵ "Sale of 100,000,000 Rounds of Bren Gun Ammunition to the Chinese," 27 June 1946, RG2, v.86, M-30-2, LAC; Nossal, "Business as Usual: Canadian Relations with China in the 1940s," 142.

⁶⁶ "Sale of 100,000,000 Rounds of Bren Gun Ammunition to the Chinese," 27 June 1946.

⁶⁷ Nossal, "Business as Usual: Canadian Relations with China in the 1940s," 142.

⁶⁸ Souchen, "Peace Dividend: The War Assets Corporation and the Disposal of Canada's Munitions and Supplies, 1943-1948," 331.

Howe and SSEA Louis St. Laurent fought a running battle on the issue which continued into 1947. In April, St. Laurent finally convinced Cabinet to embargo all further arms exports to China, even as Howe successfully exempted equipment needed for a small ammunitions production plant.⁶⁹ Yet even this limited victory for St. Laurent and External Affairs was short-lived. A month later, the Americans decided to relax their embargo as the civil war turned against the Nationalists.⁷⁰ Without American support, a Canadian embargo was out of the question. Bureaucratic battles over military exports to China, leading to contradictions in policy and practice, would continue in the following years until the collapse of the Nationalist position in 1949.

Cultivating Innocence

The 1946 decision on Canadian military export policy also failed to acknowledge the two most obvious loopholes in Canada's export regime: a permissive posture on the export of dual-use equipment and a reliance on American brokers to reduce Canadian culpability.⁷¹ In September 1945 alone, WAC sold 24 corvettes to the United Ship Corporation in New York, at least 12 of which were immediately resold to countries in Latin America.⁷² Yet none of these naval vessels were acknowledged as military equipment requiring a military export permit by the Canadian government, both because the frigates had been stripped of arms and ammunition and

⁶⁹ Privy Council Office, "Policy Regarding Export of Arms (Report of the Cabinet Committee on External Trade Policy), 14 April 1947, no.437, R165 v.66, file C-20-5, LAC.

⁷⁰ Louis St. Laurent, "Memorandum from Secretary of State for External Affairs to Cabinet," 23 August 1947, in *DCER*, v.13, 1625.

⁷¹ Souchen, "Peace Dividend: The War Assets Corporation and the Disposal of Canada's Munitions and Supplies, 1943-1948," 332.

⁷² Souchen, "Peace Dividend: The War Assets Corporation and the Disposal of Canada's Munitions and Supplies, 1943-1948," 333.

because WAC had been given general permission to export surplus equipment without permits.⁷³ In fact, when Pearson later requested that WAC provide details of all exports of “arms, ammunition, and armoured equipment” by the corporation since the war, he was informed that only two such transactions had occurred: a small sale of 9mm pistols and ammunition to Mexico, and the Chinese transfer facilitated by the Mutual Aid Board in March, 1946.⁷⁴ The sale of dozens of demilitarized frigates didn’t merit a mention.

Both WAC and the government were aware that the American market was not the final destination for the frigates.⁷⁵ Throughout the next year, Canadian officials energetically pursued the argument that they had no responsibility for exports to other countries brokered by American middlemen. In the words of one official, “we felt that once a corvette, or a Catalina or whatever it might be, came into the hands of a United States corporation or company, it became the business of the United States authorities to see that such equipment was not sold to undesirable purchasers.”⁷⁶ Laundering surplus Canadian equipment through American brokers therefore became a significant preoccupation of the WAC during the immediate post-war years.

WAC also concluded several direct transfers of “demilitarized” equipment to Latin America, generally operating without Cabinet consultation because of the ambiguous nature of

⁷³ Christopher Richard Kilford, "The Other Cold War: Canadian Military Assistance in the Developing World," 100-01.

⁷⁴ R.P. Saunders to L.B. Pearson, 9 April 1947, RG25, v.6272, file 11044-40 p.1.1, LAC.

⁷⁵ As mentioned above, WAC and its American equivalent had previously reached a gentleman’s agreement to stay out of the other’s domestic market. In 1946, WAC president J.H. Berry defended equipment sales to American brokers during a session of the Special Committee on War Expenditures and Economies by noting “these ships were sold to a US company, but not for use in the U.S...They may have been sold to the Mexican market or to some other south American interest, or to Greece; I do now know.” 11 June 1946, House of Commons Special Committee on War Expenditures and Economies, 20 Parliament, 2 Session, 1: 689.

⁷⁶ Thomas Stone, WA-2947, 25 July 1946, in *DCER*, vol. 12, 1984.

the goods in question.⁷⁷ In 1946, Canada sold nearly \$1 million in aircraft parts to Argentina, and WAC transferred a number of Catalina aircraft to a private Argentine buyer (who immediately resold them to the Argentine navy).⁷⁸ Once again, Canadian officials did not classify these exports as military equipment – even if the Argentine navy obviously disagreed.

The official explanation for reclassifying the corvettes and Catalinas was that they had been “demilitarized” prior to their departure from Canada, and that they constituted “dual-use” equipment that could be used for civilian purposes. Both of these positions proved conveniently naïve and were quickly contradicted by facts on the ground. Demilitarization required an asset to be stripped of weapons and ammunition, as well as certain sensitive technologies like radar, prior to sale.⁷⁹ However, as was blatantly obvious to the Latin American buyers, the removal of its armaments did not magically transform a corvette into a yacht, nor prevent boats and planes from being rearmed in the future. Several governments which had purchased demilitarized assets immediately approached the Canadian government with requests for the munitions to rearm them – an indication that those governments did not intend to put them to civilian use.⁸⁰ Although Canadian officials denied these requests, the frequency with which “demilitarized” Canadian vessels and aircraft reappeared in Latin American militaries contradicted the official position that those assets were no longer military in nature.⁸¹ Nearly \$18 million in former Canadian military

⁷⁷ Souchen, "Peace Dividend: The War Assets Corporation and the Disposal of Canada's Munitions and Supplies, 1943-1948," 335.

⁷⁸ Marchant, "The (Im)Polite World of Diplomacy: Canadian Arms Sales to Argentina and other Latin American Countries, 1945-1957," 41.

⁷⁹ Escott Reid, "Export of Armaments from Canada," 2 April 1947, in *DCER*, v.13, 1947, 1588-1594.

⁸⁰ Escott Reid, "Export of Armaments from Canada," 2 April 1947, 1591-92; EX-1542, 17 June 1946, in *DCER*, v.12, 1946, 1978-1979; Hume Wrong, EX-1490, 7 June 1946, in *DCER*, v.12, 1946, 1975.

⁸¹ The requests for armaments were so frequent that in June 1946 Acting Under Secretary of State Sydney Pierce requested that WAC inform his department of all enquiries for demilitarized

aircraft, naval vessels, trucks and other equipment was sold directly or indirectly to Latin America from 1945 to 1947 – a significant transfer that was conveniently ignored by Canadian officials in assessments of Canadian participation in the global arms trade.⁸²

However, these sales were not without controversy. The first attempted sale of a demilitarized corvette to Argentina, the *HMCS Barrie* in 1945, was held up by consultations with the US State Department for almost a year.⁸³ In May 1946, the State Department also complained to the Canadian Embassy in Washington about the activities of Dominican dictator Rafael Trujillo, who had used a demilitarized Canadian corvette to transport a load of arms and ammunition from Brazil.⁸⁴ In June of the same year, Cabinet rejected the sale of demilitarized frigates to the Chinese Nationalists after the Chinese expressed their intention to procure arms and ammunition for the vessels from either Canada or the British. This rare admission that demilitarized vessels might indeed remain military equipment was inspired by the possibility that “in view of the political situation in China, the frigates might be used in civil war, and the Canadian government might be accused of backing one side against the other.”⁸⁵ In July, officials within the US State Department attempted to discourage the sale of demilitarized

war vessels, or inspection visits by foreign naval or military officers. Without such warning, EA was “apt to be taken unawares” by the subsequent requests for armaments, and therefore waste time in investigation. Pierce to J.H. Berry, 13 June 1946, RG25 v.440, 50000-40 p.1, LAC.

⁸² Marchant, “The (Im)Polite World of Diplomacy: Canadian Arms Sales to Argentina and other Latin American Countries, 1945-1957,” 45.

⁸³ Marchant, “The (Im)Polite World of Diplomacy: Canadian Arms Sales to Argentina and other Latin American Countries, 1945-1957,” 22.

⁸⁴ Harry Scott, WA-2072, 16 May 1946, in *DCER*, v.12, 1946, 1974.

⁸⁵ Cabinet Conclusions, “Sale and Export of Arms to Foreign Governments,” 27 June 1946, v.2638, LAC; Hume Wrong, “Memorandum from Acting Under-Secretary of State for External Affairs to Assistant Secretary to the Cabinet,” August 1, 1946, in *DCER*, v.12, 1946, 1884-85.

corvettes to Argentina by WAC because, in their opinion, corvettes were “not suitable for any kind of commercial work.”⁸⁶

Nonetheless, the “dual-use” alibi was an essential tool for Canadian officials seeking to deflect responsibility for these controversies while continuing to permit the export of surplus military equipment abroad. In practice, it consisted of two interrelated arguments. First, Canada mirrored US policy in requiring an assurance that equipment would not be used for military purposes and commonly referred to this practice when justifying specific sales. For example, in June 1946, Mackenzie King instructed the Canadian Ambassador in Washington to defend the sale of Catalinas to Argentina by explaining that “the Canadian authorities did endeavour to ascertain the final destination of [the aircraft] sold by War Assets Corporation and, so far as could be judged, they were consigned to private hands.”⁸⁷ Privately, officials were less than sanguine about the value of these assurances, especially when they came from totalitarian regimes. As one Canadian embassy official in Washington noted, “I don’t really think much of the value of any investigation that we might make in the Argentine as to the end use because if a dictator needs something to remain in power he is certainly going to take it.”⁸⁸ Even SSEA Lester Pearson, in a circular document sent to Canadian posts abroad in May 1948, admitted that while Canadian policy sometimes required certain assurances and end use agreements, “it has nevertheless been our experience that neither this nor any other expedient is really effective in

⁸⁶ Thomas Stone, WA-2947, 25 July 1946, in *DCER*, v.12, 1946, 1983.

⁸⁷ King, “Draft Telegram from Secretary of State for External Affairs to Ambassador in United States,” 27 June 1946, in *DCER*, v.12, 1946, 1979-1980.

⁸⁸ Thomas Stone, “Counsellor, Embassy in United States, to Head, Economic Division,” 22 July 1946, in *DCER*, v.12, 1946, 1982-83.

controlling the end use made of Canadian equipment abroad. It is not our view that we can accept responsibility for the end use.”⁸⁹

Second, Canadian officials often justified military exports on the grounds that the equipment in question was obsolete, and therefore inadequate for military purposes. The possibility that obsolescence might remain in the eye of the beholder seems to have occurred to External Affairs only gradually – and only in the face of overwhelming evidence. In September 1946, having recovered from the embarrassment of the first export of Catalinas, St. Laurent wired Ambassador Hume Wrong in Washington to ask if the State Department should be consulted over a second sale of 14 aircraft to Argentina.⁹⁰ In a remarkable bit of reasoning, St. Laurent argued that although the planes were “obsolete for combat use” a consultation might be necessary because the potential customer was the Argentine Naval Commission. Why the Argentine Navy wished to buy obsolete demilitarized goods was not something St. Laurent wished to dwell upon, since the answer would have required the government to acknowledge two inconvenient truths. First, that it was indeed selling military equipment in Central and South America, and second, that its customers were not limited to “exceptionally close allies” as claimed by the Cabinet decision in May.

Once again, Pearson’s circular in 1948 acknowledged the failure of this approach, even as Canadian exports increased in both quantity and dispersal. As Pearson noted:

There have been times when the exact degree of military significance to be attached to certain items, for example radar sets, parachutes, or obsolete training planes, was not easy to decide. In such cases, the political acceptability of the proposed recipient and the probable use to which the goods were to be

⁸⁹ Lester Pearson, “Circular Document No. A.115,” 1 May 1948, in *DCER*, v.14, 1948, 1188-1190.

⁹⁰ “Secretary of State for External Affairs to Ambassador in United States,” 12 September 1946, in *DCER*, v.12, 1946, 1985.

put were frequently the factors which determined whether the sale should be authorized.⁹¹

Since Pearson later admitted the difficulty of determining the end use of the goods, this circular telegram seems to have relied on circular reasoning. However, because Canadian military export policy was now dependent upon the careful evaluation of each potential sale, it was essential that Pearson maintain departmental faith in the credibility of these evaluations. Previous failures therefore indicated a lack of analysis, rather than a fundamental problem with Canada's participation in the arms trade.

Apart from evading American and British restrictions on military exports to certain regions, WAC and External Affairs also exploited the category of "dual-use" equipment to end the hindrance of bilateral or trilateral consultations over potential exports. This position was partially the result of the practical difficulties involved in controlling dual-use goods, but it was also motivated by suspicions within EA that US and UK officials weren't honouring their end of the bargain. In June 1946, King instructed the Canadian embassy in Washington to propose that the two governments reach a new parallel military export policy that would allow them to cease consultation on the export of dual-use equipment, which caused "more harm than good."⁹² The proposal would not only make it harder for the State Department to police Canadian exports, but also end a practice which had basically operated only in one direction. As King noted, "to our knowledge, the United States has not consulted us in any instance involving a specific sale and, indeed, has failed even to advise us of major changes in United States policy."⁹³

⁹¹ Lester Pearson, "Circular Document No. A.115," 1 May 1948, 1189.

⁹² King, "Draft Telegram from Secretary of State for External Affairs to Ambassador in United States," 27 June 1946, *DCER*, v.12, 1946, 1980.

⁹³ King, "Draft Telegram from Secretary of State for External Affairs to Ambassador in United States," 27 June 1946, 1980.

Canadian officials were also given plentiful reasons to suspect that the Americans were weighing both political and commercial interests when advising EA officials on the suitability of certain sales. US policy regarding Argentina in 1946, for example, seemed intentionally vague, and led to accusations that the Americans were “forward selling,” or approving sales from American suppliers to the region before updating official policy.⁹⁴ Consultations regarding the Dominican Republic in 1947 led St. Laurent to “confess to a growing skepticism towards distinctions which seem so often to put US equipment in the saleable category while banning Canadian items.”⁹⁵ Canadian interest in continuing consultations therefore diminished through the remainder of the 1940s, except as a means of maintaining general alignment with US policy and deflecting Canadian responsibility for specific controversial exports deals.

Obviously, the May 1946 Cabinet decision on Canadian military export policy represented only an incomplete (and temporary) picture of Canadian military exports in practice. It did not acknowledge that Canada was radically expanding its role in the arms trade by exporting demilitarized naval vessels and aircraft through the WAC. It also ignored the export of these goods into new markets in Latin America, Europe, and China – a fact obscured by Canadian exploitation of the dual-use categorization and the inclusion of American brokers. Lastly, the 1946 decision was largely silent on how the commercial interests of potential exporters should be balanced against the inherent political risks of such exports, or what criteria

⁹⁴ In 1946 a British official in Washington informed his Canadian counterpart that both were being given the “run-around” by the State Department on Argentina, and would be informed that US military export policy had changed “24 hours after the contracts had been signed for arms and ammunition.” In other words, he suspected the State Department was running interference against British and Canadian competition in the Argentine market.

Thomas Stone, “Counsellor, Embassy in United States, to Head, Economic Division,” July 22, 1946, 1982.

⁹⁵ Louis St. Laurent, EX-3039, 27 November 1947, in *DCER*, v.13, 1947, 1609.

should be used to evaluate the desirability of potential military exports. Cabinet had thus used requests for clarity from External Affairs as an opportunity to loosen Canadian restrictions on military exports. In doing so it had evaded the primary concern— the need for a coherent general policy – which had required Cabinet discussion in the first place.

Priming the Pump

By early 1947 Canadian military export opportunities were proliferating at a much greater rate than UN regulations, and EA was under pressure to allow more sales. In February the Department began re-examining its military export policy as the result of a decision to allow the sale of two surplus destroyers from WAC stocks.⁹⁶ By March, the destroyer sale had been joined on the Cabinet agenda by the potential sales of Mosquito aircraft to Argentina and ammunition and military equipment to China and the Netherlands.⁹⁷ Taken together, these potential sales helped escalate the policy re-examination begun in February into a full review.

As always, any changes to Canadian policy required consultations with the US State Department and UK Foreign Office. The initial reports from Canadian High Commissioner Norman Robertson, in London, and Ambassador Hume Wrong, in Washington, were disturbing. Both governments seemed to be conducting their own reviews on military export policies that struck Canadian officials as being very much in flux, as well as significantly more liberal than

⁹⁶ The disorganized nature of Departmental records make it difficult to tell who made this decision. WAC had requested a ruling on the destroyers as early as May 1946, yet it was not until February 1947 that Pearson cited a recent decision to allow the sale of the two vessels. There is no mention of such a decision in the Cabinet records.

“Memorandum for Mr. Heeney,” 23 May 1946, RG2, v.86, file M-30-2, LAC; L. Pearson to N.A. Robertson, 12 February 1947, RG25, v.6272, file 11044-40 p.1.1, LAC.

⁹⁷ Cabinet Conclusions, “Export of Arms; general policy; Sales to Various Countries,” 16 April 1947, v.2640, LAC.

their Canadian equivalent.⁹⁸ The Americans were engaging in significant arms sales to France, Portugal, the Netherlands, and Sweden, as well as various countries in South America. The UK had recently relaxed its embargo on military exports to Argentina without bothering to inform the Canadian High Commission in London, despite the two allies' reciprocal commitment to consultation. This relaxation, as explained by the Foreign Office, was the result of a British desire for hard currency, full employment, and their fair share of the arms export market in Latin America.⁹⁹ To Pearson, it indicated a significant escalation of Anglo-American competition in the arms market:

There seems to be the danger...of a race between the United States and the United Kingdom on the sale of armaments. This sort of race would undoubtedly be a cause of friction between them. If we were to get involved in the race, there is some danger that we would get in wrong with one or both of them; on the other hand, if we refuse to export arms at the request of either or both we may find that one of them will fill the orders which we refused to fill.¹⁰⁰

Pearson, like Escott Reid, Louis St. Laurent, and many others within External Affairs, was keenly aware of the political risks of Canadian participation in the arms trade. He had earlier urged St. Laurent to reject the notion of seeking bids for the two surplus destroyers, arguing that the next few years were “likely to remain so explosive” that it was not possible to “forecast with a high degree of certainty” whether the destroyers would end up in unfriendly hands or be used for purposes “repugnant” to Canadian society.¹⁰¹ Of the possible buyers, the Dutch were fighting a colonial war in Indonesia, the Portuguese colonial policy was “notoriously bad,” Norway was becoming a “semi-satellite” of the USSR, and the Chilean, Uruguayan, and Peruvian

⁹⁸ Stone to Pearson, 18 February 1947, RG25, v.6272, file 11044-40 p.1.1, LAC; Robertson to Pearson, 4 March 1947, RG25, v.6272, file 11044-40 p.1.1, LAC.

⁹⁹ Robertson to St. Laurent, No. 502, 20 March 1947, RG25, v.6272, file 11044-40 p.1.1, LAC.

¹⁰⁰ Pearson “Export of Armaments,” 17 March 1947, RG25, v.6272, file 11044-40 p.1.1, LAC.

¹⁰¹ Pearson, “Sale of Destroyers,” 12 February 1947, RG25, v.6272, file 11044-40 p.1.1, LAC.

governments were unstable. Most importantly, the sale would encourage the “present dangerous developments” in the arming of small nations and contradict the Canadian “national interest” in preserving international peace.¹⁰² What Canada should pursue, in Pearson’s opinion, was a UN convention on the control of the arms trade, facilitated by a temporary embargo on further Canadian military exports.¹⁰³

Other officials were less high-minded. On April 1, the Washington embassy reported that a WAC salesman was enlisting EA support in distributing the schematics of surplus Canadian frigates to the embassies of potential buyers.¹⁰⁴ The embassy official admitted to being “at a loss to know where to begin and where to end” in distributing the schematics because of the ongoing review of Canadian military export policy.¹⁰⁵ Moran promised to phone WAC and suggest that their sales efforts, at least in regard to frigates, be curtailed until Cabinet decided whether or not to embargo the sale of naval vessels entirely (as recommended by Pearson).¹⁰⁶ EA dodged the bullet; however, the crown corporation proved to be a hydra with a briefcase. Cutting off one head might have solved the issue temporarily, but WAC seemed to have an inexhaustible supply of eager young salesman with a knack for offering military equipment to the wrong sorts of people.

¹⁰² Pearson, “Sale of Destroyers,” 12 February 1947.

¹⁰³ Escott Reid would make a similar recommendation in his April 2 memo, which is probably the most comprehensive summary of the EA position in 1947. Reid, “Export of Armaments (Including Ammunition and Implements of War) to Foreign Governments,” 2 April 1947 in *DCER*, v.13, 1947, 1585-1588.

¹⁰⁴ Telegram from Stone to Moran, 1 April 1947, RG25, v.6272, file 11044-40 p.1.1, LAC.

¹⁰⁵ In his words “we are strongly of the view that it might prove, to say the least, embarrassing were any representative of War Assets Corporation to undertake an indiscriminate peddling of frigates around Embassies in Washington at the present time.” Stone to Moran, 1 April 1947.

¹⁰⁶ “Memorandum for File,” 3 April 1947, RG25, v.6272, file 11044-40 p.1.1, LAC.

The controversy surrounding the above-mentioned sale of Mosquitoes to Argentina, considered by Cabinet alongside the surplus destroyers in spring 1947, is particularly indicative of these inter-departmental struggles. Earlier in the year, WAC had approached External Affairs over the possibility of selling 100 Mosquito twin-engined bombers to Argentina for \$15,000 each.¹⁰⁷ Since Mosquitoes were unsalvageable war surplus, the deal represented a significant windfall for both WAC and Canada's trade balance with Argentina.¹⁰⁸ However, although the bombers had been demilitarized, even WAC admitted that they were not dual-use equipment since they served no civilian function.¹⁰⁹ The sale, if approved by Cabinet, would therefore be the first direct transfer of military equipment from Canada to Argentina without the protective smokescreen of an American broker, or an assurance of civilian use.

Contemporary events only increased the complexity of the potential sale. Canada experienced a foreign exchange crisis in 1947, brought on by its generous post-war loans to Europe and increasing US imports, as well as acute shortages of various fats and oils.¹¹⁰ Since Argentina was a significant producer of edible oils, and the Mosquito sale would be transacted in US dollars, Canadian officials were under significant pressure to approve the deal. In addition, the U.K had recently pulled out of the 1942 gentleman's agreement preventing military exports to Argentina, and seemed ready to pursue military sales to alleviate its own financial

¹⁰⁷ Marchant, "The (Im)Polite World of Diplomacy: Canadian Arms Sales to Argentina and other Latin American Countries, 1945-1957," 42.

¹⁰⁸ Hundreds of Mosquitos had already been incinerated across Canada in 1946 after WAC concluded that scrapping them wasn't cost-effective. Alex Souchen, "Recycling war machines: Canadian munitions disposal, reverse logistics, and economic recovery after World War II," *Business History* (2020): 12.

¹⁰⁹ Marchant, "The (Im)Polite World of Diplomacy: Canadian Arms Sales to Argentina and other Latin American Countries, 1945-1957."

¹¹⁰ Pearson, EX-877, 3 April 1947, in *DCER*, v.13, 1947, 1597-1598.

difficulties.¹¹¹ Finally, it was reported to EA that the US State Department was under “very heavy pressure” from the War Department to abrogate the gentleman’s agreement entirely.¹¹² If Canada didn’t complete the sale, it was obvious that someone else would – and soon.

Yet the possibility of selling arms to Argentina, which would both establish a significant precedent and violate existing US policy, seemed unwise to EA officials. In March, Escott Reid, now head of the Second Political Division in Ottawa, sent a nine-page memo to St. Laurent examining the state of Canadian military export policy, as well as his recommendations on the potential sales to Argentina, China, and the Netherlands.¹¹³ In Reid’s opinion, the diversity of the potential sales under consideration indicated his department’s need for more guidance in their evaluations – in other words, a general military export policy. His memo for St. Laurent seems to have been intended to lay out the considerations that would be necessary for such a policy, as well as the hazards presented by Canadian participation in the arms trade. These ranged from the difficulty of maintaining accurate information on US and UK military export policy, to the danger of Canadian exports to the developing world becoming the subject of Soviet propaganda. Reid also acknowledged the importance of domestic opinion in Canadian decision-making:

One consideration which is relevant in the determination of Canadian policy on the export of arms is whether arms supplied by Canada might be used in a way which would be repugnant to a large number of Canadians, eg., (a) in pacifying rebellious colonial peoples, (b) in a civil war in China, (c) in civil disputes, especially in Latin America, or (d) by a country which, as a result of a change of government or in policy, became unfriendly to the Western world or dominated to a very great extent by the Soviet Union.¹¹⁴

¹¹¹ Pearson, EX-877, 3 April 1947, in *DCER*, v.13, 1947, 1597.

¹¹² Hume Wrong, WA-1073, 8 April 1947, in *DCER*, v.13, 1947, 1598-1599.

¹¹³ Escott Reid, “Export of Armaments (Including Ammunition and Implements of War) to Foreign Governments,” 7 March 1947, RG2, v.86, file M-30-2, LAC.

¹¹⁴ Escott Reid, “Export of Armaments (Including Ammunition and Implements of War) to Foreign Governments,” 7 March 1947.

These considerations and potential pitfalls led Reid to conclusions which mirrored Pearson's February memo. Canada could not, in the long term, continue to deny military exports to countries that could obtain similar equipment from the US and UK; however, Canada also could not begin to engage in the arms trade without fully grappling with the risks that such participation would incur. Therefore, the government needed to continue to refrain from military exports until it had established a satisfactory system of consultation with the US and UK, and had obtained some level of direction from the UN Security Council regarding international controls on the arms trade.

However, Reid's attempt to bring clarity to government policy did not go unpunished.¹¹⁵ His memo seemed to have crossed the "smudged and blurred" line which separates political and administrative activity at the upper levels of government bureaucracy.¹¹⁶ In fact, his conclusions were altogether "too sweeping" for Assistant Cabinet Secretary Baldwin, who suggested that a general decision on military export policy could be avoided if requests continued to be addressed "one or two at a time" in a "piecemeal" fashion.¹¹⁷ Alternately, Baldwin suggested Reid submit his memo to the Cabinet Committee on External Trade Policy, a body which Reid (and presumably Baldwin) knew would be unsympathetic to his suggestions. In response, Reid

¹¹⁵ According to James Eayrs, Reid was "a genuine scholar and intellectual" who "hated having to concoct and mouth the gibberish of state." Unfortunately, mouthing gibberish was sometimes an important political skill, especially in regards to military exports. James Eayrs, *In Defence of Canada: Peacemaking and Deterrence* (Toronto: University of Toronto Press, 1972), 104-105.

¹¹⁶ James Eayrs, *The Art of the Possible: Government and Foreign Policy in Canada* (Toronto: University of Toronto Press, 2019 (1961)), 32.

¹¹⁷ Baldwin also suggested "that the problem be allowed to mature without attempting any particular haste in trying to solve it" since, if the current system was continued, "no particular harm might be done since we would not be proceeding with any large scale arms exports." J.R. Baldwin, "Memorandum to Mr. Wheelock and Mr. Heeney," 19 March 1947, RG2, v.86, file M-30-2, LAC.

gamely split his memo into two very different documents, both dated April 2.¹¹⁸ The first was a factual summary of all the potential military exports requiring decision for the Cabinet Committee on External Trade Policy, including the Mosquito sale to Argentina, the sale of ammunition to the Netherlands, the sale of military equipment to China, and the possible export of the two destroyers. The second was a rather idealistic manifesto summarizing Reid's personal perspective on the necessary direction of Canadian military export policy, submitted, once again, to St. Laurent.

The possibility of significant change to Canadian military export policy died in the April 14 meeting of the Cabinet Committee, which largely ignored Reid's plea for a directive on general policy.¹¹⁹ Instead, the Committee decided to continue the practice of evaluating individual military exports on a case-by-case basis, a system which (as noted above) allowed Cabinet to simultaneously claim that it was merely continuing previous policy while approving substantial increases in Canadian military exports to new markets.¹²⁰ However, the Committee's decisions on individual military exports were more mixed. The Committee recommended a "complete embargo" on the export of military equipment to China, which was confirmed by Cabinet a few days later.¹²¹ Additionally, its report led Cabinet to defer the decision on the Mosquito sale "pending clarification of US government policy in this respect," effectively placing the sale in limbo.¹²² Yet the potential sale of destroyers was approved, as was the sale of

¹¹⁸ E. Reid to L. St. Laurent, "Export of Armaments (Including Ammunition and Implements of War) to Foreign Governments," 2 April 1947 in *DCER*, v.13, 1585-1588; Reid, "Export of Armaments from Canada," 2 April 1947 in *DCER*, v.13, 1588-1594.

¹¹⁹ S.P. Wheelock, "Policy regarding Export of Arms (Report of the Cabinet Committee on External Trade Policy)," 14 April 1947, RG2, v.86, file M-30-2, LAC.

¹²⁰ Pearson, "Despatch 723," 23 April 1947, in *DCER*, v.13, 1594-96.

¹²¹ As mentioned previously, C.D. Howe managed to get a shipment of ammunition production machinery excluded from this "complete" embargo.

¹²² Cabinet Conclusions, "Export of Arms; general policy; Sales to Various Countries," 16 April

anti-aircraft ammunition to the Dutch for use in the West Indies. Both created new precedents which opened the door a little wider to Canadian participation in the arms trade.¹²³

The surplus Mosquitoes were later sold to the Chinese, who were prompted by C.D. Howe to submit an application for several hundred planes, as well as their armaments and ammunition, in August, 1947.¹²⁴ Although Cabinet's April embargo on further military exports remained in place, Howe used his influence to get the sale approved against the wishes of St. Laurent.¹²⁵ The possibility of finally ridding WAC storehouses of the Mosquitoes, coupled with a Chinese promise to pay in American dollars for the reconditioning and arming of the aircraft, proved too alluring to reject.

The conflict between St. Laurent and Howe therefore created a confusing situation in which Cabinet had both officially embargoed further military exports to Nationalist China and approved numerous military exports in violation of that embargo. For example, St. Laurent would subsequently approve the sale of nearly 6.5 million ammunition "body links" from current production, which would technically remain a violation of government policy until March 1948.¹²⁶ The contradiction was not lost on St. Laurent, who attempted to articulate the Canadian position on the Mosquito sale to a colleague in September 1947:

1947, v.2640, LAC.

¹²³ This decision deeply disappointed Reid, who was the most virulent critic of arms exports in the department. In a private letter to Robertson, Pearson revealed that he was "worried" about Reid, who had "become quite obsessed lately over the export of arms, having exalted it a crusade against evil." Escott Reid, *Radical Mandarin: The Memoirs of Escott Reid* (Toronto: University of Toronto Press, 1989), 241-42.

¹²⁴ Nossal, "Business as Usual: Canadian Relations with China in the 1940s," 143.

¹²⁵ St. Laurent had recommended that Cabinet reject the sale: "I consider that the benefit we would derive from this amount of United States' dollars would not be sufficient to offset the political objections to this transaction." St. Laurent, "Memorandum from Secretary of State for External Affairs to Cabinet," 23 August 1947, in *DCER*, v.13, 1625.

¹²⁶ As justification, he offered the rather flimsy excuse that "since it was part of the equipment already sold [for Mosquitos], it should be authorized without further consideration." H.D.

This proposed sale does not reflect any change in Canadian policy, but should be regarded as an exception to our general embargo on the shipment of arms and ammunition in China, which was accepted principally because it involved some 6,000,000 U.S. dollars for Canada.¹²⁷

The Mosquito sale would be only the first of many occasions when the government would decide that a potential sale was too lucrative to be denied, no matter the contradictions in policy. It was also only the first of many cases that would turn out less lucrative than they first appeared. After the sale was approved, the Chinese reneged on their promise to pay hard currency for the purchase and instead demanded the entire bill be credited to the loan advanced to them by the Canadian Mutual Aid board in 1946. Unwilling to lose the sale, Howe once again intervened to get Cabinet to approve the amended contract.¹²⁸

Between February 1946 and January 1949, more than \$11 million in military aircraft, ammunition, and equipment flowed to Nationalist China, paid for by the Canadian credit advanced in 1946.¹²⁹ If one includes dual-use equipment the Canadian government included as military supplies under the \$25 million portion of the credit, this total increases to \$16.6 million.¹³⁰ Further sales would surely have followed, had the government not decided that the collapse of the government position on the Chinese mainland, the reports of human rights violations committed with Canadian equipment, and the diversion of Canadian equipment into communist hands, necessitated a more cautious approach.¹³¹ While the government continued to

Burwash, 10 November 1947, RG25 v.4301, file 11044-BS-40 p.1, LAC.

¹²⁷ St. Laurent, "Despatch 1872," 25 September 1947, in *DCER*, v.13, 1626.

¹²⁸ Cabinet Conclusions, "Surplus aircraft and other armaments; sale to China," 30 September 1947, v.2640, LAC.

¹²⁹ Another 200 Harvard Trainers were also purchased, but were paid for with cash. Soward, F.H. *Canadian External Policy 1946-1952: An Analysis*, Jules Léger Library, 147.

¹³⁰ John. J. Deutsch to J.H. Cleveland, 30 November 1948, RG25 v.4302, file 11044-BS-40 pt.3, LAC.

¹³¹ Joel Samuel Montagnes, "'No Objection:' Canadian Arms Exports to Asia, 1946-1958" (Masters Thesis, University of Calgary, 2020), 33-39.

approve the sale of dual-use equipment until 1954, no further arms and ammunition were exported.¹³²

Canadian military exports to the Netherlands also increased during the late 1940s, even as the Dutch embroilment in Indonesia sparked international outrage and anti-colonial resentment.¹³³ In 1948 the Netherlands expressed interest in procuring 10,000 Sten gun barrel assemblies from Canada, to be produced by Canadian Arsenals Limited (CAL), a crown corporation created after the war.¹³⁴ The request raised the possibility of allowing Canadian companies to produce military equipment for international export, in addition to ongoing government sales of war surplus and military reserves. In March, a memorandum from St. Laurent advised Cabinet that:

Hitherto, all arms and ammunitions actually exported from Canada have been from surplus war material and not from current production ... However, the Minister [of National Defence] feels that it is of great importance to us to maintain in Canada the facilities and the skills suitable for producing arms so that we will have in Canada the nucleus of a munitions industry which can be expanded in emergency.¹³⁵

In addition to recommending that Canada allow domestic producers to engage in the arms trade, St. Laurent was proposing two new considerations for the Canadian government. First, military exports could provide an enduring means of subsidy to domestic military production, and second, that sales should be evaluated by their potential to benefit the development of a Canadian munitions industry. Cabinet approved the recommendations a few weeks later, greatly expanding the potential for Canadian participation in the arms trade and creating a strategic imperative for such participation that could justify it to a skeptical domestic audience.

¹³² Montagnes, "'No Objection': Canadian Arms Exports to Asia, 1946-1958," 42-44.

¹³³ Webster, *Fire and the Full Moon: Canada and Indonesia in a Decolonizing World*, 32.

¹³⁴ Escott Reid, "Manufacture of Arms in Canada for Export," in *DCER*, v.14, 1185-1186.

¹³⁵ SSEA, "Export of Arms from Current Production," 25 March 1948, v.66, file C-20-5, LAC.

In practice, the Cabinet decision allowed two primary means of using military export sales to stimulate domestic production. The most direct, obviously, was to allow private Canadian companies such as Canadair, de Havilland, or the Levy Auto Company to accept orders for military equipment from foreign governments or their designated agents.¹³⁶ Yet a second, equally important, method was to approve direct government-to-government transfers from Army, Navy, and Air Force stocks, with sold material to be replaced by new equipment. The decision synergized efficiently with the switch from British pattern to American pattern equipment which C.D. Howe announced later in the year, since the sale of the older, British pattern munitions could be used to expedite the transition and subsidize new purchases.¹³⁷

The Cabinet decision also provided a new interpretation of general Canadian military export policy – the first since the war to acknowledge that Canada’s participation in the arms trade did not represent simply a continuation of existing practice. Instead, St. Laurent informed his Cabinet colleagues that External Affairs would evaluate military export applications according to the following criteria:

Sales of arms from current production [will] be permitted and encouraged to countries which were potential allies and whose regimes [are], generally speaking, democratic, provided that orders [are] placed on behalf of governments and for arms of a kind which would serve to develop the Canadian munitions industry along lines desired.¹³⁸

Since St. Laurent’s requirement that customers be democratic (generally speaking) was followed by a request for approval of an ammunition sale to Nationalist China, it does not seem to have been intended as a hard rule.¹³⁹ Cabinet immediately approved both the ammunition sale

¹³⁶ All three of these companies were important suppliers of military and dual-use equipment during this period, and feature prominently in this dissertation.

¹³⁷ “Common Pattern for Arms Supplies Canada-US Goal,” 18 November 1948, *The Globe and Mail*, RG25, v.6272, file 11-44-40 p.1.1, LAC.

¹³⁸ Cabinet Conclusions, “Export of Arms from Current Production,” 7 April 1948, v.2641, LAC.

¹³⁹ The original Dutch request should probably also have violated this requirement. While the

and the potential sale of Sten gun barrels to the Netherlands, both to be drawn from new production.

While the ammunition sale to China was the obvious violation of Cabinet's new policy, the Dutch transfer was no less egregious and required another Canadian exercise in selective blindness. As stated above, Canada had rejected a request from the Dutch government for 10,000 Sten guns in January 1947 on the basis that they were to be used in a colonial war to maintain Dutch control of Indonesia (not "generally speaking" a democratic regime). External Affairs had subsequently followed American and British policy by allowing military exports to the Netherlands on the assurance that the equipment and supplies wouldn't be used in Indonesia. However, as Escott Reid had noted in April, "the practical effect of these stipulations is doubtful since war materials exported to the Netherlands for use in the Netherlands or their possessions other than Indonesia would replace war materials which might then be sent to Indonesia."¹⁴⁰ Reid's doubts were substantiated in August 1947 when the Dutch asked that their request for Sten guns be re-evaluated, but with the destination changed to Europe rather than Indonesia.¹⁴¹ EA refused to consider the request.¹⁴² However, the Canadian government remained studiously uninterested in the possibility that Dutch assurances might be *generally* untrustworthy. A year later Cabinet would approve a shipment to the Netherlands over the protest of the Assistant Chief of T&C's Export Permit Branch, who claimed to be "quite convinced" that the goods were intended for Indonesia, not continental Europe.¹⁴³

Netherlands were democratic, the Dutch colonial regime in Indonesia was not. Cabinet Conclusions, "Export of Arms from Current Production," 7 April 1948.

¹⁴⁰ Reid, "Export of Armaments from Canada," 2 April 1947, 1592.

¹⁴¹ C.J.K. Smith to F.D. Pierce, 13 August 1947, RG25 v.4075, file 11044-B-40 p.1, LAC.

¹⁴² USSEA to C.J.K. Smith, 16 August 1947, RG25 v.4075, file 11044-B-40 p.1, LAC.

¹⁴³ The shipment was for \$16,445 in military vehicle parts. Cabinet Conclusions, "Export of Arms; Netherlands," 10 November 1948, RG2 v.2642, LAC; T.G Hills to H.O. Moran, 21

At times Canadian military exports seemed intended to *help* the Dutch evade export restrictions, albeit while minimizing exposing the Canadian government to domestic or international backlash. For example, while the government refused to sell complete Sten guns in January 1947, it did approve the sale of technical drawings for the manufacture of Sten gun ammunition in August, providing the Dutch with a potential domestic source of ammunition unregulated by foreign suppliers.¹⁴⁴ Likewise, approving the potential sale of Sten gun barrels in April 1948 allowed Canada to support Dutch rearmament through the supply of components rather than the more incriminating transfer of complete weapons. The steady supply of Canadian dual-use equipment to Europe from 1946 forward, including Harvard trainer aircraft, armoured vehicles, and spare parts, helped the Dutch train their troops for both the European and Indonesian theatres while technically honouring their end-use assurances to the Canadian government.¹⁴⁵ In October 1948, Cabinet approved the sale of 15 million rounds of .303 ammunition to the Dutch, despite the fact that end-use assurances on ammunition were basically unverifiable.¹⁴⁶ Whether it was possible to truly differentiate between supporting Dutch rearmament in Europe and supporting their campaign in Indonesia was secondary to enforcing the public perception that one could do so, and thereby creating a loophole for Canadian exports to wiggle through.

September 1948, RG25 v.4075, file 11044-B-40 p.1, LAC.

¹⁴⁴ Cabinet Conclusions, "Sale of specifications for ammunition to Netherlands," 25 August 1947, v.2640, LAC.

¹⁴⁵ Cabinet Conclusions, "Export of Armaments; Sale of Armoured Trucks to Netherlands," 30 October 1946, v.2639, LAC; H.D. "Sales of Arms & Ammunition to the Netherlands East Indies," 22 March 1948, RG25 v.4075, file 11044-B-40 p.1, LAC.

¹⁴⁶ Cabinet Conclusions, "Export of Arms and Ammunition; Netherlands," 27 October 1948, v.2642, LAC.

From the Canadian perspective, the rationale for such acts of political flexibility was obvious. The Netherlands was a wartime ally, an important domestic and military market, and (by 1948) a potential NATO partner. Not only had the Dutch been the most consistent bidder for Canadian military surplus in the immediate post-war years, their ongoing conflict symbolized a larger opportunity.¹⁴⁷ As Canadian Permanent Delegate to the UN Andrew McNaughton argued in the spring of 1948, North America was an obvious source of munitions for European countries engaged in both a collective confrontation with communism, as well as individual colonial struggles.¹⁴⁸ McNaughton considered it “most undesirable” for Canada to refuse to sell arms to friendly European countries like the Netherlands, since doing so would subsidize Canadian military production and prevent the loss of such markets to communist producers like Czechoslovakia. Rearming the Dutch was therefore strongly in the Canadian interest, even if it risked Canadian equipment bleeding into Indonesia.¹⁴⁹

The government’s position as an arms supplier to the Netherlands required it to ignore two inconvenient truths. First, that transfers of dual-use equipment, like military equipment, still increased the military capacity of the Dutch, and second, that allowing the transfer of munitions to Europe, but not to Indonesia, still aided the Dutch war effort. The government abruptly discovered both truths in August 1947 after the UK announced a total embargo on the transfer of military supplies to the Netherlands. Having lost the protective cover of British policy, EA officials began to strongly discourage further requests for military equipment, even training or dual-use equipment, intended for use by Dutch forces in Europe. Suddenly, such equipment was

¹⁴⁷ H.O. Moran to Escott Reid, 27 February 1947, RG25 v.4075, file 11044-B-40, LAC.

¹⁴⁸ Andrew McNaughton, No. 457, 20 April 1948, RG25 v.4075, file 11044-B-40, LAC.

¹⁴⁹ Leon Mayrand, “Memorandum for Economic Division,” 15 October 1948, RG25 v.4075, file 11044-B-40 p.1, LAC.

“important from the military point of view to maintain a fighting force in the field” and would “therefore constitute military assistance to the Netherlands in the eyes of the world.”¹⁵⁰ Even transfers of demilitarized Harvard trainer aircraft, normally sold freely without reference to Cabinet, were rejected because of the possibility of international “misunderstanding” and “criticisms” which could be used to Canadian disadvantage at the current UN session.¹⁵¹ Unfortunately, this newfound clarity quickly receded in parallel with the military crisis in Indonesia; by the spring Canadian military equipment was once again being sold to the Dutch.

Yet the two inconvenient truths lingered onward, as Canadian officials were well aware. In 1949 Andrew McNaughton wrote from UN headquarters in New York asking John Holmes, head of the United Nations Division in Ottawa, whether he could assume that no Canadian military equipment was being used by Dutch forces in Indonesia.¹⁵² After consulting within External Affairs, Holmes hedged, replying “we should not be justified in making an unqualified statement to the effect that no Canadian equipment is at present being used by Dutch forces in the Netherlands East Indies.”¹⁵³ While there was “no reason to assume” the Dutch weren’t fulfilling their end use assurances, Holmes admitted “it is impossible for us to be absolutely certain that small items such as aircraft parts and ammunition are not being used to service or supplement military equipment which is shipped to Netherlands forces in Indonesia.” Holmes was careful to imply that “every effort” was being made to keep Canadian equipment out of

¹⁵⁰ D. E. Wilson, “Memorandum to Economic Division: Netherlands Request for Training Ammunition,” 23 September 1947, RG25 v.4075, file 11044-b-40 p.1, LAC.

¹⁵¹ D.B. Wilson, “Memorandum to Economic Division – Training Aircraft to Netherlands Government,” 30 September 1947, RG25 v.4075, file 11044-b-40 p.1, LAC.

¹⁵² John Holmes, “Acting Head, United Nations Division to Permanent Delegate to United Nations,” 23 March 1949, in *DCER*, v.15, 1160.

¹⁵³ John Holmes, “Acting Head, United Nations Division to Permanent Delegate to United Nations,” 23 March 1949, 1160.

Indonesia, and that any offending goods were probably from the massive liquidations of war surplus in 1946.¹⁵⁴ The truth, however, was that Canadian officials had made very little effort to verify the end use of military exports, indeed were fairly certain that some had reached Indonesia, and therefore were anxious to avoid any public scrutiny. It was one thing to justify Canadian military exports on unproven Dutch assurances; it was quite another to stake Canada's international reputation on those assurances at the UN.

Conclusion

Canadian military exports in the immediate post-war years made clear economic sense as a means of offloading surplus goods and materials that couldn't be disposed of in the domestic market. It is this calculus which motivated the sale of dual-use and demilitarized equipment into Latin America, as well as the liquidating of warehouses and supply depots in Europe. Military exports also served a strategic function in the developing Cold War, which played a role in Canadian arms sales to the Chinese nationalists and the Netherlands. However, these clear short-term benefits carried complex long-term risks because of the specific considerations of the arms trade. Comprehensive Canadian policy was needed to restrict military export transfers to those directly in the national interest, yet the government avoided formulating such policy in favour of *ad hoc* case-by-case analysis.

The policy guidelines which were created in response to pressure from EA and other departments were both ambiguous and hopelessly anemic. Cabinet decisions claimed to be following existing Canadian military export policy until 1948, despite the sales of unprecedented

¹⁵⁴ Completed prior to the creation of British, American, and Canadian requirements for end-use assurances.

quantities of military equipment to an unprecedented number of destinations. The *ad hoc* implementation of end-use assurances, fluid categorizations of arms, dual-use and demilitarized goods, and an ever-expanding definition of “close allies” camouflaged this lack of general policy, but could not fill the void. Despite the efforts of Escott Reid and others, Cabinet preferred to rule on military exports in a series of case-specific reactive expedients, and therefore perpetuate the illusion that Canadian arms trading was an exception to the norm, rather than an expanding practice.

Only in March 1948 would the government acknowledge that policy had changed, and only because a Cabinet directive was considered necessary to allow military exports from current production. It is tempting to link this change to the beginning of a real Cold War paradigm in Canadian policy, which is generally traced to the coup in Czechoslovakia in February 1948 and the Berlin Blockade a month later.¹⁵⁵ Yet, as indicated in Chapter 3, the question of current production had been percolating for several years and was linked (like all things) to changes in US and UK policy. The real importance of the 1948 directive was to create an iron-clad justification for military exports (maintaining military production in Canada) and a continuing supply of exportable military goods (to replace waning stocks of war surplus). The possibility of using military exports to subsidize Canadian defence production created a powerful incentive to expand both the range of equipment offered for sale, and the spectrum of potential customers.

Obviously, whether a country was (“generally speaking”) a democracy was not fated to become a consistently important consideration within Canadian military export policy. As always, the primary consideration for Canadian policymakers was whether similar equipment

¹⁵⁵Desmond Morton, *A Military History of Canada*, 5 ed. (Toronto: McLelland & Stewart, 2007), 229.

had been sold to the potential customer by the Americans or British. If so, Canadian officials argued both that denying Canadian producers similar sales opportunities constituted an unfair restriction on Canadian trade, and that such restraint would have little positive impact on the international environment. For example, the precedent of American exports was used to justify a reversal of the 1947 embargo on military exports to China, the sale of trainer aircraft to Ethiopia in 1948, and the sale of naval armaments to Chile in 1950.¹⁵⁶ As Pearson wrote to Canadian posts abroad in 1948:

One consideration which led to the decision to permit exports from current production was the fact that the United States and the United Kingdom Governments had recently somewhat relaxed their control on the sale of arms, notably to the Chinese Government. In light of this decision by the two major powers, it appeared that the Canadian government, though it might lose much by an embargo on the export of arms, could not hope, by adopting such an embargo, to make any major contribution to world peace.¹⁵⁷

In less-lofty terms, this meant there was no reason for the government to deny Canadian companies the ability to profit off the arms trade, only to have American or British competitors profit instead. Pearson also seemed to imply, rather ominously, that Canada would automatically mirror any liberalizations in American and British military export policy, despite the vast disparity in geopolitical concerns present in Washington, London, and Ottawa. On military exports, Pearsonian internationalism was clearly subordinated to Pearsonian pragmatism – and would remain so throughout his career.¹⁵⁸

¹⁵⁶ St. Laurent, “Memorandum for Cabinet: Export of Arms from Current Production,” 25 March 1948; Cabinet Conclusions, “Export of aircraft; Ethiopia,” 20 April 1948, RG2 v.2642, LAC; Cabinet Conclusions, “External Affairs; Export of Arms to Chile,” 13 June 1950, RG2 v.2645, LAC.

¹⁵⁷ Lester Pearson, “Circular Document No. A.115,” 1 May 1948, in *DCER*, v.14, 1189.

¹⁵⁸ The legacy of Pearson’s pragmatic side – as an anti-communist and a human rights skeptic – is documented elsewhere. Galen R. Perras and Asa McKercher, “Introduction,” in *Mike's World: Lester Pearson and Canadian External Affairs* (Vancouver: UBC Press, 2017).

1948 was therefore a critical moment in the construction of Canada's military export regime. It was the year that Canadian officials agreed to pivot the country from a temporary dealer in surplus war material to an active producer and marketer of military exports. The justification for this pivot – that sales would help Canada maintain military production capacity in Canada – would also be repeated endlessly in the ensuing decades, even as its validity slowly declined.

Chapter 2: Stern Sermons and Sharp Elbows

Between 1946 and 1949 Canadian military export policy evolved, without any public consultation or Parliamentary oversight, from a general prohibition on the export of military goods (except to the US and UK) to a general approval of such exports to much of the non-communist world. Canadian policymakers justified this remarkable expansion by pointing to the military export policies of the US and UK, the importance of arming Canada's allies against communism, and the necessity of encouraging exports for the creation of domestic military production capacity. Consequently, the government did not consider itself to be a "Merchant of Death," selling indiscriminately to all, but instead practiced a "restrictive" military export policy constrained by the following principles:

1. Military exports were restricted to potential allies who were, generally speaking, democratic.
2. Military exports to areas under the responsibility of the United Nations were prohibited
3. Military exports to the Soviet Bloc and areas under communist control were prohibited.
4. Military exports which potentially threatened Canada's international reputation, or its relations with the US and UK were generally discouraged.
5. Potential military exports from Canada to regimes which might use them in a way "which would be repugnant to a large number of Canadians" were generally discouraged. This included exports to countries ruled by dictators, countries engaged in civil wars or colonial repression, and countries at risk of being assimilated into the Soviet Bloc.¹

In practice, the only non-negotiable restriction was the ban on military exports to communist countries. The others were generally balanced against economic and political considerations, such as the size of the order, the form of payment, and whether the Americans or British were selling similar military equipment to the regime or region in question. Since

¹ Reid to St. Laurent, "Export of Armaments (Including Ammunition and Implements of War) to Foreign Governments," 2 April 1947 in *DCER*, v.13, 1585-1588

Canadian military export policy was conceived within the privacy of Cabinet and nurtured in confidential memos and secret telegrams, officials enjoyed the discretionary flexibility to vacillate between ethics and economics on a case-by-case basis. It is therefore no surprise, given the circumstances, that the balance became increasingly weighted against these restrictions in the coming years as the government approved increasing numbers of exports that flatly contradicted existing restrictions, previous precedent, and, in some cases, geopolitical realities.

Marketing to the Middle East

The two most flagrant examples of the transformation in Canadian policy during this period are the explosion of military exports to Pakistan and Israel, which both began receiving Canadian military equipment in the late 1940s. Because both countries had been involved in open warfare in 1948 resulting in UN intervention, and neither could be considered an important Canadian ally in the post-war period, it is difficult to reconcile Cabinet's approval of these sales with the stated restrictions of Canadian policy. However, military exports from Canada to both Israel and Pakistan became relatively common in the years after they became independent states in 1948 and 1947 respectively, even though both countries were obviously engaged in regional arms races, ongoing skirmishes, and violent persecution of ethnic and religious minorities.

Government correspondence regarding these exports reveals several important trends. First, the only "restrictions" which were seriously considered in official discussions of military exports to Pakistan and Israel were the political risks to Canada's domestic and international reputation, and the positions and comparative exports of the American and British governments. Since such exports could be cited as a precedent to justify comparable Canadian transfers and

reduce their political risk, Ottawa engaged in constant consultation with London and Washington.

Second, while other restrictions were occasionally acknowledged in the export application evaluation process, they were constructed as public relations problems to be finessed, rather than boundaries upon the discretion of Canadian officials. UN deliberations were occasionally reported (if a Security Council intervention seemed imminent), as was the current trajectory of conflict in Kashmir and Palestine. The Canadian government obviously preferred to approve exports when tensions were decreasing, rather than increasing, for political reasons. Yet the possibility of UN intervention and the presence of ambient warfare, constant as they were, were never constructed by Canadian officials as evidence for rejecting military export applications from Pakistan and Israel. Instead, popular resistance to continuing transfers was understood to result from a lack of analytical sophistication. As United Nations Division Head Douglas LePan informed the Economic Division in 1950:

To those in Canada and elsewhere who are not well acquainted with the relative military strength of India and Pakistan, nor with the rights and wrongs of the Kashmir dispute, export of arms on a considerable scale from Canada to one of the parties of the dispute might seem to be an irresponsible policy.²

To LePan, and others in the department, military export policy was therefore a problem of messaging, rather than an issue of policy.

Third, the revolving series of arguments used to justify transfers to both countries were generally poor – reflecting, perhaps, a systemic assumption that such transfers were inevitable. Military exports were often approved on the unproven assurances of Pakistani or Israeli officials – or minor improvements in regional conflicts – that were contradicted or reversed within weeks

² D.V. LePan, “Memorandum from Acting Head, United Nations Division, to Economic Division – Export of Arms to Pakistan,” 4 April 1950, in *DCER*, v.16, 1950, 1300-1301.

of the Canadian decision. Yet these setbacks had little bearing upon ensuing applications, which were again approved on the assurances of foreign officials or minor improvements in the Kashmir or Sinai situations. Canadian policy, as reflected by the arguments used to justify these military exports, was incoherent, inconsistent, and startlingly fluid.

Pakistan

Both Pakistan and India, as members of the Commonwealth, had become buyers of Canadian military equipment in 1948, only a few months before Canadian peacekeepers were deployed to Kashmir to supervise an unstable truce.³ Canadian policymakers, motivated by the desire to keep both countries in the Commonwealth and away from communist influences, were eager to strengthen bilateral ties.⁴ In January, Pearson had urged St. Laurent to secretly adopt a new British policy concerning military exports to India and Pakistan, which allowed London to sell “reasonable quantities” of arms to either country with the understanding that the British would inform the other government of the purchase.⁵ However, it wasn’t until September that the first order for Canadian equipment, an Indian request for 100,000 rifles and 100 million rounds of ammunition, was presented to Cabinet.⁶ In the ensuing discussion Pearson proposed a compromise between the risk that Canadian exports would fuel the conflict, and the danger of creating resentment by abandoning the “old principle of equality” in relations with members of

³ Morton, *A Military History of Canada*, 232.

⁴ Ryan Touhey, “Commonwealth Conundrums: Canada and South Asia During the Pearson Era,” in *Mike's World: Lester Pearson and Canadian External Affairs*, edited by Galen R. Perras and Asa McKercher (Vancouver: UBC Press, 2017), 252.

⁵ Pearson, “Sale of Military Supplies to India and Pakistan,” 10 January 1948, in *DCER*, v.14, 1184-1185.

⁶ Extract from Cabinet Conclusions, “Sale of Arms to India and Pakistan,” 1 September 1948 in *DCER*, v.14, 1194-95.

the Commonwealth.⁷ The fact that the “principle of equality” had previously applied to dominions whose foreign policy was decided in London, and therefore couldn’t war against each other, was ignored.⁸ Going forward, Canada would allow the export of small arms and ammunition to India and Pakistan that were “primarily for use in maintaining internal order,” while rejecting applications for “heavy equipment suitable for extensive military operations.”⁹ In other words, Canadian military producers would subsequently be allowed to export military equipment and ammunition to conflict regions, provided the equipment could plausibly be used for internal repression rather than external aggression.

This dichotomy – between what the government would quickly begin to refer to as “offensive” and “defensive” equipment – was no less ephemeral in practice than that which had previously been used to justify the sale of demilitarized frigates and dual-use aircraft. Rifles and ammunition sold for use in India would be just as lethal on the other side of the contested border, and could be easily transferred to the front if required by Indian authorities. Cabinet had also neglected to impose a requirement for assurance from the Indian government that Canadian equipment would not be used in a specific conflict, as it had commonly done for earlier shipments to the Netherlands. Of course, this profound relaxation of Canadian military export restrictions was largely obscured by the continuing absence of binding constraints. Once again, because the system mandated the evaluation of potential military exports entirely on a case-by-

⁷ In other words, the conceit that Canada would be as willing to sell arms to a non-white country like Pakistan or India as to white country such as New Zealand or Australia. Extract from Cabinet Conclusions, “Sale of Arms to India and Pakistan,” 1 September 1948, 1194.

⁸ “Export of Military Equipment to India and Pakistan,” 29 November 1948, RG25 v.4445, file 50000-H-40 p.1, LAC.

⁹ Extract from Cabinet Conclusions, “Sale of Arms to India and Pakistan,” 1 September 1948, 1194.

case basis, it allowed for radical contradictions between cases without any formal changes in government policy.

The offensive/defensive dichotomy was also remarkable because of its complicated legacy in international negotiations. The inter-war Conference on Disarmament had attempted to draw a similar distinction as part of a general disarmament treaty, an idealistic enterprise which had ended in stalemate in 1934.¹⁰ Pearson, who had attended the Conference in Geneva as the secretary of the Canadian delegation, wrote disdainfully about these debates in his memoir:

I remember especially the debates over how to divide weapons into offensive and defensive categories. A warship with guns of ten inches was offensive and should be prohibited; one with six-inch guns was defensive, and could be retained. There is a café in Geneva, the 'Bavaria,' where some of us, younger hence wiser than our seniors, used to gather for food and drink and talk ... We had no difficulty in deciding in a few minutes points which senior representatives had been arguing for days. We agreed at once, for instance, that there *was* a valid distinction between an offensive and a defensive weapon: if you were in front of it, it was offensive; if you were behind it, it was defensive."¹¹

Yet from 1948 onward, the distinction between "offensive" and "defensive" weapons would play an important role in Canadian military export policy. Pearson, who had become SSEA in the same year, cited it regularly in departmental correspondence and would publicly use it to justify Canadian arms sales in 1956. Perhaps Pearson had been converted to the cause; however, it seems more likely that the cause had been converted by Pearson. Selling pistols to the Pakistanis was worlds away from negotiating the diameter of naval cannons in Geneva, and relatively divorced from Canadian security considerations. Since Canada itself had little chance of being in

¹⁰ Burns, *The Evolution of Arms Control*, 27.

¹¹ Lester B. Pearson, *Mike: The Memoirs of the Rt. Hon. Lester B. Pearson*, v.1 (Toronto: University of Toronto Press, 2015 [1972]), 91.

front of nor behind the weapon being exported, Pearson's inter-war cynicism seems to have evaporated.

Having created a justification for future sales to Pakistan and India, Cabinet quickly opened the spigot. A month later, in October 1948, approval was given for the sale to Pakistan of 20,000 rifles and 30 million rounds of ammunition.¹² A concurrent sale of mortar bombs to India was rejected (in accordance with the September decision) on the basis that the munitions were "essentially offensive" in nature and might inflame the "tense situation" between India and Pakistan.¹³ However, even this limited restraint on Canadian exports to the region was quickly removed. At a meeting on December 8, acting SSEA Brooke Claxton presented shopping lists from both countries for military equipment that included mortar bombs and other "offensive" equipment.¹⁴ Claxton warned his colleagues that the British had indicated they would supply any items that Canada refused to sell, while Howe spoke of the "substantial savings" the sale would provide to ongoing Canadian military procurement. The potential export, which also included anti-aircraft guns, artillery ammunition, and anti-tank rounds, was approved.

Claxton, as part of his sales pitch, had noted that Canada was under no formal UN obligation to forbid the flow of arms to the region.¹⁵ While this technically remained true into 1949, the acceptance of UN mediation and military observers in Kashmir (including Canadian peacekeepers) could easily have been perceived as creating an *informal* UN obligation to reduce

¹² Kilford, "The Other Cold War: Canadian Military Assistance in the Developing World," 113.

¹³ Cabinet Conclusions, "Export of arms and ammunition; China; India; Pakistan," 12 October 1948, RG2 v.2642, LAC.

¹⁴ Cabinet Conclusions, "Sale of munitions to India and Pakistan," 8 December 1948, v.2642, LAC.

¹⁵ Although he had acknowledged that items concerning the conflict were on the Security Council's agenda and awaiting "final disposition." Brooke Claxton, "Export of Military Equipment to India and Pakistan," 7 December 1948 in *DCER*, v.14, 1198-1200.

military exports. Canadian policy, as Lester Pearson would inform Cabinet in April 1949, provided that military exports to areas under UN responsibility, like Palestine and Indonesia, “should ordinarily be refused.”¹⁶ However, the UN presence in Kashmir had little impact on the rush of Canadian arms. In fact, in January 1949, Pearson cited the UN intervention as a reason to rethink Canada’s commitment to informing the governments of India and Pakistan of exports made to the other, as the situation was presumably *improving*.¹⁷

Consequently, by the beginning of 1949, Cabinet had discovered convenient reasons to ignore restrictions on the sale of offensive weapons into conflict regions, and the export of arms into areas of UN mediation, at least in the context of the Indian sub-continent. The government had also, on Pearson’s advice, rescinded its commitment to inform India and Pakistan of purchases made by the other country, since doing so might set an unfortunate precedent in other cases where Canadian weapons were being shipped to one (or both sides) of a conflict.¹⁸ External Affairs speculated that the policy might persuade Pakistan and India that Canada wished to “promote a military rivalry” for economic gain, assumed the equipment would be used against the other party, or felt there was “something improper” or embarrassing in the transaction. Since there was a certain amount of truth to all three of these perspectives, the government obviously wished to avoid being accused of them at all costs.

The One Year Boom

¹⁶ Pearson, “Export of Military Equipment and Civilian Aircraft; Temporary Arrangement for Approvals,” 30 April 1949 in *DCER*, v.15, 1163-1164.

¹⁷ Cabinet Conclusions, “Export of military equipment to India and Pakistan,” 19 January 1949, v.2643, LAC.

¹⁸ “Memorandum Concerning Notification to One Country of Approval for Exports to Another,” 15 January 1949, RG25 v.4447, file 50000-J-40 p.1, LAC.

The trilateral relationship between Canada, India, and Pakistan was a curious one. Indian-Canadian relations would become increasingly important during the post-war period, representing “Canada’s first foray into the decolonizing world” and its first market for nuclear exports.¹⁹ Yet, principle of equality aside, India was larger and more populous than Pakistan, and possessed most of the previous colonial state’s munitions factories. Pakistan was therefore almost entirely dependent on military imports of British-pattern equipment, of which Canada was a prominent supplier. Consequently, while removing the most salient restrictions and conditions on the sale of arms to Pakistan and India catalyzed a sudden explosion of military exports to both countries, the balance quickly tilted towards Pakistan.

In the first few months of 1949, Cabinet approved several exports of notable “offensive” weapons, including \$100,000 in 25-pounder gun spare parts, and 550 Browning machine guns and parts worth over \$93,000.²⁰ In May, Pearson simultaneously approved the export of almost \$3 million in munitions to Pakistan, and over \$800,000 in mortar bombs to India²¹ Pakistan began to frequently dispatch officials to Ottawa, beginning in February 1949, to negotiate the purchase of specific military equipment on the shopping lists approved the previous December.²² Their efforts were rewarded with the approval of over \$11 million in military exports in the first 10 months of 1949 alone, turning Pakistan into Canada’s biggest customer for military

¹⁹ Ryan Touhey, *Conflicting Visions: Canada and India in the Cold War World, 1946-76* (Vancouver: UBC Press, 2015), 7.

²⁰ Cabinet Conclusions, “Export of Military Equipment; India; Pakistan,” 5 January 1949, RG2 v.2643, LAC; L.B. Pearson, “Memorandum for Cabinet – Export of Small Arms to Pakistan,” 25 February 1949, RG25 v.4447, file 50000-J-40 p.1, LAC.

²¹ Due to the Cabinet decision of May 3, 1949, Cabinet approval for this export was no longer required. A.D.P. Heeney, “Control of Exports to India and Pakistan,” 27 May 1949, RG25 v.4447, file 50000-J-40 p.1, LAC.

²² A.J. Pickerill, “Sale of Arms to Pakistan,” 17 February 1949, RG25 v.4447, 50000-J-40 p.1, LAC.

equipment.²³ Military exports to India totaled only \$1.7 million during the same period.²⁴ In fact, not a single military export application from Pakistan or India was refused by the Canadian government during the entire year.²⁵

The sheer volume of requests provided opportunities across the board. Munitions were sold from surplus, ammunition, shells, and bombs from current production, and trainer aircraft and spare parts from private Canadian producers. Still, Canada's limited production capacity and dwindling wartime surplus wasn't enough to satisfy demand. By June, Pakistani officials were inquiring about the possibility of purchasing Canadian equipment directly from the holdings of the Army, Navy, and Air Force at replacement cost.²⁶ In other words, the Pakistani government was worried enough by its military position in South Asia that it was seeking to buy used equipment at the price of new equipment – offering a significant profit to the Canadian military.

The possibility of selling weapons directly from the Services to a foreign power was an intriguing one for the Chiefs of Staff Committee, which perceived it as a means of funding future procurement of equipment standardized with Canada's allies. Still, raiding Canadian armories for short-term profit created long-term risks. If war broke out, for example, National Defence might bitterly regret having sold off serviceable equipment without immediate replacement. On balance, however, the Chiefs were prepared to take such risks and embrace military exports as a means of increasing procurement allocations.²⁷

²³ A.F.W. Plumptre, "Memorandum from Head, Economic Division, to Commonwealth Division," 27 March 1950, in *DCER*, v.16, 1297-1298.

²⁴ "Export of Arms to Pakistan," 22 December 1949, RG25 v.4447, file 50000-J-40 p.1, LAC.

²⁵ "Export of Arms to Pakistan," 22 December 1949.

²⁶ "Memorandum to the Cabinet: Sale of Artillery Equipment to Pakistan," 29 June 1949, RG25 v.4447, file 50000-J-40 p.1, LAC.

²⁷ This practice (especially when equipment was sold at replacement cost) compounded the advantages of exporting military goods, since the Services could offload equipment in danger of obsolescence and pursue equipment standardization on the dime of a foreign power.

Officials within EA were similarly willing to approve the sales, even if they didn't understand why the Pakistani government was procuring munitions in Canada rather than from their traditional supplier, the UK. London had been consulted in February, and claimed to support the possibility of Canadian sales to Pakistan because the UK was "unable to meet their requirements."²⁸ However, as the orders piled up and began to include a greater variety of weapons systems, Canadian officials became even more confused. As Under-Secretary Heeney explained to Pearson in a June memo, the British also had surplus supply of many of the requested items, were offering the same equipment for significantly lower prices, and were prepared to accept payment in sterling, rather than dollars.²⁹ The only downside (from the Pakistani view) was that the British still insisted on informing the Indians of any completed sales.

Perhaps seeking a hidden catch, Plumptre once again consulted London in early July, after receiving the Pakistani requests that had so intrigued the General Staff Committee.³⁰ Yet the Commonwealth Relations Office also seemed confused. One official admitted that the British had previously been unable to meet all of Pakistan's requirements, but now had "improve[d] matters considerably" and was offering "additional supplies" to the new nation.³¹ Consequently, Canada should consider the possibility that "the enquiries your Government have received will not be followed up by firm orders from Pakistan." In any case, the CRO statement concluded on

²⁸ "Memorandum to the Cabinet: Sale of Artillery Equipment to Pakistan," 29 June 1949.

²⁹ Heeney notes that the Canadian price on certain equipment was six times that of the British alternative. A.D.P. Heeney, "Sale of Arms to Pakistan," 28 June 1949, RG25 v.4447, file 50000-J-40 p.1, LAC.

³⁰ A.F.W. Plumptre to High Commissioner for Canada, 8 July 1949, RG25 v.4447, file 50000-J-40 p.1, LAC.

³¹ High Commissioner to SSEA, "Arms for Pakistan," 12 August 1949, RG25 v.4447, file 50000-J-40, p.1, LAC.

a chiding note, stating that “from the financial point of view, we very much hope that the Pakistan Government will not spend dollars on arms.”³²

The “Pakistan Government” had already provided its own opinion on the situation through a visit from Iskander Mirza, Permanent Head of the Pakistan Ministry of Defence, who had addressed the Chiefs of Staff Committee in mid-July. Mirza explained that Pakistani requests for British equipment and munitions were being subordinated to Greek war requirements, creating delays that threatened Pakistani security.³³ Additionally, the British refusal to abandon its reciprocal policy of informing India of Pakistani purchases seemed obviously unfair, since Pakistan was almost solely reliant upon military exports from other countries, while India had ordnance factories remaining from the British withdrawal. London’s policy, therefore, provided India “a very clear picture of the total military resources of Pakistan,” while Mirza and the Pakistan General Staff remained “in a much greater state of ignorance” regarding Indian strength.³⁴ Mirza was very interested in building military relations with Canada as a means of diversifying Pakistan’s sources of military equipment, even if Canadian prices were exorbitant by comparison.

Of course, Canadian officials had originally justified arms sales to Pakistan and India under the principle of equality – both as equal members of the Commonwealth and equal participants in their regional conflict. However, as 1949 progressed it became apparent that, while both parties were being offered an equal opportunity to buy arms, the purchases being

³² The optics of this exchange, in which Pakistan’s primary arms supplier and its aspiring backup supplier express their thoughts and prayers regarding Pakistan’s disproportionate military spending, reflect poorly on all parties.

³³ C.M. Drury, “Chairman, Chiefs of Staff Committee,” 12 July 1949, RG25 v.4447, 50000-J-40 p.1, LAC.

³⁴ This reciprocity policy, as Mirza later admitted, had been discontinued earlier in the year.

made were decidedly *unequal* and indeed favoured Pakistan by a factor of more than 6 to 1.³⁵

While the Canadian government hadn't refused any requests from India, it also hadn't made any attempt to maintain a rough balance in military exports between the two countries. Canada was, for all intents and purposes, almost exclusively arming Pakistan.

The first warning signs became apparent in November, 1949, when a "Mr. Bannerjee," of the Office of the High Commissioner for India asked the Defence Liaison Division for a list of the armaments sold from Canada to Pakistan, Burma, and Ceylon during 1949.³⁶ Defence Liaison contacted Plumptre at Economic, who responded that EA did "not communicate such information" at the request of individual states, and this was "doubly true" in the case of arms exports. Still, Plumptre admitted, fairly comprehensive statistics about Canada's external trade were published annually by the Dominion Bureau of Statistics, and Bannerjee could easily obtain a copy of their most recent report through the Department of Trade and Commerce.

A few days later, the Canadian government was blindsided by the Pakistani ambassador, who announced at a press conference at the UN that Pakistan now received most of its "army equipment" from Canada in exchange for US dollars.³⁷ This announcement set off a flurry of press inquiries which caught External Affairs somewhat unprepared and led to greater scrutiny of the file. It quickly became apparent that EA's internal records of the value of approved ammunition exports to Pakistan during 1949 (\$5 million) was considerably lower than the amount actually shipped (over \$7.5 million, according to the Dominion Bureau of Statistics).³⁸

³⁵ A.F.W. Plumptre, "Memorandum for Defence Liaison Division," 5 December 1949, RG25 v.4447, file 50000-J-40 p.1, LAC.

³⁶ R.A. MacKay, "Memorandum for Economic Division," 30 November 1949, RG25 v.4447, file 50000-J-40 p.1, LAC.

³⁷ Escott Reid, "Purchase of Military Equipment by Pakistan," 16 December 1949, RG25 v.4447, file 50000-J-40 p.1, LAC; "Gurmani Sees Danger," 12 December 1949, *The New York Times*.

³⁸ M.A. MacPherson, "Memorandum for Mr. Plumptre," 19 December 1949, RG25 v.4447, file

While EA eventually discovered that it had approved export permits for the missing value, the disparity contributed to a general uncertainty over the total value of military exports to Pakistan which continued well into the new year.³⁹

Luckily for the government, the Canadian public seemed to have little interest in the sale of arms to the Indian sub-continent, and the story floundered domestically. One EA official, quoted in *The Globe and Mail*, claimed that “it would be quite difficult to refuse exports to another Commonwealth country,” and that India already had the items which Canada was selling to Pakistan.⁴⁰ This was a return to the “old principle of equality” argument adopted in 1948. A more incendiary article the following year would similarly fail to cause a stir. On July 11, 1950, the *Ottawa Evening Citizen* accused the government of “carrying on a mysterious ‘cloak and dagger’ trade” in arms with Pakistan and keeping “the whole thing...as secret as the Sphinx’s smile.”⁴¹ EA had filed the article and prepared a memorandum for the Minister in case the subject came up in an ensuing press conference, but this precaution proved unnecessary.⁴² It undoubtedly didn’t hurt that the reporter in question dramatically underestimated the value of Canadian shipments of munitions to Pakistan, a mistake that EA agreed “need not be brought to

50000-J-40, p.1, LAC; SSEA to Canadian Permanent Delegate to the UN,” 17 December 1949, RG25 v.4447, file 50000-J-40 p.1, LAC.

³⁹ In late December Pearson informed Canada’s Permanent Delegate to the UN that the total was now “just over \$11,000,000.” By 1950, the Bureau would amend its total for 1949 to \$12,627,643. Pearson to Permanent Delegate, “Exports to Pakistan,” 20 Dec 1949, RG25 v.4447, file 50000-J-40 p.1, LAC; M.A. MacPherson, “Export of arms to Pakistan,” 12 July 1950, RG25 v.4447, file 50000-J-40 p.1, LAC.

⁴⁰ “No India Protest Over Arms Sale to Pakistan,” 24 December 1949, *The Globe and Mail*, ProQuest.

⁴¹ James Roe, “Mystery is Explained,” 11 July 1950, RG25 v.4447, file 50000-J-40 p.1, LAC.

⁴² M.A. MacPherson, “Export of Arms to Pakistan,” 12 July 1950, RG25 v.4447, file 50000-J-40 p.1, LAC.

the attention of the press.”⁴³ Canadians, it would seem, were largely uninterested in Canadian arms sales to Pakistan.

The Bannerjee request and the Pakistani press conference were ostensibly unrelated, yet they were associated by the connecting thread of the Dominion Bureau of Statistics. For if the Bureau’s publications could be used to correct External Affairs’ own military export records, they were indeed comprehensive enough to be of great value to Indian intelligence.⁴⁴ And if Pakistan was indeed receiving most of its military equipment from Canada, then the 1949 publication would provide an accurate assessment of new Pakistani capabilities not only to India (as under the recently cancelled British and Canadian reciprocity policies), but to any interested party in the world.

The inevitable visit from one “Mr. Latif,” a Counsellor at the Office of the Pakistan High Commissioner in Ottawa, occurred early in the new year. Latif informed the Commonwealth Division that the Bureau’s publication of the value of arms and ammunition exported from Canada to Pakistan ran counter to the provisions of the country’s agreements with the Canadian Commercial Corporation (CCC), and directly impacted Pakistan’s national security.⁴⁵ The CCC acknowledged that the contracts were confidential but argued that the Bureau disclosed only general information, in accordance with long-standing government policy.⁴⁶ Latif was subsequently informed that the CCC had no control over the operation of the Dominion Bureau

⁴³ This mistake is a curious one, given that the reporter, James Roe, claimed to have received his numbers from an official of the Canadian Bureau of Statistics.

⁴⁴ The Bureau publications did not disclose specific types and calibres of guns and ammunition shipped, but did include general categories and total value. W.D. Low to Heeney, 11 January 1950, RG25 v.4447, file 50000-J-40 p.1, LAC.

⁴⁵ H.F. Feaver, “Memorandum for Mr. Plumptre,” 4 January 1950, RG25 v.4447, file 50000-J-40 p.1, LAC.

⁴⁶ W.D. Low to Heeney, 11 January 1950.

of Statistics and would have been unable to comply with any request to withhold publication of the value of the contract, since doing so would have required falsifying government statistics.⁴⁷ However, on the same day that Feaver was replying to the Pakistan Counsellor, Heeney was reaching out to the Bureau itself to confirm that military export statistics had “indeed been published...for many years without protest” and to tentatively suggest a procedural revision.⁴⁸

Latif continued to take a “rather serious view” of the issue, arguing that the publication had caused significant embarrassment to the government of Pakistan.⁴⁹ One letter actually quoted the contract clause which Latif understood to have been violated, with the following portion underlined: “In no event shall you permit publicity concerning this contract without our prior consent.”⁵⁰ According to Latif, the publication of certain trade figures (see Table 1 as example) in the October edition of the Bureau’s “Trade of Canada” had created such publicity.

⁴⁷ H.F. Feaver to S.C. Latif, 21 January 1950, RG25 v.4447, file 50000-J-40 p.1, LAC.

⁴⁸ A.D.P. Heeney to Herbert Marshall, 21 February 1950, RG25 v.4447, file 50000-J-40 p.1, LAC.

⁴⁹ A.F.W. Plumptre to W.D. Low, 3 February 1950, RG25 v.4447, file 50000-J-40 p.1, LAC.

⁵⁰ S.C. Latif to H.F. Feaver, 31 January 1950, RG25 v.4447, file 50000-J-40 p.1, LAC.

Table 2.1. The Offending Publication (From *Trade of Canada, October 1949*)⁵¹

EXPORTS OF CANADIAN PRODUCE FROM CANADA						123
Articles and Countries to which Exported		MONTH OF OCTOBER 1949		TEN MONTHS ENDED OCTOBER 1949		Class Number
		Quantities	Values (\$)	Quantities	Values (\$)	
FURNITURE OF METAL						5880
100	U KINGDOM				880	
218	B MALAYA				260	
220	BERMUDA		1331		13291	
221	B GUIANA		336		14188	
222	B HOND				837	
223	BARBADDS		108		11312	
224	JAMAICA		117		458	
225	TRINIDAU				23378	
227	BAHAMAS				153	
228	LEE W WIND		672		13558	
233	NFLD				14834	
306	BELGIUM				1058	
314	COLOMBIA				1081	
316	CUBA				433	
320	DOM REP				460	
323	EL SALVD				950	
328	FR AFRICA				2099	
334	ST PIERRE		53		3342	
336	GREECE				306	
337	GUATEMALA		460		1235	
347	JAPAN				159	
357	NETH ANT		826		3979	
371	SIAM				845	
372	SPAIN				72	
376	SWITZRLND				1092	
387	VENEZUELA				9120	
400	U STATES		188		8991	
			4091		128371	
GUNS RIFLES AND OTHER FIREARMS						5890
207	UN SO AFR				150	
216	PAKISTAN		99690		1057482	
233	NFLD				64	
313	CHINA				397391	
315	C RICA				19000	
320	DDM REP				4524	
334	ST PIERRE		37		37	
361	PANAMA		49		49	
400	U STATES				307	
			99776		1479004	

Neither External Affairs nor the Dominion Bureau of Statistics was inclined to change existing practice on behalf of the Government of Pakistan, yet (as seemed obvious enough) Latif did have a point. After consultation with the US and UK, EA discovered that Canada provided more information on arms exports than either of its allies.⁵² The Americans published the value of their military transfers but obscured the specific category (guns, ammunition, artillery, aircraft, etc.). The British, who exported all military equipment on a government-to-government basis, failed to publish any statistics at all and grouped private exports of any dual-use goods (such as aircraft)

⁵¹ Dominion Bureau of Statistics, *Trade of Canada – Articles Exported to Each Country, Calendar Year 1949* (Canada: Minister of Trade and Commerce, Fourth Quarter, 1949), 123.

⁵² M.A. MacPherson, "Statistics of Exports of Arms to Pakistan," 6 March 1950, RG25 v.4447, file 50000-J-40 p.1, LAC.

into the civilian category. Canada, which still naively published separate statistics on small-arms and ammunition exports for any journalist or bleeding heart to read, was well behind the times.

The issue was raised in Cabinet in June, though not officially placed on the agenda and without minutes recorded.⁵³ A prepared memorandum suggested that Canada obscure all categories of military equipment by grouping them into a new category titled “miscellaneous articles,” thereby addressing the complaints of the Pakistan government and bringing Canadian policy into line with its major allies. Although no record was kept of the Cabinet decision on the matter, the policy revision doesn’t seem to have been implemented.⁵⁴ Whether this was because the ministers wished to preserve the existing transparency in government statistics, or simply because they refused to lose face to Pakistan, is not recorded. Mr. Latif, at least for the moment, had been foiled.

Engineering Outcomes

Although military exports from Canada to Pakistan peaked in 1949, the country would remain an important customer in the following decade. The longevity of the relationship, despite continuing conflict along the border with India, was the result of a series of arguments which seemed intentionally engineered to justify sales into the region no matter the political situation, the type of equipment requested, or the potential use of the Canadian goods. While these arguments were articulated in various forms in 1949, they are best presented in government

⁵³ Untitled Secret Memo with “M-30-2 P-32 June!” written in top right corner, RG2 v.170, file M-30-2, LAC.

⁵⁴ Later editions of *Trade of Canada* continue to use the same categories of military equipment. However, since Canadian exports of small-arms and ammunition (the only two explicitly military categories included in the publication) constituted an ever diminishing portion of Canada’s total military exports, the result was a net decrease in statistical transparency.

deliberations over the potential export to Pakistan of \$1.9 million in ammunition, which occurred in April 1950.⁵⁵ This specific case was eventually referred to Cabinet, despite the precedents created in 1948-1949, because of “the political situation between India and Pakistan” and “the quantity of ammunition involved.” In truth, officials within External Affairs were worried that Canada’s remarkable success in selling arms to Pakistan might be a liability if the simmering conflict in Kashmir ever boiled over. As EA official H.F. Feaver admitted:

If war eventuates, it would be unhappy to realize that the two members of the Commonwealth were using against each other ammunitions and war materials supplied in part by Canada. The Indian government might lodge a complaint on the basis that Canada had sold very considerably more to Pakistan than to India.⁵⁶

Why this would be a surprise to the department which had helped approve the permits creating the disparity is as confusing as the rest of Feaver’s tortured prose. Yet, while Feaver agreed that the new request for ammunition should be passed to Cabinet, his concerns were not sufficient for him to recommend a change in Canadian policy regarding India and Pakistan. In his opinion, the military equipment provided by Canada was both “certainly required” and would “undoubtedly be supplied from elsewhere” if Canada refused to sell.

On April 5 Cabinet conferred over the potential ammunition sale proposed in Feaver’s memo, as well as the general Canadian policy on military exports to Pakistan.⁵⁷ It eventually justified the sale via three interlocking arguments that were to become the new foundation of the Canadian position. First, because Pakistan lacked facilities for arms and munitions production, it relied heavily on foreign imports from countries like Canada. Therefore, refusing to allow the

⁵⁵ Cabinet Conclusions, “Export of Arms to Pakistan,” 5 April 1950, RG2 v.2645, LAC.

⁵⁶ H.F. Feaver, “Memorandum from Head, Commonwealth Division, to Economic Division,” 31 March 1950, in *DCER*, v.16, 1298-1299.

⁵⁷ Cabinet Conclusions, “Export of Arms to Pakistan,” 5 April 1950.

sale could be interpreted “as an unfriendly act or even intervention by Canada.”⁵⁸ Second, “such military strength as Pakistan had” was a deterrent to communist expansion westwards. India and Pakistan had been leveraging such fears to procure arms since 1948, arguing that events in China increased the importance of the Indian sub-continent as a bulwark against communism.⁵⁹ Third, according to Pearson, over the previous year Pakistan had “shown every evidence and desire to settle disputes peaceably,” and therefore had little interest in escalating the conflict with India.

These arguments, even by the standards of 1950, were deeply flawed. The notion that Canada had a diplomatic obligation to export arms to countries which lacked adequate domestic military production was obviously false, especially since previous Canadian sales had been justified by British willingness to supply the same equipment. Secondly, Pakistan, with or without Canadian equipment, would provide little opposition to a hypothetical communist invasion from China. Finally, Pearson’s assessment of Pakistani intentions was hopelessly optimistic and conformed to a larger trend of Canadian officials using minor changes in conflict regions to justify further sales of military equipment. Only an extremely myopic observer could have interpreted Pakistan’s voracious desire for Canadian weapons and ammunition as evidence of the government’s intention to settle the dispute peaceably.

The only note of caution recorded in the minutes is from the Minister of National Defence, Brooke Claxton, who warned that “Canada would be in a very awkward position” if war broke out, since Canada had supplied arms to both sides.⁶⁰ Pearson’s rebuttal, that Canada “had supplied very little” to India, hardly improved the Canadian position.⁶¹ As mentioned

⁵⁸ Cabinet Conclusions, “Export of Arms to Pakistan,” 5 April 1950.

⁵⁹ Brooke Claxton, “Export of Military Equipment to India and Pakistan,” 7 December 1948, in *DCER*, v.14, 1198-1200.

⁶⁰ Cabinet Conclusions, “Export of Arms to Pakistan,” 5 April 1950.

⁶¹ To be fair, the minutes of the April 5 meeting say that “considerable further discussion” was

above, Cabinet had justified the original military exports to India and Pakistan in 1948 on the Canadian obligation to the “principle of equality” in relations with Commonwealth countries. If Canadian exports heavily advantaged Pakistan, then that disparity violated the equality principle and endangered the Canadian relationship with India. Yet once again, economic considerations prevailed and approval for the ammunition sale was granted. Cabinet did insist that further requests from Pakistan for military equipment should once again be brought before Cabinet for “consideration on their merits,” but, considering that Cabinet had shown little willingness to restrict previous exports, this “consideration” was largely a formality.

The cycle of reviews and approvals would continue in the following years. All military export permit applications from India and Pakistan were frozen in July 1951, for example, due to a sharp increase in tension between the two countries.⁶² Yet Cabinet was asked to review the situation in September after the CCC received requests for quotations on British-type ammunition worth up to \$53 million.⁶³ Astoundingly, Pearson informed Cabinet that these requests could be “estimated as reasonable for the requirements of the two countries,” although “their size is no doubt partly due to the serious deterioration that has taken place in their relations.” He also repeated the EA position that a reduction of Canadian military exports “would be ineffective” unless other countries did likewise, arguing that continuing Canadian sales would simultaneously assist India and Pakistan “in their defences against possible future Communist aggression,” while “not significantly alter[ing] the balance of power between them.” Although it

needed before the export was approved. Other ministers may have supported Claxton’s concerns. Cabinet Conclusions, “Export of Arms to Pakistan,” 5 April 1950.

⁶² L.B. Pearson, “Memorandum from Secretary of State for External Affairs to Cabinet – Export of Arms to India and Pakistan,” 19 September 1951, in *DCER*, v.17, 1142-1144.

⁶³ This number included \$15 million for quotations from India, and \$38 million in quotations from Pakistan.

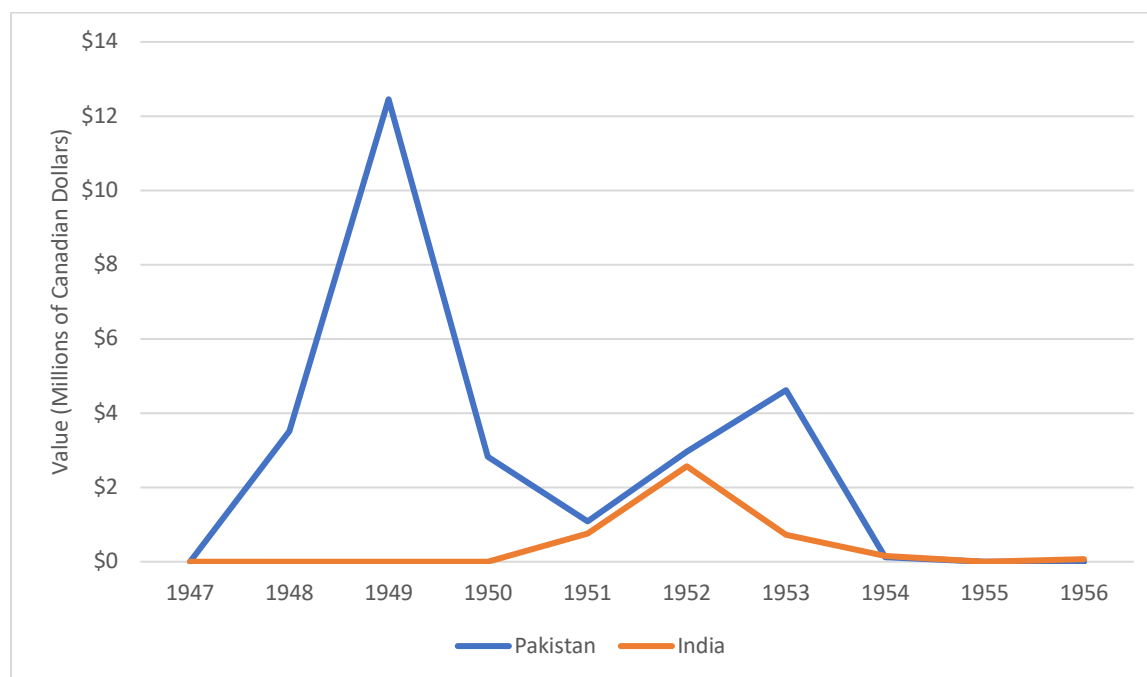
was obviously impossible for all of these arguments to be true at the same time, Cabinet once again approved a continuation of existing policy.⁶⁴ Millions of dollars of Canadian munitions, aircraft and spares, tank and military vehicle parts, and electronics would continue to be sold to Pakistan and India in the following years.⁶⁵

The following chart (*Table 2.1*) is drawn from the same *Trade in Canada* publications that so irritated Pakistani diplomat S.C. Latif and shows the temporary explosion in Canadian military exports to Pakistan and India between 1948 and 1954. For a short period, Pakistan was the largest purchaser of Canadian munitions in the world, providing a level of demand that caused significant changes in Canadian military export policy. Yet only two export categories are visualized on the chart: Guns, Rifles, and other Firearms (5890), and Cartridges – Gun and Rifle (9480). Both Pakistan and India also received substantial exports of dual-use equipment, including aircraft, aircraft parts, and automotive and tank parts, which were evaluated as military goods by External Affairs, yet were amalgamated with civilian exports by the Dominion Bureau of Statistics. In this way, published data on Canadian exports obscured much of the volume of Canadian participation in the arms trade.

⁶⁴ With the caveat that the CCC “should be governed by the possibility that the contracts might have to be cancelled.” Presumably Cabinet was hedging its bets against the increasing possibility of war on the Indian sub-continent. Cabinet Conclusions, “Export of Arms to India and Pakistan,” 26 September 1951, RG2 v.2648, LAC.

⁶⁵ “Export of Arms to Pakistan from Canada,” and “Export of Arms to India from Canada,” 23 February 1954, RG25 v.4448, file 50,000-J-40 p.6, LAC

Table 2.2. Firearm and Ammunition Exports to Pakistan and India, 1948-1956⁶⁶



Canadian military exports to Pakistan represent one of the few cases in which Canada became the primary arms supplier to a specific state. In fact, although Canadian sales of military equipment fell off after 1949, the decline was not nearly as steep as *Table 2.2* indicates. Pakistan would receive substantial quantities of Canadian aircraft and tank parts during the 1950s, continuing a military export relationship which had been redefined as a Canadian *obligation*. In the words of United Nations division official J.H. Cleveland, “I think it may be said that by exporting large quantities of military material to Pakistan we are doing more to preserve the peace in that area than we should by refusing to do so.”⁶⁷

Israel

⁶⁶ Since the publication was released quarterly, these statistics are compiled from the fourth publication of each calendar year. Dominion Bureau of Statistics, *Trade of Canada – Articles Exported to Each Country* (Canada: Minister of Trade and Commerce, 1949-1956),

⁶⁷ J.H. Cleveland, “Memorandum for Economic Division,” 5 May 1950, RG25 v.6607, file 11044-40 p.2.1, LAC.

Canadian military exports to Israel accelerated on a slower trajectory due to the UN Security Council embargo on arms exports to the Middle East enacted in April 1948.⁶⁸ However, as in the case of India and Pakistan, the willingness of Canada's allies in London and Washington to sell arms into the region quickly eroded Canadian restraint. Once again, sales were justified by an increasingly flexible definition of "defensive" military equipment, the spectre of communist advances, the economic benefits of military exports, and (when challenged) the basic irrelevance of Canadian exports to the international arms trade. In the words of one scholar of Canadian military exports to Israel:

Canadian policy during the 1948-50 period is difficult to analyze in terms of constant principles and standards. For all of the attempts made by individuals within the Department of External Affairs to define the nature and direction of Canada's Middle East arms export policy, an overwhelming impression is left of ad hoc decision making and profound confusion. The only consistent factor seems to be the overwhelming reliance on Washington and London.⁶⁹

The first Canadian military equipment to arrive in Palestine, including Harvard trainers, flamethrowers, and radios, was smuggled out of Canada by Israeli sympathizers in contravention of Canadian policy.⁷⁰ Any possibility of official military exports was constrained by the 1948 Arab-Israeli War, and the subsequent UN Security Council intervention and arms embargo. Yet, whether because of new Canadian political leadership in November 1948 or increasing political and economic ties in the Middle East, by early 1949 Canadian officials were exploring the potential sale of military equipment into the region. In January Cabinet approved the sale of trainer aircraft to Egypt and link trainers and storage batteries to Israel, pending formal assurance

⁶⁸ UN Security Council, "Resolution 46," S/723, 17 April 1948, UNSCR.

⁶⁹ Bristman, "'In the Strategic Interests of Canada': Canadian Arms Sales to Israel and other Middle East states, 1949-1956," 43.

⁷⁰ Bristman, "'In the Strategic Interests of Canada': Canadian Arms Sales to Israel and other Middle East states, 1949-1956," 14.

from both governments that “none of the equipment would be used for military purpose.”⁷¹ EA also felt the need to consult the UN Mediator on Palestine, Dr. Ralph J. Bunche, who confirmed that because the equipment in question was technically dual-use, the sales weren’t interpreted as violations of the UN embargo forbidding the export of military equipment into the region.⁷² Even so, Bunche asked Canada to delay completion of the orders for several weeks, and break them up into smaller shipments to avoid controversy.

Although the embargo was only officially ended in August 1949, both Israel and Egypt began exploring the possibility of acquiring more Canadian military equipment earlier in the year. In February, Egypt approached EA with a request for a complete plant to manufacture .303 ammunition, which was rejected as a clear breach of the UN embargo.⁷³ In June, a private Israel flight club put in a request for 20 Harvard and 20 Cornell trainer aircraft, with the understanding that the club had a contract with the Israeli government to train military pilots.⁷⁴ EA forwarded the request to New York, where it was once again brought to the attention of Bunche.⁷⁵ On his request, EA delayed approving the application until August 31, after the official end of the truce agreement.⁷⁶

In these early transactions, the motivations of the Canadian government seem almost entirely economic. Israel and Egypt were not members of the Commonwealth and therefore

⁷¹ Cabinet Conclusions, “Export of Arms; Egypt and Palestine,” 25 January 1949, RG2 v.2643, LAC.

⁷² Canadian Permanent Delegate to the United Nations to the SSEA, 13 January 1949, RG25 v.4444, file 50000-C-40 p.1, LAC.

⁷³ Bristman, ““In the Strategic Interests of Canada”: Canadian Arms Sales to Israel and other Middle East states, 1949-1956,” 27.

⁷⁴ SSEA to Canadian Permanent Delegate to the United Nations, 30 June 1949, RG25 v.2180, file 50000-B-40 p.1, LAC.

⁷⁵ Canadian Permanent Delegate to the United Nations to SSEA, 11 July 1949, RG25 v.2180, file 50000-B-40 p.1, LAC.

⁷⁶ J.H. Cleveland to S.C. Cooke, 31 August 1949, RG25 v.2180, file 50000-B-40 p.1, LAC.

lacked a historical claim to the “principle of equality” leveraged by India and Pakistan in their dealings with Canada. Additionally, although Canada was technically a participant in the UN proceedings, it remained unburdened by the strategic responsibilities which constrained its allies. The Americans, motivated by geopolitical considerations, sought to maintain stability in the Middle East by restraining military exports, while the British needed to maintain military transfers to Arab states because of pre-existing alliances in the region.⁷⁷ By contrast, Canada was merely attune to the military export opportunities in the Middle East and eager to secure its fair share of the orders, without becoming overly embroiled in the politics of the region.

At first these opportunities were mostly in Egypt. Late in the spring, the Egyptian representative on the Atomic Energy Commission had approached Canada’s representative to the UN, General Andrew McNaughton, with a tentative request for a sizable amount of military equipment.⁷⁸ Since all indications pointed to the imminent lifting of the UN embargo, EA officials in Ottawa took the request seriously and began to do some quick calculations. Egypt, it was reported, had a military budget of \$32 million and could pay in US dollars.⁷⁹ Additionally, since Egypt was a traditional ally of the British and was positioning itself as a “bastion against the Communist menace in the Eastern Mediterranean,” Canada might be able to position the sale as either an act of alliance solidarity or a blow against Soviet incursion in the region.⁸⁰ The Joint Intelligence Committee proclaimed that it was “in the strategic interests of Canada to strengthen Egypt’s position in the Middle East,” since “if Canada does not provide arms and instruction

⁷⁷ Bristman, ““In the Strategic Interests of Canada”: Canadian Arms Sales to Israel and other Middle East states, 1949-1956,” 11-12.

⁷⁸ A.G.L. McNaughton to the SSEA, 26 May 1949, RG25 v.4444, file 50000-C-40 p.1, LAC.

⁷⁹ A.F.W. Plumptre, “Control of Exports to Egypt,” 3 June 1949, RG25 v.4444, file 50000-C-40 p.1, LAC.

⁸⁰ A.F.W. Plumptre, “Control of Exports to Egypt,” 3 June 1949.

facilities some other country or countries undoubtedly will.”⁸¹ In other words, arming the Egyptians was God’s work, and Canada was happy to reap the benefits.

It is difficult to determine whether the Egyptian approaches had any impact on the timing of the joint Canadian-French resolution which removed the UN embargo in August 1949. However, they obviously shaped the behavior of General McNaughton during the preceding debate. Both the American and British representatives used the forum to speak of the need to restrain military exports “in excess of legitimate internal security and defence requirements,” and to prevent “a competitive arms race in the Middle East.”⁸² For his part, McNaughton intentionally avoided any reference to the embargo, or to future military exports into the region. Instead he suggested that the restrictive conditions of the truce were no longer necessary and should be lifted. EA officials would later cite this omission as evidence that Canada had made no promises at the UN which would limit its ability to supply arms to Egypt, Israel, or other regional powers.⁸³

In practice, of course, the British and Americans supplied far more military equipment into the Middle East than their Canadian counterparts. For example, the British sold five squadrons of De Havilland Vampire jets to the Egyptian Air Force in November 1948, fighter jets that (although delivery was to occur only in 1951) stretched the definition of “legitimate” defence requirements.⁸⁴ In fact, when an Egyptian military mission did finally manifest in the fall

⁸¹ E.F. Gaskell, “Memorandum for the Joint Intelligence Staff – Export of Arms to Egypt,” 9 August 1949, RG25 v.4444, file 50000-C-40 p.1, LAC.

⁸² E. Goldschlag, “Memorandum for Interdivisional Meeting – Export of Arms to the Middle East,” 4 January 1950, RG25 v.2180, file 50000-b-40 p.1, LAC.

⁸³ See Goldschlag, “Memorandum for Interdivisional Meeting – Export of Arms to the Middle East,” 4 January 1950.

⁸⁴ Goldschlag, “Memorandum for Interdivisional Meeting – Export of Arms to the Middle East,” 4 January 1950.

of 1949, they were so delighted by the British equipment on offer in London that they lost interest in Canadian munitions.⁸⁵ It was only after the Canadian Trade Commissioner in Cairo pitched Canada's case directly to the Egyptian Under-Secretary of War that some of the enthusiasm from the summer was renewed, and the Egyptians promised a visit to Ottawa. The Trade Commissioner, however, was walking a difficult line. When he suggested to the Under-Secretary that Canada would need to be assured that Egyptian purchases were only for "defence purposes," the Egyptian official retorted that countries which found themselves against the communist scourge "must cooperate whole-heartedly." Such cooperation sounded politically risky to the Canadian government, which had begun receiving exploratory requests from the Israeli government as well, and had no wish to be accused of fomenting an arms race.

The Israeli interest in Canadian military exports, like the interest shown by Pakistan in the same period, was the result of obstruction on the part of the nation's preferred supplier rather than a specific desire for Canadian equipment.⁸⁶ The first Israeli requests for quotes on strictly military equipment (as opposed to dual-use aircraft) were received by the CCC via the Israeli mission in New York in October. The CCC, which felt that providing quotes on the requested equipment implied "probably approval" of the eventual export, immediately consulted EA.⁸⁷ Opinions within the department ranged from those like R.A. MacKay (Defence Liaison Division), who saw no problem with providing quotations, to John Holmes (United Nations Division), who argued that since the UN General Assembly was currently debating a peace

⁸⁵ J.M. Boyer to G.R. Heasman, 6 December 1949, RG25 v.444, file 50000-C-40 p.1, LAC.

⁸⁶ In Israel's case, the preferred supplier was Washington. Zachary Kay, *Diplomacy of Prudence: Canada and Israel, 1948-1958* (Montreal, McGill-Queen's University Press, 1996), 30

⁸⁷ A.F.W. Plumtre, "Memorandum for United Nations Division," 28 October 1949, RG25 v.2180, file 50000-B-40 p.1, LAC.

settlement, an arms shipment to Israel would be “untimely.”⁸⁸ In Holmes’ view, Canada should instead keep its military exports to the Middle East to a minimum, both to “avoid strengthening the feeling of self-sufficiency and resultant incorrigibility of these states,” and to “keep the air clear for our participation in the General Assembly discussions.” Eventually the department decided to follow the same playbook it had developed for the first Pakistani requests. In other words, as “Miss MacCallum” (European Division) proposed, to bring “the whole question” of Arab and Israeli military exports under immediate review.⁸⁹

Over the ensuing months, EA officials scrambled to develop a policy on military exports to the Middle East that adequately balanced the political risks of arming countries in conflict with the economic benefits of doing so. Canadian representatives in Washington and London were asked to once again gauge the opinion of their hosts on military exports into the Middle East, while General McNaughton was asked to test the waters at the UN.⁹⁰ The results were troubling. While EA had learned to take the caution of its allies with a grain of salt, the British and American response on military exports to Palestine was very different than it had been concerning exports to Pakistan. Even General McNaughton admitted that the size of the potential Israeli order “might be considered to exceed legitimate internal security requirements,” and

⁸⁸ R.A. MacKay, “Memorandum for Economic Division,” 31 October 1949, RG25 v.2180, file 50000-B-40 p.1, LAC; B. Margaret Meaghe, “Memorandum for Economic Division,” 2 November 1949, RG25 v.2180, file 50000-B-40 p.1, LAC

⁸⁹ Elizabeth MacCallum became one of the first female officers in EA after the ban was lifted in 1947. Born in Turkey, she spoke both Turkish and Arabic and was the department’s “one-person, unofficial Middle East Division” for many years. Margaret K. Weiers, *Envoys Extraordinary: Women of the Canadian Foreign Service* (Toronto: Dundurn Press, 1995), 35, 46; R.A. MacKay, “Memorandum for Economic Division,” 31 October 1949.

⁹⁰ The trickiest part of these consultations for the Canadian diplomats involved was obtaining useful policy information without disclosing specific details about the requests being evaluated in Canada. Since British or American firms were often maneuvering for the same contracts, such disclosures would have put Canada at a competitive disadvantage. SSEA to McNaughton, 5 November 1949, RG25 v.2180, file 50000-B-40 p.1, LAC

could lead to accusations that Canada was encouraging an arms race.⁹¹ Since a large Canadian transfer to Israel would also draw vociferous criticism from the Arab states, and vice versa, the potential political backlash was formidable.

The resulting policy, as usual, was confidential, ambiguous, and conveniently malleable. As McNaughton informed the Israeli UN representative in January 1950, Canada had decided to reject the October request but confirmed that export applications for “limited quantities” of military equipment required for “internal security and legitimate defence requirements” would be given “favorable consideration.”⁹² Up to this point Canada had only approved the export of dual-use items and trainer aircraft into the Middle East, but now the Middle Eastern market was being partially opened to most Canadian military goods. As in the case of Pakistan in 1948, only the export of offensive or “heavy arms” continued to be categorically prohibited.⁹³ Once again the department had decided to justify military exports into a conflict region by relying on classifications that were neither quantifiable (legitimate security requirements) nor mutually exclusive (offensive and defensive capabilities).

Since this language mirrored the statements made by the US and UK during the August truce negotiations, it must be noted that neither the jargon nor the obfuscation were uniquely Canadian. The US State Department had secretly embraced a very similar policy in September 1949 after the termination of the embargo, despite significant fears of an arms race.⁹⁴ However,

⁹¹ McNaughton to SSEA, 14 November 1949, RG25 v.2180, file 50000-B-40 p.1, LAC.

⁹² McNaughton to A.S. Eban, 5 January 1950, RG25 v.2180, file 50000-B-40 p.1, LAC.

⁹³ Canadian officials gave two reasons for this prohibition. First, a public request from the UN Acting Mediator during the August debates over the Canadian-French resolution. Second, the very real possibility that Israel might use such weapons to launch a war of expansion against its neighbours. Goldschlag, “Memorandum for Interdivisional Meeting – Export of Arms to the Middle East,” 4 January 1950.

⁹⁴ Document 932, Secretary of State to the President, “Policy with respect to Arms Shipments to the Arab States and Israel,” 1 September 1949, in *Foreign Relations of the United States, 1949*,

the Americans were only using the criteria to evaluate private military exports, since the government was refusing to export any military equipment to the region from government stocks.⁹⁵ The British had maintained an almost complete embargo on military exports to Israel, but were continuing to sell arms to their Arab allies in the region in a desperate bid to maintain their historical influence.⁹⁶ While London acknowledged that some balancing exports to Israel might be necessary in the near future, the government requested that Canada not export any type or quantity of equipment which might “increase significantly the Israeli military potential.”⁹⁷

Taken together, British and American views meant Canada needed to tread far more carefully than it had in the Indian sub-continent, yet also indicated the potential for significant export competition among the Western powers as each responded to different strategic and economic considerations. Once again it was Escott Reid who was most eloquent in diagnosing the issues at stake. In a memo to Canada House, he observed:

We do not wish to exacerbate rivalries already existing in the Middle East by adopting a discriminatory policy in the matter of arms shipments to Israel on the one hand or Arab states on the other. Neither do we consider it wise to permit shipments of ... heavy war material or large shipments of any kind except within the framework of understanding which will ensure their use for purposes that are not contrary to our own long-term interests. It seems to us that independent and uncoordinated policies of arms shipment are likely to result in the overstocking of arms in the Middle East by both Israel and the Arab states; they will do nothing to allay, and may easily serve to intensify, the mutual recriminations and hostility already associated with the subject.⁹⁸

The Near East, South Asia, and Africa, v.6, ed. Herbert A. Fine et al (Washington: United States Government Printing Office, 1977).

⁹⁵ Canadian Ambassador in Washington to SSEA, 15 November 1949, RG25 v.2180, file 50000-B-40 p.1, LAC.

⁹⁶ David Tal, "The Making, Operation and Failure of the May 1950 Tripartite Declaration on Middle East Security," *British Journal of Middle Eastern Studies* 36, no. 2 (2009), 179.

⁹⁷ High Commissioner for Canada to SSEA, 8 November 1949, RG25 v.2180, file 50000-B-40 p.1, LAC.

⁹⁸ SSEA to the High Commissioner for Canada, 13 March 1950, RG25 v.2180, file 50000-B-40 p.1, LAC.

Reid's thinking mirrored that of other skeptical officials within EA, including MacCallum, who argued that the potential consequences of Canadian military exports to Israel and Egypt far outweighed their economic benefits.⁹⁹ MacCallum was especially concerned that the departmental tendency to evaluate applications on a case-by-case basis would blind officials to the bigger picture, leading to the approval of multiple moderate-sized transfers to an Israeli state already the military equal of its Arab neighbours.¹⁰⁰ The situation in the Middle East, she warned, was already dire:

“What we are now confronted with is an arms race of the conventional pattern, in which provocative statements alternate with fresh arms purchases, these leading in turn to accusations of hostile purposes and to the intensification of fear, which justify additional expenditure on armament...If we show no reluctance to sell substantial quantities of arms, the requests of this nature which we receive are likely to increase in frequency and it may become increasingly difficult to refuse any of them, although the total arms exports involved might reach a figure which the Canadian Government would not have been willing to consider at the outset.”¹⁰¹

Reid and McCallum, however, did not seem to speak for the department. Reid's memo was never sent, while McCallum's was largely ignored.

Still, Reid and MacCallum were not the only ones worried about the impact of uncoordinated military export policies upon volatility in the Middle East. The continuing tension in the region, and the possibility of Soviet political and economic incursions, quickly forced the western powers into public alignment. In May 1950, the US, UK, and France issued the Tripartite Declaration, which proclaimed that, while the three signatories were opposed to the development of an arms race between the Arab states and Israel, they affirmed the necessity of

⁹⁹ Bristman, ““In the Strategic Interests of Canada”: Canadian Arms Sales to Israel and other Middle East states, 1949-1956,” 23.

¹⁰⁰ T.W.L. MacDermot, “Memorandum for Economic Division – Export of Arms to Israel, 20 May 1950, RG25 v.2180, file 50000-B-40 p.1, LAC.

¹⁰¹ T.W.L. MacDermot. “Memorandum for Economic Division – Export of Arms to Israel, 20 May 1950.

allowing each state to obtain military equipment for their internal security, legitimate defence requirements, and for collective defence against threats external to the region.¹⁰² Countries in the Middle East would therefore be allowed to purchase certain types of military equipment from the three major western powers, provided they submitted an assurance not to undertake “any act of aggression against any other state” and the balance of military capabilities remained stable.

It was once again the Americans who were most interested in controlling military exports to the Middle East, and therefore the driving force behind multilateral restrictions. As early as November 1949, a State Department representative had informed EA that the US was pursuing an informal information exchange with the UK regarding military exports into the region.¹⁰³ He immediately hinted that Washington wished to extend this agreement to the other major western arms exporters, including Canada, France, Belgium, and Italy. Canada consented to such an agreement the following year and began to send reports on Middle East military exports to the State Department every couple of months.¹⁰⁴ In 1953, Canada would enter into a similar arrangement with the British.¹⁰⁵ In both instances, individual consultations on a case-by-case basis continued as required, while the reports functioned as a means of keeping each country informed of both the others’ activities and the evolving military capabilities of Israel and the Arab states.

¹⁰² David Tal, "The Making, Operation and Failure of the May 1950 Tripartite Declaration on Middle East Security," 177.

¹⁰³ Canadian Ambassador in Washington to the SSEA, 15 November 1949, RG25 v.2180, file 50000-B-40 p.1, LAC.

¹⁰⁴ Bristman, "'In the Strategic Interests of Canada': Canadian Arms Sales to Israel and other Middle East states, 1949-1956," 40.

¹⁰⁵ "Copy of a letter (Ref. DEF.20/38/1) dated 16.10.53 from Commonwealth Relations Office, S.W.1. to Office of the High Commissioner for Canada, Canada House, S.W.1.," 16 October 1953, FO 371/104229/1192/357, The National Archives (UK).

The Tripartite Declaration allowed the Canadian government to begin contributing military equipment to the “legitimate” requirements of Middle Eastern countries without departing from the protection of public allied policy. The bi-monthly reports allowed Canadian policymakers to evaluate the type and quantity of equipment approved in London and Washington and align Canada’s military exports to the Middle East accordingly. Together, the declaration and the information exchange enabled the Canadian government to continue in the kind of reactive case-by-case analysis which it seemed to prefer to clear policy restrictions – mirroring the fluid situation in the Middle East. The government could therefore ensure that Canadian military producers got their proper share of export orders into the Middle East (in comparison with British and American orders), while avoiding comparatively large or politically conspicuous transfers which might cause embarrassment in Canadian international relations or for Canadian diplomacy at the UN. In other words, the purpose of the Canadian system of military export controls was not primarily to prevent an arms race in the Middle East or restrict transfers to the bare minimum necessary for the legitimate defence of any particular state. The importance of these restrictions ebbed and flowed, as was politically convenient. Instead, the system was engineered to exploit political precedents set in Washington or London, with the goal of maximizing Canadian exports into the Middle East and minimizing any responsibility for security or stability in the region.

Canadian officials, like their British and American counterparts, were also keenly aware of the difficulty of maintaining a balance of military capabilities between Israel and the surrounding Arab states – a critical objective of the Tripartite Declaration. A balance, after all, was the only means of preventing an arms race in the region, as states expanded their “legitimate security requirements” to compensate for the acquisitions of their competitors. However, since

both Israel and the Arab states consistently claimed that the balance tilted towards their opposition, and the western arms suppliers never achieved a monopoly over supply, the best that could be accomplished was a brake on the escalation of military capabilities in the region. As one Canadian official would note in 1954, the failure of the western arms suppliers to cooperate in restricting exports “makes it practically impossible to maintain the so-called equilibrium in military power in the Middle East and merely adds to the ‘crisis of confidence’ in Arab-Israeli relations.”¹⁰⁶ While these failings were not so apparent at the turn of the decade, they undermined Canadian export restraint and created a reactive cycle of exports which contributed to the regional arms race.

Taking the Offensive

By the middle of 1950, the main components of Canadian military export regarding the Middle East were clear. The government would consider applications for defensive equipment that met legitimate defence or internal security requirements, but only in quantities or types that did not upset the military balance in the region. All potential exports would require consultation with Canada’s key allies, could be re-evaluated or delayed if the political situation in the Middle East deteriorated, and were contingent on non-aggression assurances from the customer. The government also continued “its basic policy of refraining from making offensive weapons available to areas of conflict or potential conflict,” including Israel and Egypt (which were still technically at war).¹⁰⁷ On paper the policy was sound, yet in practice it would enable Canada to

¹⁰⁶ Jules Léger, “Arab-Israeli Relations,” 12 November 1954, in *DCER*, v.20, 1997, 1614-1617.

¹⁰⁷ Of course, this policy had already been violated by transfers to other countries, including Pakistan. “Memorandum for Cabinet Defence Committee – Sale of Guns to Israel,” 28 August 1951, RG2 v.170, file M-30-2, LAC.

actively participate in turning the Middle East into one of the most militarized regions in the world.

At first, violence, UN scrutiny, and British and American export restraint inspired significant caution in Canadian policymakers. Cabinet rejected an Israeli request for \$2 million in military equipment (including ammunition, rockets, and anti-tank guns) in January 1950 because of the size of the order, the inclusion of offensive weapons, and the “political situation” in the Middle East.¹⁰⁸ The Israelis, who would prove to be quite creative in manipulating Canadian military export controls, immediately submitted a modified list without the equipment which Canadian officials had deemed of a “heavy offensive type.”¹⁰⁹ Pearson brought the new list to Cabinet in March with the recommendation that the export be approved; however, misgivings from Prime Minister St. Laurent concerning a recent UN resolution and the potential reaction of the Canadian public caused the decision to be deferred.¹¹⁰ It was subsequently approved in late April, after progress on the UN resolution stalled.¹¹¹

This remarkable pivot in the Canadian position between January and April was, unsurprisingly, a direct response to policy changes in London and Washington. The January memorandum to Cabinet recommending rejection of the Israeli request had been submitted by Brooke Claxton, who had been acting SSEA during Pearson’s absence.¹¹² Pearson, on his return, had decided to request Cabinet approval of the second Israeli list partially in response to a British

¹⁰⁸ Cabinet Conclusions, “Export of Arms to Israel,” 17 January 1950, RG2 v.2645, LAC.

¹⁰⁹ Cabinet Conclusions, “Export of Arms to Israel,” 23 March 1950, RG2 v.2645, LAC.

¹¹⁰ Cabinet Conclusions, “Export of Arms to Israel,” 23 March 1950.

¹¹¹ Cabinet Conclusions, “Export of Arms to Israel,” 27 April 1950, RG2 v.2645, LAC.

¹¹² Pearson would later claim the rejection was a result of his absence from Cabinet, although he had approved the memorandum in question before Claxton submitted it. Bristman, ““In the Strategic Interests of Canada”: Canadian Arms Sales to Israel and other Middle East states, 1949-1956,” 31.

sale of 100 Centurion tanks to the Egyptians earlier in the year.¹¹³ In fact, Pearson had actively solicited the second list by instructing the European Division to tell the Israelis that Canadian policy was once again “under review,” and that a revised list would receive “sympathetic consideration.”¹¹⁴ Canada’s competitive impulse was further aroused by the Israeli claim that their US supply of military equipment had grown to “respectable” proportions in the preceding months.¹¹⁵ Since EA wouldn’t start exchanging reports on military exports with the State Department until later in the year, this claim was difficult to corroborate. However, consultation with Ambassador Hume Wrong in Washington indicated that the State Department was under “considerable pressure” both from Congress and external sources to supply arms to Israel, and was therefore permitting “limited shipments” into the region.¹¹⁶

Department records suggest that Pearson was so eager to close the deal that he initially sought Cabinet approval for the second list without allied consultation, and against the opinion of the Chiefs of the General Staff.¹¹⁷ His argument was based on two contentions: that the second request (\$750,000) was much smaller than the previous one (\$2,000,000) which had been considered to exceed Israel’s security requirements, and that Canada had an obligation to balance recent British exports to Arab countries.¹¹⁸ For their part, the Chiefs of Staff contended that “no

¹¹³ R.G. Riddell, “Note for Mr. Plumptre,” 21 February 1950, RG25 v.2180, file 50000-B-40 p.1, LAC; T.W.L. MacDermot, “Memorandum to Mr. Reid,” 23 February 1950, RG25 v.2180, file 50000-B-40 p.1, LAC.

¹¹⁴ R.G. Riddell, “Note for Mr. Pearson,” 24 February 1950, RG25 v.2180, file 50000-B-40 p.1, LAC.

¹¹⁵ T.W.L. MacDermot, “Memorandum to Mr. Reid,” 23 February 1950.

¹¹⁶ H. Wrong to Pearson, 8 March 1950, RG25 v.2180, file 50000-B-40 p.1, LAC.

¹¹⁷ Departmental sources show that Pearson was one of the most sympathetic officials to Israel requests. Most secondary sources confirm this interpretation. Kay, *Diplomacy of Prudence: Canada and Israel, 1948-1958*, 32; Michael Oren, “Canada, the Great Powers, and the Middle Eastern Arms Race, 1950-1960,” *International History Review* 12:2 (May 1990), 283.

¹¹⁸ Technically the Israelis had requested approximately \$2 million in military equipment on both lists. However, each list included different items, and the Services had only agreed to release

change in the political situation” had occurred to warrant a reversal of Cabinet’s January decision.¹¹⁹ It is rather indicative of the state of Canadian military export policy that Pearson both agreed with the Chiefs and continued to whole-heartedly support approving the second Israeli request. After all, it was the political situation in London and Washington, not that in Tel Aviv and Cairo, which had motivated him to encourage the Israelis in February.

Pearson was eventually convinced to delay Cabinet discussion until after reports had been received from Washington and London, on the assumption that Cabinet would otherwise reject the proposal.¹²⁰ The delay also gave the Chiefs time to reconsider, and produced a surprising reversal in their position. In late March they informed EA that they were prepared to release 18 anti-aircraft guns which the Israelis had asked for on the second list, but which had previously been denied.¹²¹ In exchange for the addition of these munitions to the potential export, the Chiefs withdrew their objection to the transfer.

It must be emphasized, once again, that the political situation in the Middle East had changed very little since January – when Cabinet had affirmed that the Middle East continued to be a “combustible area” in which Israel was the most likely state to “embark on a policy of expansion.”¹²² Furthermore, the release of anti-aircraft guns and ammunition by the Chiefs of Staff had increased the value of the Israeli order to \$2,275,000, meaning that it now exceeded the

\$750,000 in equipment from the second list. M.A. MacPherson, “Memorandum for the Minister – Export of Arms to Israel,” 15 March 1950, RG25 v.2180, file 50000-B-40 p.1, LAC.

¹¹⁹ I. Bowen to the USSEA, 15 March 1950, RG25 v.2180, file 50000-b-40 p.1, LAC.

¹²⁰ Reid, “Memorandum for the Secretary of State for External Affairs – Export of Arms to Israel,” 15 March 1950, RG25 v.2180, file 50000-B-40 p.1, LAC.

¹²¹ Escott Reid, “Memorandum for Mr. Plumptre,” 20 March 1950, RG25 v.2180, file 50000-B-40 p.1, LAC.

¹²² Brooke Claxton, “Memorandum to the Cabinet – Export of Arms to Israel,” 9 January 1950, RG25 v.2180, file 50000-B-40 p.1, LAC.

value of the order rejected earlier in the year.¹²³ While it no longer included “offensive” equipment, the order was also no longer smaller than the one which had been rejected for exceeding Israel’s legitimate defence requirements. In other words, the only major variable that had changed in the first four months of 1950 was the realization by Canadian officials that both the US and UK were now allowing moderate shipments of arms to the Middle East. Once this had been established, approval of the export was a foregone conclusion. Later complications, such as end-use guarantees or the deferral implemented by St. Laurent, were simply a question of optics and timing.¹²⁴

Deferring decisions on military export permits eventually became an important means of preempting controversy regarding military exports, since it provided Cabinet with a means of navigating the frequent crises in the Middle East without needing to officially reject export applications. Over the next few years, a cycle would emerge in which military export permits for Israel and Egypt were deferred whenever violence reached a boiling point, and then quickly approved when tensions receded. The frequent escalations actually provided a perverse incentive for military exports into the region, since their temporary resolutions allowed Cabinet to justify further exports by claiming that the political situation had recently improved. Additionally, because major Israeli arms requests would remain a constant part of the Cabinet agenda from the spring of 1950 until the Suez War in 1956, this cycle of deferrals and approvals allowed the

¹²³ L.B. Pearson, “Memorandum to the Cabinet – Export of Arms to Israel,” 21 March 1950, RG25 v.2180, file 50000-B-40 p.1, LAC.

¹²⁴ One of the conditions placed upon the transfer by Cabinet was a guarantee from Israel that the exported equipment “would not be used for aggressive purposes or to obstruct the implementation of United Nations resolutions.” L.B. Pearson to Avraham Harman, 27 April 1950, RG25 v.2180, file 50000-B-40 p.1, LAC.

government to meet the public demand for action during crises (by deferring exports) while keeping military exports flowing into Palestine.¹²⁵

Perhaps inevitably, the erosion of Canadian export restrictions quickly accelerated after April. Between the middle of 1950 and the Suez Crisis, there was never a time when a significant Israeli order wasn't under consideration by the department.¹²⁶ By the end of 1950, External Affairs had successfully convinced the government that routine supplies of defensive equipment to the Middle East didn't require allied consultation, since they would be revealed anyway during the exchange of export reports.¹²⁷ Later, in August 1951, the Cabinet Defence Committee decided to approve the sale of 25 25-pounder artillery guns to Israel, despite acknowledging that the equipment was offensive in nature.¹²⁸ According to the minutes, although the government had previously "refrained from making offensive weapons available to areas of actual or potential conflict," both Minister of Defence Claxton and SSEA Pearson "felt that a relaxation of this policy with respect to Israel was now perhaps warranted." Israel was "the one stable element in the area" amidst an Arab world awash in "mounting anti-Western hysteria," and therefore might become an essential western ally. The risk of Canadian weapons being used in future Arab-Israeli conflicts, Claxton argued, was offset by the necessity of providing both sides with the military capability to repel communist aggression. For his part, Pearson convinced the committee to refrain from consulting Washington and London on the decision by reminding

¹²⁵ Public reactions to Canadian arms sales to Israel will be explored in Chapter 5.

¹²⁶ Bristman, "'In the Strategic Interests of Canada': Canadian Arms Sales to Israel and other Middle East states, 1949-1956," 39.

¹²⁷ Although both "routine" and "defensive" remained ambiguous in definition. Bristman, "'In the Strategic Interests of Canada': Canadian Arms Sales to Israel and other Middle East states, 1949-1956," 46.

¹²⁸ "Extract from Minutes of Meeting of Cabinet Defence Committee: VI. Sale of Guns to Israel," 30 August 1951, in *DCER*, v.17, 1728-1729.

them that both parties frequently declined to consult Canada on similar sales from their own countries. Instead, the government decided to simply inform its allies of the sale, ignoring any criticism unless it was (as described in the minutes) especially “unfavourable.”

External Affairs was quick to seize on the policy implications of this decision, which seemed to remove the previous blanket restriction on the export of offensive weapons to countries in conflict. In September, EA’s Economic Division prepared several memos evaluating an Israeli request for 20,000 PIAT anti-tank mortar bombs in light of the Defence Committee discussion.¹²⁹ It pointed out that, although Pearson had mentioned Israel specifically in his comments, he had also said that it would be unwise to discriminate between Israel and the Arab states in terms of military exports. The minister therefore presumably intended to lift the ban on exporting offensive weapons to all Middle Eastern states, and possibly to other conflict regions as well.

It quickly became apparent that Economic Division was a little early out of the gate. The ban on offensive equipment had never been enforced consistently (as shown by previous exports to China and Pakistan), and the August decision seemed to be another exception, rather than a new precedent. Plumptre (Economic Division Head) added a marginal note to the September 13 memo explaining that most officials “doubted the desirability” of the mortar bomb export and suggested that such a significant change in policy might require further Cabinet review.¹³⁰ Furthermore, analysis from the new Joint Intelligence Board (JIB), of DND, suggested that 20,000 bombs was far more than were required for the maintenance of Israeli internal security

¹²⁹ USSEA to SSEA, “Export of Arms to Israel,” 13 September 1951, in *DCER*, v.17, 1730-1732.

¹³⁰ Cabinet Conclusions, “Export of Arms and Aircraft; Specific Cases; Arrangements for Authorization,” 3 May 1949.

and might indicate a stockpiling program in preparation for renewed conflict.¹³¹ It was therefore proposed that Canada approve only half the order – 10,000 bombs – to reduce the risk of destabilizing the military balance in the region.

The decision to allow the export of 25-pounders and mortar bombs set an important precedent: military equipment considered “offensive” might be approved for export, but generally only in quantities which weren’t considered significant enough to change the military balance.¹³² The Defence Department attempted to track Israeli equipment stores through consultation with Canadian allies to ensure that Canadian exports didn’t significantly increase Israeli military capacity; however, because of the number of suppliers involved, this was an easier task in theory than in practice. In the specific case of the PIAT mortar ammunition, DND admitted it did not know how many bombs the Israelis already possessed, nor what other sources of supply they might have pursued.¹³³ Without this additional information, determining whether the sale would significantly enhance Israeli military capabilities was simply guesswork. It therefore seems likely that the primary purpose of reducing the number of mortar bombs involved from 20,000 to 10,000 was simply to reduce the risk of political friction with Canada’s allies, and the risk of public embarrassment should the munitions be fired in anger at some later date.

¹³¹ Kilford, “The Other Cold War: Canadian Military Assistance in the Developing World,” 115; USSEA to SSEA, “Export of Arms to Israel,” 13 September 1951, in *DCER*, v.17, 1730-1731.

¹³² In practice, such equipment was only sold to Israel, which received the lion’s share of Canadian military exports to the region between the 1948 War and the 1956 Suez Crisis. In 1953, one official would note that Canada “receives fewer applications for arms from all the Arab states combined than from Israel.” L.D. Wilgress, “Export of Arms to the Middle East,” 19 January 1953 in *DCER*, v.19, 1428-1431.

¹³³ Reid, “Export of Arms to Israel,” 13 September 1951, in *DCER*, v.17, 1730-1731.

Of course, even if Canadian officials had possessed accurate numbers, there is no guarantee this would have influenced the Canadian position. In early 1952, External Affairs attempted to discern whether an “unreasonable amount” of military exports had gone to a particular country by compiling lists of the applications it had approved during the preceding two years.¹³⁴ While Heeney’s assessment admitted that arms exports to India, Israel, and Pakistan had substantially increased, he argued that these increases were hardly “unreasonable” given the circumstances. India, Israel, and Pakistan were “newly established,” and struggling with “internal unrest” and “threatening external pressures.” Furthermore, Canada was one of the few countries with the “surplus productive capacity” to produce the necessary requirements – which had “proved to be modest in terms of the vast amount of equipment needed for modern warfare.” Heeney eloquent defence of what was, objectively, a significant increase in military exports to two conflict regions, indicates a government policy which refused to be swayed by inconvenient facts.

A Jealous Alliance

The liberalization of Canadian policy was also motivated by the continuing suspicion that the US and UK were using export consultations to protect domestic commercial interests – a suspicion which made Canadian officials less susceptible to allied criticism. In a memo from Under-Secretary Arnold Heeney to Pearson in September 1951, summarizing the reaction from American and British officials to the potential sale of 25-pounder guns to Israel, Heeney dismissed American claims that they would have rejected the order.¹³⁵ He advised Pearson that

¹³⁴ A.D.P. Heeney, “Memorandum for the Minister,” 4 March 1952, RG25 v.6607, file 11044-40 p.2.2, LAC.

¹³⁵ A.D.P. Heeney, “Export of Arms to Israel,” 21 September 1951, in *DCER*, v.17, 1732-1733.

the American response didn't meet the definition of "unfavourable" set out by the Cabinet Defence Committee, since there had been at least one instance when the US had made similar claims and then "issued an export permit for an identical order placed in that country after export approval from Canada had been denied." Canadian officials would later accuse the State Department of "fluidity" in its military export policy regarding Israel, due to discrepancies between the results of consultation with the State and Defence Departments.¹³⁶ Canadian suspicions regarding the motivations of its allies provided an important lever for Israeli diplomats seeking arms and roused "Canada's strongest independent instincts" on export policy.¹³⁷ As far as the government was concerned, if an arms race was to occur in the Middle East, Canada meant to receive its fair share of the commercial benefits.¹³⁸

Canada was not the only western power to seek to restrain the commercial competition which undermined attempts to restrain military exports into the region. In 1952, the US, UK, and France created a secret forum called the Near East Arms Coordinating Committee (NEACC) to discuss military capabilities in the Middle East, exchange information regarding military exports, and discuss the desirability of future exports by the three participating governments.¹³⁹ Canada was informed of the existence of the NEACC in 1954, but eventually declined an invitation to

¹³⁶ C.S.A. Ritchie, "Export of Arms to Israel," 28 May 1953, in *DCER*, v.19, 1431-1434.

¹³⁷ In November 1953, Pearson was informed by Israeli diplomat Michael Comay that an Israeli official in Washington had been fabricating evidence of American military exports to foment commercial jealousy in Canada. The subterfuge outraged Pearson, but highlighted Canadian frustration with the reticence of British and American officials. Bristman, "'In the Strategic Interests of Canada': Canadian Arms Sales to Israel and other Middle East states, 1949-1956," 66-67; 75.

¹³⁸ "Though not a major power, Canada, too, was driven by self-interest to abandon a policy of restraint and to compete in the Middle Eastern arms market." Michael Oren, "Canada, the Great Powers, and the Middle Eastern Arms Race, 1950-1960," *International History Review* 12:2 (May 1990), 300.

¹³⁹ Bristman, "'In the Strategic Interests of Canada': Canadian Arms Sales to Israel and other Middle East states, 1949-1956," 145-46.

join due to its potential to increase the “considerable risk of implying special commitment” to the Middle East.¹⁴⁰ Canadian officials had no desire to be press-ganged into a multilateral intervention in the region, nor to expose Canadian military export applications to greater political pressure, even if the NEACC was technically a consultation body without formal veto authority.

During the next few years, Israel continued to be an important consumer of Canadian military equipment, especially as the US, UK, and France pivoted to arming their Arab allies.¹⁴¹ Between January 1951 and September 1952, External Affairs approved almost a million dollars in military exports to Israel, as well as \$350,000 to various Arab states.¹⁴² Even after tensions escalated on the Israel-Jordan border in early 1953, External Affairs approved the export of 200 tons of TNT, as well as \$110,160 in anti-tank munitions.¹⁴³

Still, as the Israeli requests increased in conjunction with violent border incidents, Canadian officials decided to become more cautious. Departmental debates over the wisdom of approving an Israeli request for \$950,000 in 25-pounder ammunition extended through the spring, as strong criticism from the European Division clashed with Pearson’s inclinations to close the deal.¹⁴⁴ The matter was settled only after Acting Under-Secretary A.E. Ritchie

¹⁴⁰ A.E. Ritchie, “Consultations Concerning Arms Shipments to the Near East,” 30 November 1955 in *DCER*, vol. 21, 1999, 1201-1203; Greg Donaghy, “The Politics of Accommodation: Canada, the Middle East, and the Suez Crisis, 1950–1956,” *International Journal* 71, no. 2 (2016): 316.

¹⁴¹ One scholar has claimed that the western powers implemented a “tacit embargo” on Israel because of its perceived military capabilities, and that the Tripartite Declaration “increasingly applied only to Israel” after 1952. Michael Oren, “Canada, the Great Powers, and the Middle Eastern Arms Race, 1950-1960,” 285.

¹⁴² L.D. Wilgress, “Export of Arms to the Middle East,” 19 January 1953, in *DCER*, v.19, 1430.

¹⁴³ C.S.A. Ritchie, “Export of Arms to Israel,” 28 May 1953, in *DCER*, v.19, 1432.

¹⁴⁴ R.E. Collins, “Memo from European Division to Economic Division: Export of Arms to Israel,” 18 June 1953, in *DCER*, v.19, 1434-36.

submitted a remarkably blunt memo on the general subject of arms exports to the Middle East, concluding:

In view of the reports which have been reaching us that the representatives of the Security Council and of the Governments of the United States and the United Kingdom have been finding Israel unco-operative in the matter of restoring even the degree of security which existed along its frontiers in 1952, this may not be considered the best moment for Canada to modify its policy on the export of offensive weapons in response to the requests from the party to the Palestine dispute whose policy is chiefly blamed for the recent deterioration of security in the area.¹⁴⁵

Ritchie's assessment was prescient. By late October, the prospect of imminent war between Israel and Jordan persuaded Pearson to impose an administrative delay on the shipment of military equipment, including tank parts, to Israel.¹⁴⁶ While the Canadian government was increasingly tolerant of the ambient conflict between Israel and its Arab neighbours, it wasn't yet prepared to equip the state during a hot war.

The October decision was supposedly consistent with existing policy prohibiting the export of arms "to states which are, or appear to be, on the verge of war."¹⁴⁷ However, it is remarkable that the prospect of war, occurring in a year during which the US and UK had already intervened *four times* to prevent conflict between Israel and its Arab neighbours, led only to an "administrative delay" in the supply of Canadian arms.¹⁴⁸ This underwhelming response can be attributed to several causes. First, as already shown by previous exports to the Netherlands, Nationalist China, Pakistan, and India, the Canadian government often allowed

¹⁴⁵ Canadian officials continued to claim that Canadian policy restricted the sale of offensive weapons into conflict regions well into the 1950s, despite constant violations of this alleged restriction. C.S.A. Ritchie, "Note on Conditions in the Middle East in Relation to Arms Exports from Canada," 28 September 1953, in *DCER*, v.19, 1436-1438.

¹⁴⁶ C.S.A. Ritchie, "Arms Exports to the Middle East," 28 October 1953, in *DCER*, v.19, 1440-1441.

¹⁴⁷ C.S.A. Ritchie, "Arms Exports to the Middle East," 28 October 1953, 1441.

¹⁴⁸ C.S.A. Ritchie, "Note on Conditions in the Middle East in Relation to Arms Exports from Canada," 28 September 1953, 1436.

exports to states in conflict – occasionally even selling to both sides. Second, the government had never provided a clear definition of “the verge of war,” possibly because it would have excluded most of the Middle East from the Canadian export market.¹⁴⁹ Third, the government’s primary motivation for prohibiting exports to countries in conflict was to avoid public backlash and international embarrassment, since a unilateral Canadian embargo was considered both commercially undesirable and functionally ineffective. After the Security Council decided not to impose a multilateral arms embargo on Israel on November 26, Pearson lifted the temporary suspension on Canadian military exports.¹⁵⁰

By 1954, the Tripartite Declaration was under siege. While the US and UK still claimed to be maintaining a balance of power in the Middle East, each of the western suppliers was selling “somewhat independently” of the others.¹⁵¹ Under-Secretary Jules Léger would look back upon the year in November and observe that multilateral controls over the supply of arms to the Middle East had become “dangerously lax,” resulting in an escalation of transfers into the region that increased the risk of “over-arming one side and thus tipping the balance of military power.”¹⁵² The western powers were feeding arms to the Arab states in an attempt to turn them into a reliable bulwark against communist expansion, while the Israelis engaged in a reciprocal stockpiling of military equipment far beyond their legitimate defence requirements.¹⁵³ Léger, it should be noted, may have been experiencing a bit of seller’s remorse. The accelerating arms

¹⁴⁹ Israel and Egypt remained officially at war until the 1970s.

¹⁵⁰ C.S.A. Ritchie, “Arms Exports to the Middle East,” 26 November 1953, in *DCER*, v.19, 1442.

¹⁵¹ R.A. MacKay, “Note Memorandum – Arab-Israeli Relations,” 12 November 1954, in *DCER*, v.20, 1617-25.

¹⁵² Jules Léger, “Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs,” 12 November 1954 in *DCER*, v.20, 1614-17.

¹⁵³ Jules Léger, “Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs,” 12 November 1954, 1615-16.

race had been experienced in Canada as a proliferation of military export requests, mostly from Israel, for substantial quantities of ammunition, tank parts, 25-pounder guns, and even F-86 jet aircraft. The Israelis had even opened a diplomatic mission in Ottawa in late 1953, motivated by their success in obtaining Canadian munitions.¹⁵⁴ While EA had reduced, deferred, or rejected many of these requests, Canada had still approved substantial exports of military equipment into the Middle East.

The department was able to produce assessments like Léger's while still approving military exports to Israel because of the confluence of several forces. First, the Israelis eventually became quite proficient at working the Canadian system. By 1954, they had learned to frame their requests as routine applications for equipment needed to replace worn-out equipment, or replenish ammunition or supplies consumed in training.¹⁵⁵ In other words, ongoing Canadian military exports were necessary simply to *maintain* the balance of power in the region by preventing the erosion of Israeli military capability through breakage and obsolescence. Since the Israeli rate of attrition was not available to the western powers, and the actual replacement could not be policed, this argument was plausible enough to escape immediate rejection.

Whether it was actually true, of course, was another consideration entirely. One EA official scoffed that the Israeli ambassador, Michael Comay, "assures us that *anything* Israel can get from us is needed exclusively for legitimate defensive needs."¹⁵⁶ Another accused Comay of trying to "hit upon the right formula" for obtaining Canadian military equipment by inventing an

¹⁵⁴ SSEA to Canadian Ambassador in Ankara, 20 December 1954, RG25 v.2181, file 50000-B-40 p.9, LAC.

¹⁵⁵ "Note Memorandum – Arab-Israeli Relations," 12 November 1954, 1621.

¹⁵⁶ R.A. MacKay, "Memorandum from AUSSEA to SSEA – Export of Arms to Israel," 12 April 1954 in *DCER*, v.20, 1627-1628.

endless supply of equipment that needed replacing.¹⁵⁷ At one point the Israelis offered to voluntarily scrap all of their combat aircraft in exchange for 24 Canadian-made F-86 jet fighters, an offer which the department had rejected outright as being thoroughly unrealistic.¹⁵⁸ The Israelis were generally vague on the fate of the retired equipment, which, as the State Department later informed EA, was usually sent to other army units or turned over to Israeli settlers (kibbutzim).¹⁵⁹ Consequently, military exports on a replacement basis still tended to increase net Israeli military capability, despite the claims of the Israeli ambassador.

The value of these claims was not their believability – Canadian officials obviously viewed them with a skeptical eye. Yet, like the written assurances officials had demanded of the Dutch in the late 1940s, they served an important purpose *despite* being impossible to verify and therefore of dubious objective value. Instead, they became an important political prop in Canada's bilateral consultations with the British and Americans, which had begun, by 1954, to resemble a form of contract negotiation. The cynicism and competition which had infested these consultations gave the department a reason to accept unverified Israeli claims whole-heartedly and approve Canadian military exports before British or American officials could do the same.

One of the better examples of this policy in action is the story of an Israeli application for 48 25-pounder guns and associated artillery trailers, which had been received by the Canadian government from the Israeli Purchasing Agent in New York in spring 1954.¹⁶⁰ The request had

¹⁵⁷ A.E. Ritchie, "Memorandum from Head, Economic Division, to USSEA – Sale of Arms to Israel," 16 September 1954, in *DCER*, v.20, 1638-39.

¹⁵⁸ A.E. Ritchie, "Memorandum from Head, Economic Division, to USSEA – Sale of Arms to Israel," 16 September 1954.

¹⁵⁹ Canadian Ambassador in Washington to SSEA, 10 August 1955, RG25 v.2181, file 50000-B-40 p.10, LAC.

¹⁶⁰ J.F. Grandy to K.R. Crook, 29 July 1954, FO 371/110813/1192.321, The National Archives (UK).

been followed by an explanation that the guns would not increase Israeli firepower because they would replace an equal number of other weapons which would be “withdrawn from active service.”¹⁶¹ Upon consultation with the Commonwealth Relations Office (CRO) in London, EA learned that the UK claimed it would refuse a similar request, and indeed had already refused larger requests in the recent past.¹⁶² The Israeli artillery position, it was argued, had been “built up to...a suitable level,” and “any addition would upset the balance of power.” However, the department also learned that the British had sold 25 of the same guns to Israel the year before, and had factored that sale into their assessment. Since the Canadians had not previously been informed of the earlier sale, the revelation stank of British duplicity.¹⁶³

To be fair to Canadian officials, this was not the first time London had suddenly revealed sales of the same equipment to the same customer during the consultation process. In March 1954, the department had asked for British views on a possible sale of 10,000 rounds of 75mm ammunition to Israel, only to discover that London had already promised them 7,000 rounds of the same calibre.¹⁶⁴ The British requested that Pearson reduce the Canadian export to 7,000 rounds as well, but the SSEA instead cited the grudging acceptance of the Americans as justification for approving the entire order. The tables had turned in June, when the Canadian government used British acceptance to subvert American concerns over a substantial order of

¹⁶¹ J.F. Grandy to K.R. Crook, 29 July 1954.

¹⁶² S.G. Pennells to J.F. Grandy, 19 August 1954, FO 371/110813/1192/321, The National Archives (UK).

¹⁶³ As Pearson later wrote: “I am also worried about the United Kingdom policy of shipping 25-pounders to Israel, without informing us in advance, and then telling us later that ‘they have enough, so please do not send any more from Canada.’” L.B. Pearson, “Memorandum from SSEA to USSEA – Export of Arms to Israel,” 9 September 1954, in *DCER*, v.20, 1637.

¹⁶⁴ R.A. MacKay, “Memorandum from AUSSEA to SSEA – Export of Arms to Israel – Request for 10,000 Rounds of 75 mm Ammunition,” 29 March 1954, in *DCER*, v.20, 1626-27.

propellant charge for 25-pounder ammunition.¹⁶⁵ By 1954 External Affairs had learned to play the same sort of games with London and Washington that it had once decried, and, like a child going from one parent to the other, was obedient only to the answer it preferred.

In the case of the Israeli request for 25-pounder guns, however, Canada's two allies were presenting a united front. Both had indicated that they would not approve a similar order and were pressuring EA to reject the appeal. Even the JIB had decided against the potential transfer, arguing that it would significantly increase Israel's artillery strength and "exceed her legitimate peacetime needs."¹⁶⁶ Yet Pearson continued to meet with the Israeli ambassador into the fall, seeking an excuse to approve the application. While the SSEA wasn't a Zionist by any means, he both resented the British double-dealing and sympathized with the Israeli position.

Pearson got his opportunity in September, after Comay promised to provide a written assurance that every gun would replace an existing weapon.¹⁶⁷ According to the SSEA, this promise "alter[ed] the situation" and required "a reconsideration of our attitude." The rest of the department were not as convinced of the value of the Israeli promise, but they eventually fell into line behind their minister. The Economics Division privately complained that such a promise put the government in the position of either "relying entirely upon the honourable intentions" of the Israelis, or setting up a complicated "armament supervisory capacity in Tel Aviv."¹⁶⁸ Still, since a rejection of the Israeli promise would appear "to cast doubt upon the integrity and good faith of

¹⁶⁵ Although EA recommended that the order be cut in half. The Americans obviously inspired greater deference in Ottawa than the British. Cabinet Conclusions, "Export of Arms to Israel," 17 June 1954, RG2 v.2655, LAC.

¹⁶⁶ Cabinet Conclusions, "Sale of Guns to Israel," 19 October 1954, RG2 v.2656, LAC.

¹⁶⁷ L.B. Pearson, "Memorandum from SSEA to USSEA – Export of Arms to Israel," 9 September 1954.

¹⁶⁸ A.E. Ritchie, "Memorandum from Head, Economic Division, to USSEA – Sale of Arms to Israel," 16 September 1954.

the Israeli government,” the division assumed that Cabinet now had no choice but to approve the order.¹⁶⁹

Cabinet approved the export at Pearson’s request on October 19.¹⁷⁰ As mentioned above, the US, UK, and JIB were against the transfer because of its potentially destabilizing impact upon the military balance in the Middle East. Balancing these weighty opinions were three arguments used to justify the Cabinet decision.¹⁷¹ First, that the political situation in the region had “improved slightly in recent months.” Second, that the US and UK were sending military equipment to certain Arab nations, increasing their military potential. Third, and most importantly, that the Israeli government had issued a written promise that each new gun would retire another.

Conclusion

These arguments reflect several trends in Canadian military export policy that have been explored throughout this chapter and indicate departmental attempts to preserve *discretionary flexibility*. The first is yet another example of the government tendency to justify military exports into conflict regions by selectively citing minor improvements in the political situation – a trick used previously to approve export applications to the Middle East, Pakistan and India, the Dutch East Indies, and even China. Since the improvements were relative to a specific crisis in the recent past, this trick was used to fabricate the appearance of progress in regions with enduring, cyclical conflicts.

¹⁶⁹ A.E. Ritchie, “Memorandum from Head, Economic Division, to USSEA – Sale of Arms to Israel,” 16 September 1954.

¹⁷⁰ Cabinet Conclusions, “Sale of Guns to Israel,” 19 October 1954, RG2 v.2656, LAC.

¹⁷¹ There are actually four arguments cited in the Cabinet Conclusion. The fourth, however, is complete drivel (“In general it was desirable to support a nation setting such a good example in improving productivity of an impoverished section of the world.”)

The second highlighted an increasing preference to ignore or manipulate the advice of Canada's allies due to the commercial competition created by the arms race in the Middle East. This, of course, was the primary motivation behind the Cabinet decision, fueled by nearly a decade of slights (both perceived and actual) from the State Department and Commonwealth Relations Office. External Affairs had often been "embarrassed" by the "divergent policies and practices" of its allies, especially the Americans (who generally pressed Canadian officials to refuse exports), and the British and French (who the Canadians suspected were accepting similar orders).¹⁷² The department's attempts to cook up compromises which appeased Washington while allowing Ottawa to compete with London and Paris had resulted in exports being delayed, reduced, or staggered over long intervals. Much of the strange incongruity between EA's stated desire to maintain the military balance in the Middle East, and its actual record of export permit approvals, can be attributed to its pursuit of these compromises.

The third argument rested upon two failures of logic that stood at the core of Canadian military export policy: a cultivated naiveté and a simple paradox. The former was necessary if the government wished to pretend (which it did) that the verbal and written assurances it demanded from Israel, Pakistan, the Netherlands were being honoured. Since these promises were impossible to verify without violating the sovereignty of the buyer nation, the Canadian government never attempted to do so. Instead, Cabinet decisions simply assumed that the assurances, like Israel's promise to retire an equivalent number of obsolescent guns, were inviolable. This naiveté provided a convenient justification for Canadian military exports into conflict regions without any of the bother or expense of verification.

¹⁷² Jules Léger, "Memorandum for the Minister – Export of Arms to Israel and the Arab States," 10 December 1954, RG25 v.2181, file 50000-B-40 p.9, LAC.

The second failure of logic, the paradox, had become a departmental favourite over the years, and was often preached by Pearson himself. He had first used it in the Cabinet context in 1951 to justify a request for massive military exports to Pakistan, but it was easily adapted to other theatres. In its simplest form, it involved claiming that Canadian military exports were required by a certain country in a conflict region to meet some politically incontestable purpose – such as bolstering it against potential communist aggression, or to maintain the regional military balance. At the same time, Pearson or another official would claim that the Canadian transfer was either too small, or of the wrong type, to have any meaningful influence upon the balance of power in the region or the recipient's ability to wage war. This example of *categorical ambiguity* allowed the department to argue that a Canadian military export was simultaneously critically important and completely irrelevant, depending upon which side of the point needed to be made.

Within the context of the October decision to transfer 48 guns to Israel, the paradox allowed Pearson to recommend the transfer on two fronts. Most importantly, he could claim to accept the Israeli promise to use the new weapons to replace old ones, and therefore Comay's assurance that no net increase of Israeli firepower would occur to disturb the regional military balance. Additionally, he could also argue that guns would offset British and American sales to the Arab states, reducing Israeli vulnerability to a combined assault from its neighbours. As Under-Secretary Jules Léger had informed Pearson the day before the Cabinet meeting:

These guns will increase the fire-power of the Israeli forces, because the guns will probably replace obsolete weapons. Taking into account the increased arms to be supplied to the Arab countries, however, the net effect may be to raise the scale of the supply of arms to the Middle East as a whole but to maintain the balance as between Israel and the Arab states.¹⁷³

¹⁷³ Jules Léger, "Memorandum from USSEA to SSEA – Export of Arms to Israel," 18 October 1954 in *DCER*, v.20, 1639-40.

The word “may” does significant work in Léger’s analysis, since the western powers did not possess accurate assessments of the military holdings of each state in the region. However, Léger’s claim that the transfer of exactly 48 artillery guns would “maintain the balance” was a seductive one that both recommended the sale and put Canada on the side of the angels. Combined with the Israeli promise, it allowed Pearson to promise the best of both worlds to his Cabinet colleagues. The guns in question were both a routine transfer with little political risk, and an essential antidote to the reckless exports of the British and Americans.¹⁷⁴ They were needed both to *prevent* the erosion of Israeli military capability through attrition, and to *increase* Israeli military capability to balance corresponding increases in the Arab states. The paradox was a powerful tool in the right hands and was frequently deployed by the department in the following years.

The final chapter of the Israeli application for 48 guns and trailers is perhaps more of a sad epilogue than a proper story. In December 1954, the Canadian Ambassador to Turkey wrote Pearson to ask for guidance if the sale leaked to the public.¹⁷⁵ Specifically, he requested data on recent military exports to Arab countries, hoping that he could counter-balance Arab resentment by demonstrating that Canada was holding to its “policy of non-discrimination.” EA’s response was surprisingly frank because it was intended to “lay down the line” for Canadian representatives in the various embassies and postings in the region.¹⁷⁶

¹⁷⁴ Ironically, the department had already used the precedent of British exports to resume selling aircraft trainers and spare parts to the Egyptians. Pearson had therefore helped to create the problem (by arming Egypt) which he now sought to solve (by arming Israel). High Commissioner for Canada to SSEA, “Sale of Arms by the United Kingdom to Egypt,” 16 August 1952, RG25 v.4444, file 50000-C-40, p.1, LAC; SSEA to High Commissioner for Canada,” 12 September 1952, RG25 v.4444, file 50000-C-40, p.1, LAC.

¹⁷⁵ Canadian Ambassador, Ankara, to SSEA, “Export of Arms to Israel,” 6 December 1954, RG25 v.2181, file 50000-B-40 p.9, LAC.

¹⁷⁶ G.S. Murray, “Export of Arms to Israel,” 21 December 1954, RG25 v.2181, file 50000-B-40

Pearson began by acknowledging that Canada had sold far more to the Israelis than the Arab states during the preceding years.¹⁷⁷ However, this disparity reflected “no bias on Canada’s part in favour of Israel, but the greater interest which the Israelis have shown in placing orders in Canada.” Since 1952, Pearson explained, the department had received only one major order for military equipment from an Arab state: an Egyptian request for quotation on 60 F-86 jet fighters in 1953. EA had rejected both this order and a corresponding Israeli request for 24 F-86s, illustrating its commitment to a policy of non-discrimination.

Yet, because the export disparity reflected so poorly on Canada’s claims of impartiality, and because Canada had played a part in establishing Israel in 1948, Pearson recognized that any publicity of the 25-pounder export would elicit vociferous criticism. He therefore recommended any inquiry concerning Canadian military exports to the Middle East “should be approached with the greatest of caution.”¹⁷⁸ Officials were asked to ignore, deflect, or confuse all but the most determined and informed enquirer, who were to be assured that Canada’s policy was entirely impartial and completely aligned with the Tripartite Declaration of 1950. As a last resort, a particularly knowledgeable enquirer might be told that the disparity in Canadian military exports was the result of the greater efforts made by the Israelis to obtain Canadian arms. However, Pearson warned, “The last-mentioned answer should be deftly dealt with, because we are not anxious to encourage Arabs or Israelis to seek arms in Canada or to involve Canada in an arms race between Israel...and the Arab states.”

p.9, LAC.

¹⁷⁷ SSEA to Canadian Ambassador, Ankara, 20 December 1954, RG25 v.2181, file 50000-B-40 p.9, LAC.

¹⁷⁸ SSEA to Canadian Ambassador in Ankara, 20 December 1954, RG25 v.2181, file 50000-B-40 p.9, LAC.

This guidance, although very diplomatic, was obviously not entirely indicative of the Canadian position. As mentioned above, Pearson had actively solicited Israeli business in 1950, and the department had shown a marked preference for Israeli (as opposed to Arab) orders ever since. This was partially the result of larger geopolitical forces and the existing British-Arab alliances, but it also reflected the superior diplomacy of the Israeli state and the inclinations of EA officials. While Elizabeth MacCallum and Escott Reid were especially skeptical of Israeli intentions, MacCallum never overcame what she called Pearson's "blind spot" regarding Israel.¹⁷⁹

Additionally, the department had not included any export statistics with its response to Ankara because it didn't have any available.¹⁸⁰ A survey was made in the new year, and a compiled list of statistics circulated to the posts at the end of January.¹⁸¹ According to this survey, Canada had sent under \$10,000 in military equipment to Saudi Arabia, Egypt, Iran, Iraq, Jordan, Lebanon, and Syria combined since 1950, while Israel had received transfers worth nearly \$2 million. In other words, Canada's policy of non-discrimination had turned it into an almost exclusive supplier of the Israeli military.¹⁸²

The sale of military equipment to the Middle East would continue to accelerate over the following years, driven by commercial competition between western powers, the entrance of the

¹⁷⁹ Kay, 103.

¹⁸⁰ G.S. Murray, "Export of Arms to Israel," 21 December 1954, RG25 v.2181, file 50000-B-40 p.9, LAC.

¹⁸¹ A.E. Ritchie, "Export of Arms to the Middle East," 21 January 1955, RG25 v.2181, file 50000-B-40 p.9, LAC.

¹⁸² It should be noted that the survey methodology is flawed, and its results are partial at best. It was meant to be a survey of "arms exports" to the Middle East, but tracks only "arms and ammunition" to Arab states. This seems to have resulted in the omission of significant transfers of aircraft and aircraft parts to Egypt, despite the inclusion of similar items exported to Israel. Still, this mistake has only a minor effect on the total disparity.

Soviets into the market via the Czech-Egypt deal in 1955, and the increasing quantity of weapons being sold. During this period, Canada would authorize the export to Israel of millions of dollars in tank parts, ammunition, 25-pounder guns, and other military equipment.¹⁸³ Sometimes decisions on Israeli requests were deferred due to various crises in the Middle East. Sometimes they were reduced in quantity due to concerns over regional balance or offensive capacity. Yet, a clear majority were eventually approved. This trend would continue until 1956, when the Canadian government finally experienced a dual crisis dire enough to motivate change – both the potentially catastrophic war over the Suez Canal as well as an embarrassing Parliamentary scandal over Canadian military exports to Egypt.

¹⁸³ Bristman, "“In the Strategic Interests of Canada”: Canadian Arms Sales to Israel and other Middle East states, 1949-1956," 72; 74.

Chapter 3: Structured to Sell

The dramatic relaxation in Canadian military export restrictions during the early post-war period incentivized a flood of applications from foreign buyers, domestic producers, and third-party brokers. It also created a series of crises within the Departments of External Affairs, Trade and Commerce, and National Defence, as the government sought to engineer a bureaucratic system of export controls capable of efficiently processing this flood of applications while maintaining the requisite level of official oversight. These internal struggles were further complicated by external pressure from the US State Department, as the Americans imposed multilateral controls on the export of numerous goods, including military equipment, to communist countries. As always, this system of Canadian military export *controls* (the scope and structure of the bureaucratic mechanisms) existed in reciprocal tension with Canadian military export *restrictions* (the criteria by which government evaluated specific exports).

Chapters 1 and 2 explained how and why Canadian restrictions – such as those excluding countries other than the US and UK, non-democratic governments, or countries involved in significant conflict – were ignored, reinterpreted, and finally relaxed in the post-war years. This chapter will explain the evolving systems and procedures which provided the government bureaucratic control over potential military exports and the export application process. Not only are these systemic changes less obtuse than the evolution of Canadian restrictions, they also show a linear relationship with the requirements of Canada's allies and military producers. In this sense, the controls provide a much better record of the central considerations of Canadian military export policy.

The first post-war system of proto-control was approved by the Cabinet decision of May 1946, which confirmed a system of government review under the guise of continuing existing

policy.¹ Under this system, Cabinet was required to approve all exports of military equipment from Canada – a testament to the rarity of such requests in the immediate post-war environment. Requests were referred to Cabinet by External Affairs, which was responsible for examining each case on its merits, consulting National Defence and Trade and Commerce if necessary, and screening out possible sales that were obviously not in the Canadian interest. While T&C was technically responsible for accepting export applications and issuing export permits for Cabinet-approved exports, all the stops between those input and output functions were conducted by EA.

During this early period, requests for military exports reached the Department through a variety of channels, not just T&C. War Assets Corporation (WAC) and the newly-created Canadian Commercial Corporation (CCC) forwarded all requests for military equipment to External Affairs, despite being technically exempt from export permit requirements.² Foreign governments also regularly requested equipment through Canadian embassies or other diplomatic channels. Private citizens and aspiring brokers even booked personal meetings with officials in EA to curry favour for specific export opportunities.³ The most enterprising (or manipulative) used multiple vectors simultaneously, in an attempt to pit both officials and departments against each other.

¹ See Chapter 1.

² The CCC was created in 1946 to facilitate Canada's involvement in the United Nations Relief and Rehabilitation Administration (UNRRA), as well as procurement by foreign governments. In 1947 it became the primary mechanism for Canadian military procurement after responsibility for said procurement was passed from the Department of Munitions and Supply to the Department of Trade and Commerce. Plamondon, "The Politics of Procurement: Military Acquisition in Canada and the Sea King Helicopter," 5; J.H. Cleveland, "Export of Military Equipment," 29 January 1949, RG25 v.6272, file 11044-40 p.1.1, LAC; Cabinet Conclusions, "Trade and Commerce; Proposed Canadian Commercial Corporation," 28 March 1946, RG2 v.2637, LAC.

³ A.F.W. Plumptre, "Export of Arms – Colonel Rivers-Macpherson," 21 December 1949, RG25 v.6272, file 11044-40 p.1.2, LAC.

The internal pipeline was less diffuse, but intensely laborious. Once received, requests were forwarded to the Department's Economic Division, which parcelled them out to the three political divisions for regional assessment.⁴ Economic would also consult the Secretary of the Chiefs of Staff Committee within DND, who was responsible for passing the request to the appropriate Service for an assessment of the military implications.⁵ The resulting political or military assessment often required EA to request American or British perspectives on the potential sale through the embassy in Washington and high commission in London. Only then could a positive recommendation be given to the Under-Secretary or Secretary for discussion in Cabinet, which could further delay the process by requesting clarification from any of the involved Departments. Evaluating a request for a military export often took months, as it bounced back and forth within a pipeline designed to accommodate only a few dozen requests a year.

This system was never expected to be a permanent solution to the problem of military exports. Pearson later called it a "temporary expedient" which had been intended to serve until the UN delivered international regulations on the arms trade.⁶ Unsurprisingly, it proved inadequate at nearly every opportunity. The autonomy of External Affairs was constrained by the lack of general policy directives from Cabinet, which continued to ignore requests for greater

⁴ These divisions, known as Political I, II, and III, were created in the departmental reorganization of 1945. They were expanded and renamed in January 1948 as the United Nations, Commonwealth, European, and American and Far Eastern Divisions. Afterward, they were referred to as the "geographic" divisions. John Hilliker and Donald Barry, *Canada's Department of External Affairs: The Early Years, 1909-1946*, v.1 (Montreal: McGill-Queens University Press, 1990), 276; John Hilliker, and Donald Barry, *Canada's Department of External Affairs: Coming of Age, 1946-1968*, v.2 (Toronto: McGill-Queen's University Press, 1990), 12.

⁵ J. George, "Memorandum for Mr. Crean," 21 January 1949, RG25 v.6272, file 11044-40 p.1.1, LAC.

⁶ Letter from Pearson, 21 March 1947, RG25 v.6272, file 11044-40 p.1.1, LAC.

clarity from departmental officials. The long delays required to produce export decisions were generally resented by C.D. Howe (in his various ministerial roles) as well as commercial exporters. Even the record keeping was inadequate, as was discovered in 1947 after SSEA Louis St. Laurent directed External Affairs to compile a list of all the exports of military stores and equipment sold by the Canadian government since the war.⁷ Officials quickly discovered that not only did the current system lack a central repository for military export statistics, but the export permit exceptions for the crown corporations (WAC and CCC) and the three departments within National Defence created obvious holes in departmental tracking. In other words, it was impossible to determine exactly how much military equipment had been exported from Canada since the war, since the required information had been diffused through too many channels. The continuing emphasis on case-by-case evaluations of military exports encouraged the use of *ad hoc* expedients to facilitate Cabinet decisions. These expedients maintained the illusion that each individual arms deal was an aberration, not a precedent, in Canadian policy, yet at a significant cost in bureaucratic efficiency and institutional clarity.

However, there was one element of the Canadian control system which could not be ignored or avoided in 1947: the imminent expiry of the War Measures Act. The Act provided the legislative foundation for export restrictions in Canada and, therefore, the legal authority for Canadian military export controls. Early in the year, Minister of Trade and Commerce J.A. MacKinnon introduced a bill in the House proposing a new system of export and import restrictions “to ensure that successive quantities of materials and supplies are not exported from Canada at the expense of urgent domestic needs.”⁸ The resulting Export and Import Permits Act

⁷ Pearson, “Memorandum to Mr. St. Laurent,” 2 April 1947, RG25 v.6272, file 11044-40 p.1.1, LAC.

⁸ Interestingly, it was only two days earlier that Order in Council P.C. 314 had transferred the

(EIPA) allowed the government to continue to require permits for certain Canadian imports and exports after the expiration of the emergency powers granted during the war, and was intended to protect Canadians from having to compete with inflated international markets for Canadian commodities. Recognizing that continuing export controls on commodities like lumber, steel, and agricultural production would be unpopular with Canadian producers, the EIPA was designed to be both temporary and flexible. Yet, in the following years, it would quickly become the legislative foundation of Canada's military export control regime.

The key to this transformation was the Act's creation of a core list of controlled goods to be decided upon and curated by Cabinet. While the government was most concerned with restricting the export of goods fetching inflated prices on the international market, these goods were technically exceptions – the EIPA mandated that the list should generally only include “arms, munitions, war materials or supplies.”⁹ The Act therefore created the first Export Control List (ECL) of equipment which the government considered to be military in nature and consequently in need of export control. This list, technically known as Group 10 of a much larger list of civilian goods under export control, was later introduced by Order in Council P.C. 1893 in May.¹⁰

Canadian parliamentarians had purposefully limited the scope of the EIPA because of domestic suspicion that it would primarily be used to obstruct Canadian access to international

authority to “purchase or produce munitions of war or supplies” from the Minister of Reconstruction and Supply to MacKinnon in his role as Minister of Trade and Commerce. MacKinnon, House of Commons Debates, 7 February 1947, 20th Parliament, 3rd Session: v.1, 204; Dominion Bureau of Statistics, *The Canada Year Book 1948-49*, (Ottawa: King's Printer, 1949), 868.

⁹ “Bill 11. An Act Respecting Export and Import Permits,” House of Commons Bills, 20th Parliament, 3rd Session: 2-457

¹⁰ Order-in-Council P.C. 1893, “Establishing a List of Export Commodities under ‘Export Control,’” 14 May 1947, *Canada Gazette* Part II, 81:11, LAC.

markets and artificially lower commodity export prices. Consequently, while the EIPA maintained the government's universal mandate to restrict the export of military equipment, it only allowed similar restrictions on non-military goods that were both scarce internationally and urgently required in Canada. This limitation returned to haunt Parliament in March 1948, when American authorities created a license requirement for all commodities being exported from the US to Europe (military and commercial).¹¹ Washington's interest in such restrictions, which had almost disappeared after the war, was renewed with vengeance due to Cold War and domestic protectionist concerns.¹² Later, in April, Congress passed the Foreign Assistance Act, creating both the Marshall Plan to provide economic aid to European countries, and making that aid contingent upon recipient countries mirroring American export controls.¹³

The new licensing requirements in Washington created two significant issues for the Canadian government. First, Canadian participation in the Marshall plan was considered necessary to address a balance-of-trade crisis which threatened to ruin the Canadian economy.¹⁴ Second, Canada's commitment to the Hyde Park Agreement of 1941 (reaffirmed in 1945) obligated the government to mirror American export controls or lose the benefits of preferential trade policies.¹⁵ C.D. Howe moved quickly to propose an amendment in the House of Commons to close the gap between current Canadian policy and the new regulations.¹⁶

¹¹ Cupitt, *Reluctant Champions: US Presidential Policy and Strategic Export Controls, Truman, Eisenhower, Bush and Clinton* (New York: Routledge, 2000), 65.

¹² WA-1114, 15 April 1948, RG25 v.1952, file 836-U-39C p.3, LAC.

¹³ Cupitt, *Reluctant Champions*, 67-68.

¹⁴ Norman Hillmer and J.L. Granatstein, *For Better or For Worse: Canada and the United States into the Twenty-First Century* (Toronto: Thompson, 2007), 171-72.

¹⁵ Memos from Ray Atherton and Brooke Claxton, in *Canadian Foreign Policy 1945-1954: Selected Speeches and Documents*, ed. R.A. MacKay (Toronto: McClelland and Stewart, 1971), 55-59.

¹⁶ House of Commons Debates, 8 April 1948, 20th Parliament, 4th Session: v.3, 2769.

The amendment mirrored the existing framework of the export control list by creating an Area Control List (ACL) of countries to which Canadian exports were universally restricted. In its earliest iteration, the list included all European countries except the UK and Northern Ireland, as well as the countries of North Africa and much of the Middle East.¹⁷ It therefore met three converging requirements of Canadian trade policy: mirroring American licensing requirements on western European countries, tightening restrictions on exports to Soviet Bloc countries, and greatly expanding the discretionary control of the Ministry of Trade and Commerce over strategic exports.

Of course, as relations between the Soviets and Americans worsened, Washington wielded export controls as a form of economic warfare.¹⁸ During the late 1940s, the American desire to deny military equipment to communist buyers quickly expanded beyond traditional weapons and ammunition to an increasing spectrum of “strategic war materials.”¹⁹ Canada had signed an informal agreement with the US in May 1948 to control the export of nuclear items; however, the Americans were eager to prevent conventional strategic goods and materials, including petroleum products, certain metals, machining equipment, and chemical items, from reaching the Soviet Bloc as well.²⁰ By the summer of 1948, the Americans had compiled two lists of strategic items to be embargoed: Class 1 (Military), divided into 1A and 1B lists, and Class 2 (Non-Military).²¹ Furthermore, Congress had resolved that the American State

¹⁷ “Extract from Minutes of Meeting of Cabinet Committee on External Trade Policy,” 22 June 1948, in *DCER*, v.14, 1182-83; Cupitt, *Reluctant Champions*, 65.

¹⁸ Michael Mastanduno, *Economic Containment: COCOM and the Politics of East-West Trade* (Ithaca: Cornell University Press, 1992).

¹⁹ “Proposal for Operation of Arms Export Control of Strategic Materials,” 29 June 1948, RG20 v.1952, file 20-27 p.1, LAC.

²⁰ Cupitt, *Reluctant Champions*, 68.

²¹ The original 1A list contained 161 items. The original 1B list contained 300 items. Cupitt, *Reluctant Champions*, 68.

Department was obligated to terminate all economic aid to any country violating the 1A list, and to recommend similar consequences for violations of the 1B list (although 1B violations were less serious and could be overturned at the President's discretion).²² Canada quickly adopted the American lists into Canadian policy.²³

In 1949 American officials also began gauging Canadian interest in an ongoing forum to study questions and exchange information regarding exports to the Soviet Union and its satellites.²⁴ The following year, Canada officially joined the US-led Coordinating Committee for Multilateral Export Controls (COCOM) – a secret attempt to prevent the export of certain commodities and equipment to the Soviet Bloc by standardizing export controls between participating nations.²⁵ The initiative set the Americans and their new lists against their European partners – who counted on trade across the Iron Curtain to help finance the reconstruction of their economies.²⁶ Throughout 1949 and 1950, Canadian officials were part of delicate negotiations in Paris to create both the structure of COCOM itself and several lists of mutually agreed upon goods that required control.²⁷ During the Korean War, a secondary Committee (CHICOM) was created to control the flow of strategic goods to communist China.²⁸ Because of

²² Helen Leigh-Phippard, "US Strategic Export Controls and Aid to Britain, 1949-58," *Diplomacy and Statecraft* 6, no. 3 (1995): 721-22.

²³ "Despatch E-1037," 9 September 1950, in *DCER*, v.16, 1681-1682.

²⁴ R.A.D. Ford, "Memorandum for: Mr. MacDermot, Mr. Reid," 7 October 1949, RG25 v.4455, file 50001-40 p.2, LAC.

²⁵ Richard Dean Burns, *The Evolution of Arms Control* (Santa Barbara: ABC-CLIO, 2009), 98.

²⁶ See Tor Egil Forland, "Foreign Policy Profiles of the Scandinavian Countries: Making Use of Gocom." *Scandinavian Journal of History* 19, no. 2 (2008): 165-84; Helen Leigh-Phippard, "US Strategic Export Controls and Aid to Britain, 1949-58."

²⁷ The Coordinating Committee of COCOM eventually settled on three lists: International List (IL) I for embargoed items; IL II for items subject to quantitative restrictions; and IL III for items requiring general scrutiny. Cupitt, *Reluctant Champions*, 72.

²⁸ "Ambassador in France to Secretary of State for External Affairs," 19 September 1952, in *DCER*, v.19, 1422-1423.

the inextricability of US and Canadian controls, Canada was a reliable supporter of the American position during negotiations, which damaged its reputation as an independent middle power.²⁹

Still, the willingness of Canadian officials to dance to the American tune did not guarantee easy economic relations. The collegial export cooperation of the war years was superseded by renewed American protectionism in the late 1940s, creating serious Canadian complaints about the resurgence of the “Buy America” Act and other frictions in the bilateral defence trade.³⁰ For example, the passage of the American Mutual Defence Act in 1949 complicated Canadian procurement in the US and endangered a major contract to build F-86 Sabre jet fighters in Montreal.³¹ Canadian and American officials collaborated through bilateral mechanisms like the Permanent Joint Board on Defence (PJBD) to find creative solutions to the various dilemmas. However, pessimistic voices in Ottawa questioned the dream of a true continental defence base.³² Even the Korean War, which caused an explosion in bilateral defence trade and enabled a “Statement of Principles” once again reaffirming the Hyde Agreement, would only temporarily ease American protectionism.³³

Over the next few years, Canada’s ECL and ACL would continue to fluctuate according to the requirements of the international market and Canadian politics. The EIPA itself would be

²⁹ R.M. MacDonnell, “Export Controls – Process of Coordinating Committee Work,” 7 August 1950, in *DCER*, v.16, 1676-1678.

³⁰ Document 257, “Memorandum by the Director of the Office of British Commonwealth and Northern European Affairs (Labouisse) to the Assistant Secretary of State for European Affairs (Perkins),” in *Foreign Relations of the United States, 1949, The United Nations; The Western Hemisphere*, v.2; D. W. Middlemiss, “A Pattern of Cooperation: The Case of the Canadian-American Defence Production and Development Sharing Arrangements, 1958-1963” (PhD Dissertation, University of Toronto, 1976), 63, 84-86.

³¹ H.H. Wrong to Dean Acheson, 5 January 1950, RG2 v.170, file M-30-1, LAC; James Hornick, “Payroll Soon to be 17,000: Canadair Real Arsenal of Airpower,” 4 February 1953, *The Globe and Mail*, ProQuest.

³² R. Warren James to A.F.W. Plumptre, 29 March 1950, RG2 v.170, file M-30-1, LAC.

³³ D.W. Middlemiss, “A Pattern of Cooperation,” 158-59.

extended, then extended again, and finally reformed in 1954. During this evolution it would shift from a legislative tool for protecting domestic supply to the primary mechanism for controlling the type and destination of Canadian exports, thereby maintaining compliance with an increasing number of international control regimes to which Canada was a party.

Expanding the System

As international demand for Canadian military exports increased, and remaining stores of war surplus equipment decreased, Canadian officials began toying with the idea of using current production to both meet foreign demand and subsidize domestic industry. Brooke Claxton, the Minister of National Defence, had provided the rationale for a Canadian DIB in 1947 as part of a larger reassessment of Canadian defence policy.³⁴ This was an especially lucrative possibility for the Canadian aircraft industry, which was being subsidized as an economic and military asset at the behest of C.D. Howe and the RCAF.³⁵ While Cabinet would officially approve this new policy directive only in March 1948, it was clearly on the table much earlier. For example, the sale of six million ammunition cartridges to the Dutch, approved by Cabinet on June 27, 1946, would have required CAL to produce the cartridges for export.³⁶ The sale disintegrated only because the Dutch balked at the price, not because the Canadian government was ideologically opposed to using CAL as an arsenal for other countries.

³⁴ Douglas Bland, *The Administration of Defence Policy in Canada, 1947 to 1985* (Kingston, Ontario: Ronald P. Frye & Company, 1987), 15.

³⁵ Randall Wakelam, *Cold War Fighters: Canadian Aircraft Procurement, 1945-1954*, ed. Dean F. Oliver (Vancouver: UBC Press, 2011).

³⁶ Cabinet Conclusions, "Sale and Export of Arms to Foreign Governments," 27 June 1946, RG2 v.2638, LAC; St. Laurent, "Memorandum from Secretary of State for External Affairs to Cabinet," 25 March 1948, in *DCER*, v.14, 1186-1187.

The possibility of export from current production surfaced again in the spring of 1947, due to another Dutch request for ammunition and military equipment.³⁷ For H. O. Moran, Head of EA's Economic Division, the request presented a welcome opportunity for "re-examination" of government policy, especially since the US and UK were relaxing their own policy on such sales.³⁸ Moran quickly drafted a letter requesting the opinion of C.D. Howe, who would presumably have jumped at the opportunity. Yet both Political II (Commonwealth, Europe, Middle East, Africa) and Political III (United States, Latin America, Asia) preached caution and argued that Howe shouldn't be consulted until the Department had undertaken further research on whether manufacturing arms would serve Canadian economic interests.³⁹

Once again, Escott Reid led the opposition from Political II, arguing that EA needed to consult both the Bank of Canada and the Department of Finance to determine whether arms manufacture would bring tangible benefits to a Canadian economy, or simply divert production and labour from other sectors.⁴⁰ It was also important, in Reid's opinion, to determine if arms exports would directly replace other Canadian commodities currently being sold to the Netherlands and, therefore, have a negligible impact upon the Canadian-Dutch trade balance. If so, then Canada should simply let the UK supply the Dutch requirements and avoid the political risks inherent in further arms sales to the Netherlands.

It is unclear whether Reid would have prevailed, had not the UK chosen to signal its displeasure with Dutch militancy by announcing an official embargo on the export of all "war

³⁷ Pierre Dupuy to SSEA, 4 June 1947, RG25 v.4075, file 11044-B-40 p.1, LAC.

³⁸ Moran, "Memorandum for Political II," 18 June 1947, RG25 v.4075, file 11044-B-40 p.1, LAC.

³⁹ Reid, "Memorandum for the Economic Division," 23 June 1947, RG25 v.4075, file 11044-B-40 p.1, LAC; A.R. Menzies, "Memorandum for the Economic Division," 24 June 1947, RG25 v.4075, file 11044-B-40 p.1, LAC.

⁴⁰ Reid, "Memorandum for the Economic Division," 23 June 1947.

materials,” to the Dutch East Indies.⁴¹ Canadian officials queried the UK Foreign Office on the breadth of “war materials,” and were surprised to discover that the embargo extended down to military blankets and battle dress.⁴² It was quickly decided that the new UK position precluded any potential production of Canadian equipment for the Dutch war effort, since the requested equipment would have been sent to the East Indies.⁴³ Moran asked the political divisions about a potential export of training ammunition from CAL to the Netherlands for use in Europe in September and received an emphatic rejection.⁴⁴ The Divisions now felt that any sale of military equipment to the Dutch, for use in Europe or the East Indies, would harm the nation’s reputation at home and abroad, and compromise Canada’s bid for a spot on the UN Security Council.

Still, while several specific requests for equipment from current production had been rejected, the general policy question was far from settled. EA’s Political III division had acknowledged in June that if munitions sales “would help keep the minimum ammunition industry required by the Canadian Army ticking over” that would constitute a “strong argument” for accepting orders.⁴⁵ Consequently, the August crackdown delayed the issue, rather than solving it. The Netherlands continued to pursue requests for Canadian military exports throughout the fall of 1947, and External Affairs continued to allow these requests to percolate through the system, gaining momentum. However, it was only the following year, after the

⁴¹ High Commissioner to SSEA, No. 1253, 5 August 1947, RG25 v.4075, file 11044-B-40 p.1, LAC.

⁴² High Commissioner to SSEA, No. 1270, 28 August 1947, RG25 v.4075, file 11044-B-40 p.1, LAC.

⁴³ A.R. Menzies, “Memorandum to Economic Division,” 21 August 1947, RG25 v.4075, file 11044-B-40 p.1, LAC.

⁴⁴ D. E. Wilson, “Memorandum to Economic Division: Netherlands Request for Training Ammunition,” 23 September 1947, RG25 v.4075, file 11044-B-40 p.1, LAC.

⁴⁵ A.R. Menzies, “Memorandum for the Economic Division,” 24 June 1947, RG25 v.4075, file 11044-B-40 p.1, LAC.

signing of a truce agreement in Indonesia in early 1948, that External Affairs finally returned the question of exporting from current production to Cabinet.⁴⁶ The specific case, a potential export of 10,000 Sten gun barrels to the Netherlands, was approved by that body on April 7.⁴⁷

The political situation in the Dutch East Indies deteriorated within a few months of the truce agreement, yet, as in so many cases, its temporary optimism had been used to justify systemic policy changes that would be difficult to reverse. Cabinet's decision to sustain a Canadian Defence Industrial Base (DIB) through military exports formalized Canadian participation in the arms trade and ended the possibility of a temporary embargo on such exports until the UN Security Council created an international system of controls. Additionally, it expanded the Canadian sales catalog from a diminishing supply of surplus war materials to the entire spectrum of domestically produced military equipment. Later in the year, C.D. Howe travelled to New York to negotiate the purchase of a manufacturing license for American F-86 jet fighters – over 2000 of which would eventually be produced for the RCAF and nine other nations.⁴⁸

The Delegation Dance

The Cabinet decision to allow export from current production, coupled with the area controls required in the 1948 EIPA revision, created an unprecedented bureaucratic burden upon Canada's existing system of military export controls. The lion's share of this burden fell upon

⁴⁶ Ironically, Trade & Commerce also produced an assessment of the issue in early 1948 which deciding that allowing exports from current production would have little economic impact from a "strict commercial point of view" and would be outweighed by the "political implications" of arms sales. M.W. Mackenzie to USSEA, 9 March 1948, RG25 v.6272, file 11044-40 p.1.1, LAC.

⁴⁷ As mentioned in Chapter 1.

⁴⁸ James Eayrs, *In Defence of Canada: Peacemaking and Deterrence* (Toronto: University of Toronto Press, 1972), 104-105.

Trade & Commerce, which was primarily responsible for surveilling the proportionally larger quantities of strategic materials being sent from Canada to Europe and other controlled destinations.⁴⁹ A sub-committee of the External Trade Advisory Committee was created to evaluate applications for the export of strategic goods to designated countries, freeing Cabinet from evaluating all but the thorniest applications.⁵⁰ However, External Affairs also struggled to process the increased volume of applications for the export of military equipment (now defined as Group 8 of the ECL), especially applications for the export of aircraft and parts from Canada's rapidly expanding coterie of aircraft producers.⁵¹ The inclusion on Group 8 of "aircraft of all kinds and equipment and parts therefor" meant that EA's Economic Division was required to review every export application for aircraft parts, no matter the size or destination.⁵² Since Economic Division was also required to consult DND and EA's geographic divisions, and potentially submit a recommendation to Cabinet, this constituted a significant bureaucratic hurdle.

It seems obvious that External Affairs did not consider most Canadian aircraft exports to actually constitute military equipment, and therefore was fairly lax in its review responsibilities. As discussed above, the government had conveniently excluded dual-use aircraft and parts from its definition of military equipment in the immediate post-war period in order to facilitate their sale through WAC as "demilitarized" equipment. Yet in late 1947, following the creation of

⁴⁹ J.H. Cleveland, "Export of Military Equipment," 29 January 1949, RG25 v.6272, file 11044-40 p.1.1, LAC.

⁵⁰ This committee came to be called the Sub-Committee on Strategic and Potential War Materials. G.A. Newman to M.W. Mackenzie, 22 April 1948, RG20 v.1952, file 20-27 p.1, LAC.

⁵¹ See Wakelam, *Cold War Fighters: Canadian Aircraft Procurement, 1945-1954*.

⁵² Except, of course, exports to the United States and United Kingdom, or exports under \$5 in value. J.H. Cleveland, "Export of Military Equipment," 29 January 1949; Export Permit Branch, "List of Commodities for Which an Export Permit is Required, as Established by Order in Council P.C. 3595, effective July 20, 1949," RG25 v.6272, file 11044-40 p.1.2, LAC.

Group 8 and the ECL, EA began dealing with all applications for export of “non-military aircraft and aircraft parts” because of their military potential in other parts of the world.⁵³ It was not a responsibility EA particularly wanted, especially considering that the department received two to three times as many applications for aircraft parts as for all other military exports combined.⁵⁴ As early as May 1948, Pearson wrote to the Deputy Minister of Trade and Commerce observing that EA had been receiving a “large volume” of applications for aircraft parts and only wished to be consulted if these exports were to a select list of countries in Eastern Europe.⁵⁵ By 1949, the Department was seeking to transfer approval authority for aircraft exports from Cabinet to the SSEA, thereby opening the door for further delegation to specific positions and divisions.

External Affairs did not seek delegation authority lightly. It was well understood in the Department that such authority was a double-edged weapon that provided greater policy autonomy only by reducing the protective fail-safe of Cabinet approval. In fact, an earlier bid to allow the SSEA to approve military exports to signatories of the Treaty of Brussels had died on the desk of the acting SSEA, Brooke Claxton, who felt that Cabinet should remain in “close touch” with such decisions.⁵⁶ Yet it was obvious that many of the export applications involving aircraft parts being dealt with by the department had little strategic importance, and the long

⁵³ A.D.P. Heeney, “Memorandum for the Secretary of State for External Affairs,” 25 March 1949, RG25 v.6272, file 11044-40 p.1.1, LAC.

⁵⁴ A.F.W. Plumptre, “Memorandum for Mr. Moran – Export of Military Equipment – Consideration of Export Permits,” 15 July 1949, RG25 v.6272, file 11044-40 p.1.1, LAC.

⁵⁵ Pearson to T&C, 16 July 1948, RG20, v.1952, file 20-27 p.1, LAC.

⁵⁶ The Treaty of Brussels was a European predecessor to NATO. Signed on March 17, 1948, it originally included the UK, France, the Netherlands, Belgium, and Luxembourg. Also, the Reid memo is one of the first to explicitly acknowledge a transition from the use of “munitions” or “arms and ammunition” to the more inclusive “military equipment” in government correspondence. Handwritten annotation, Reid, “Memorandum for Acting SSEA,” 8 November 1948, RG25 v.6272, file 11044-40 p.1.1, LAC; J. H. Cleveland, “Memorandum for Cabinet: Export of Military Equipment to Signatories of the Treaty of Brussels,” 4 November 1948, RG25 v.6272, file 11044-40 p.1.1, LAC.

delays were negatively impacting Canadian aircraft manufacturers looking to expand their export markets.⁵⁷ External Affairs, it was decided, needed an “explicit directive” on the export of civilian aircraft parts.⁵⁸ Therefore, in March 1948, Pearson asked Cabinet for the authority to approve, in consultation with the ministers of T&C and DND, the export of such parts.⁵⁹ The request was coupled to four applications for aircraft parts exports which seem chosen to illustrate his point that such applications were a waste of Cabinet’s time – including a shipment to Iceland valued at \$380.60.⁶⁰ Cabinet got the message, and Pearson’s request was approved on April 8.

However, removing the hurdle of Cabinet consultation was only part of the reorganization that Pearson and his under-secretaries had in mind. Pearson quickly approved the delegation of authority to the Under-Secretary of State for applications under \$100,000 in value to Commonwealth and NATO countries, countries in Central and South America, and Sweden and Denmark.⁶¹ Later in the year, the Head of the Economic Division was delegated authority to approve uncontroversial applications up to \$5,000 in value, as well as any application for which a “clear precedent” existed.⁶² Since “civilian aircraft parts” seems to have been a remarkably

⁵⁷ During the summer of 1948, several manufacturers complained that they had lost business after the Canadian government had been unable to assure them of a decision on their export application within two to three weeks. Pearson, “Export of Military Equipment and Civilian Aircraft; Temporary Arrangement for Approvals,” 30 April 1949 in *DCER*, v.15, 1163-1164.

⁵⁸ A.D.P. Heeney, “Memorandum to the SSEA,” 25 March 1949, RG25 v.6272, file 11044-40 p.1.1, LAC.

⁵⁹ Of course, applications for complete aircraft, or “applications involving questions of principle or of major political import,” would still be referred to Cabinet. Pearson, “Export of Civilian Aircraft Parts,” 25 March 1949, in *DCER*, v.15, 1949, 1161-1162.

⁶⁰ Cabinet Conclusions, “Export of Aircraft Parts; Procedure; Specific Requests,” 8 April 1949, RG2 v.2643, LAC.

⁶¹ A.D.P. Heeney, “Export of Aircraft Parts: Delegation of Authority,” 3 May 1949, RG25 v.6272, file 11044-40 p.1.1, LAC.

⁶² A.F.W. Plumptre, “Memorandum for Mr. Moran – Export of Military Equipment – Consideration of Export Permits,” July 15, 1949.

inclusive term, this delegation translated into a significant amount of discretion for Economic Division.⁶³

The Cabinet decision on aircraft parts set a precedent that EA and T&C quickly decided could be used to solve other inefficiencies in Canada's military export controls. A few weeks later, on April 28, Pearson further recommended that he and C.D. Howe (now Minister of T&C) be allowed to approve the export of "small lots of small arms and ammunition" to private buyers in friendly countries, if intended for non-military use.⁶⁴ This further delegation would save Cabinet from being required to approve a multiplying number of minor transactions, including a pending request for three shotguns from a foreign exhibitor, that once again seemed to be a waste of the council's time.⁶⁵

In practice, the request was actually intended to accomplish two purposes. First, to remove the requirement for Cabinet consultation on these minor transactions, and, second, to allow the sale of military equipment from current production to private buyers. The second purpose was necessary because, in April 1948, Cabinet had only decided to permit sales from current production when placed on behalf of other governments, yet CAL was beginning to receive exploratory orders from private agents in the sporting goods market.⁶⁶ Pearson and Howe were therefore proposing that they be given the authority to oversee the entrance of Canada's public armory into the shadowy world of private arms trading.

⁶³ Once again, the term "civilian" is a misnomer, since "civilian" aircraft were often used in a military capacity by developing countries. At best, these parts were "dual-use," in the sense that they had both military and civilian application yet were not appropriate for modern fighter or bomber systems.

⁶⁴ Pearson, "Export of Small Arms and Small Arms Ammunition," 28 April 1949, in *DCER* v.15, 1162-63.

⁶⁵ A.D.P. Heeney, "Memorandum for the SSEA," 28 April 1949, RG25 v.6272, file 11044-40 p.1.1, LAC.

⁶⁶ A.D.P. Heeney, "Memorandum for the SSEA," 28 April 1949.

What happened next is either a tragedy or comedy, depending upon the perspective from which it is viewed. The memorandum to Cabinet proposing the sale of small munitions to private buyers is dated 28 April and was intended for consideration at the Cabinet meeting on 3 May. Yet on 30 April, another memorandum was approved by Pearson for submission to Cabinet – one with a far more ambitious purpose.

This second memo requested that Cabinet temporarily delegate approval authority to Pearson (in consultation with Howe) for both civilian aircraft and military equipment *in general*.⁶⁷ It was, therefore, an abrupt pivot from the first two memos, which had sought to obtain ministerial authority for uncontroversial export applications on the periphery of the central political and strategic concerns. Instead, the ministers now sought blanket authority for all export applications for Group 8 goods in return for a commitment to a series of principles contained within the memorandum. These principles (*Table 3.1*) were presumably intended to function as the general military export policy that External Affairs had been requesting since 1946, even as the delegation of authority finally removed the most egregious bottleneck (Cabinet consultation) in the entire system of Canadian military export controls.

Table 3.1. The “Guiding Principles” of Canadian policy (as per the April 30 memo)

A. “Applications for exports to the USSR and Soviet satellite states should be refused.”
B. “Applications for export to countries which have indicated their intention of signing the Atlantic Pact should ordinarily be approved.”
C. “Applications for exports to Commonwealth countries should ordinarily be approved.”
D. “Applications for exports to areas with respect to which the United Nations Security Council or other U.N. organ is seized of responsibility should ordinarily be refused, e.g. Palestine and Indonesia.”

⁶⁷ Pearson, “Export of Military Equipment and Civilian Aircraft; Temporary Arrangement for Approvals,” 30 April 1949.

E. “Applications for exports to Central and South America should ordinarily be approved, subject to consideration of the internal political situation in any such country or the possibility of its intention to wage aggressive war.”

Both the second and third memos were approved by Cabinet on May 3, along with the transfer of \$70,000 in aircraft to Colombia, \$5,355 in machine guns to Siam, and \$55,060 in spare aircraft parts to Pakistan.⁶⁸ Pearson and Howe were delegated authority to approve exports of military equipment, including civilian aircraft and small arms and ammunition, “where no new policy or important political considerations were involved.”⁶⁹ However, the governing body neglected to settle certain important ambiguities in the new hierarchy of authority. First, while Pearson had asked for (and been granted) only “temporary” authority during the next several months, Cabinet had not specified a fixed limit upon this delegation. This lack of clarity allowed External Affairs to exercise its delegated authority for years, despite occasional acknowledgements that it was probably operating outside Cabinet’s intended direction. Second, while Cabinet had empowered the ministers of EA and T&C to approve military export applications, it had not explicitly empowered them to further delegate authority to their subordinates (which they immediately did). Third, the decision had once again failed to address the spurious distinction between “civilian” and “military” aircraft, which existed only when convenient and was often used to justify the sale of “civilian” aircraft to foreign militaries as pilot trainers. Ironically, Pearson would personally come to regret this last failure in 1956, after he was embroiled in a Parliamentary uproar over the sale of “civilian” Harvard trainer aircraft to the Egyptian military.

⁶⁸ Cabinet Conclusions, “Export of Arms and Aircraft; Specific Cases; Arrangements for Authorization,” 4 May 1949, RG2 v.2643, LAC.

⁶⁹ Cabinet Conclusions, “Export of Arms and Aircraft; Specific Cases; Arrangements for Authorization,” 3 May 1949.

The consequences of this Cabinet decision would continue to ricochet through the bureaucracy for years. Pearson and Howe had effectively seized control of Canadian military export policy under the guise of providing a more efficient service for Canadian producers of military equipment and dual-use goods. Canadian participation in the arms trade was being transformed from an extraordinary event requiring Cabinet approval, to a normalized bureaucratic process carried out, for the most part, by unelected public servants and moderated by only two ministers.

Building a Better Bureaucracy

Ironically, while the new changes consolidated discretionary authority for evaluation of export applications within External Affairs and Trade & Commerce, they did not greatly reduce the delays which plagued the system. The true check upon a speedy turnaround for military export applications was actually the Chiefs of Staff Committee within DND, which often took two to three weeks to formulate an opinion and respond to External Affairs.⁷⁰ Since EA was already irritated by the Committee's tendency to step on the toes of the geographic divisions, and had intended to reduce consultations before the export control changes of April and May, these delays provided a convenient opportunity.⁷¹

The responsibility for passing military export applications to the Chiefs of Staff Committee had been transferred from Economic Division to the new Defence Liaison Division (DL) after the latter's creation in November 1948. All applications received by Economic were sent to DL, and almost all applications received by DL were forwarded on to the Chiefs of Staff

⁷⁰ J.B. Seaborn, "Re: Export of Commercial Aircraft," 4 July 1949, RG25 v.6272, file 11044-40 p.1.1, LAC.

⁷¹ J. George, "Memorandum for Mr. Crean," 21 January 1949.

Committee, where they (at least in the minds of EA) spent several weeks stagnating in the labyrinths of the military apparatus.⁷² Since the Chiefs were responsible for consulting the Services regarding the availability of the equipment, its security classification, and the strategic desirability of the transfer, DL was justifiably reluctant to reduce consultations with the Committee.⁷³ However, both T&C officials and Canadian exporters demanded better service, and the Cabinet decision in May had given EA some discretion in choosing when to consult DND.

A solution was decided upon in July during a meeting between A.F.W. Plumptre (the new head of the Economic Division) and H.O. Moran (now Assistant Under-Secretary). Going forward, it would be “convenient” to distinguish applications for aircraft parts from other military export applications and deal with them internally, rather than after consultation with DND.⁷⁴ The Chiefs of Staff Committee would be consulted on applications for classified equipment and controversial destinations, but generally by telephone and only as a last resort. As justification for these changes, Plumptre and Moran suggested three points: the sheer number of applications for export permits for aircraft parts, the Cabinet decision of April 8, and the SSEA’s decision to delegate approval authority to the Under-Secretary for certain exports. Left unstated was the Department’s obvious reluctance to consider aircraft parts (“civilian” or not) a true military commodity, and the importance of restructuring Canadian export controls to prioritize economic, rather than political, considerations.

⁷² J.B. Seaborn, “Re: Export of Commercial Aircraft,” 4 July 1949.

⁷³ Classified equipment was governed not only by Canadian export policy, but also the country (generally the US or UK) which had provided it to Canada. In general, DND was responsible for identifying classified equipment and consulting the American and British militaries, since the government had no wish to irritate Washington or London by selling classified technology to a third party without their consent. J. George, “Memorandum for Mr. Crean,” 21 January 1949.

⁷⁴ It was at this point that authority was delegated to the Head of the Economic Division to approve certain aircraft parts applications under \$5000 in value. “Memorandum for Mr. Moran – Export of Military Equipment – Consideration of Export Permits,” 15 July 1949,

EA implemented this new policy during the summer and fall of 1949, as it worked through the backlog of applications that had built up over the preceding months. However, in order to ascertain which applications *should* be forwarded to the Chiefs of Staff Committee, both Economic and Defence Liaison needed better reconnaissance from T&C. In a memo to W.F. Bull on July 30, A.F.W. Plumptre asked that three pieces of information be included in every forwarded application: the name of the end user (or consignee), a description of the item's intended use, and a detailed description of the item (i.e., the type of aircraft the spare part was for).⁷⁵ In the past, EA had only selectively asked for the first, and relied on the Chiefs of Staff Committee to determine the second and third. Part of the cost (to the applicant) of an expedited export application approval process would be a more comprehensive application.

Canadian aircraft part manufacturers were not happy with these formalized requirements, since determining the end user and end-use of their spares was a difficult and potentially costly endeavor. T&C waged a constant battle with commercial exporters unwilling or unable to provide information on specific transfers, yet begging for quick verdicts on their applications.⁷⁶ In June 1949 Canadair requested that it be given "blanket" export permits to various consignees in Australia, India, Pakistan, Malaya, Egypt, South Africa, and South America, a reversion to how the system had operated before aircraft parts had been explicitly acknowledged as military goods.⁷⁷ T&C referred the request to J.H. Cleveland within External Affairs, which rejected the request:

"Cabinet has directed that careful consideration is to be given to each application on its merits. It is necessary, therefore, at all times to be prepared to justify official action on this basis.

⁷⁵ A.F.W. Plumptre to W.F. Bull, 30 July 1949, RG25 v.6272, file 11044-40 p.1.2, LAC.

⁷⁶ Babb Company (Canada) Limited to S.C. Cooke, 22 September 1949, RG25 v.6272, file 11044-40 p.1.2, LAC; S.C. Cooke to Aviquipo of Canada Limited, 16 June 1949, RG25 v.6272, file 11044-40 p.1.1, LAC.

⁷⁷ J.W. Powell to G.A. Newman, 25 July 1949, RG25 v.6272, file 11044-40 p.1.1, LAC.

The issuance of blanket export permits in which the end use and destination are not even known to government officials might lead to some doubt as to the degree of care which is being exercised in carrying out the Cabinet directive.”⁷⁸

Since EA’s response also revealed that aircraft part export applications to uncontroversial destinations were now being dealt with by a single officer within the department, doubt over the “degree of care” being exercised would have seemed to be the logical response. However, Cleveland had drawn his line in the sand. The department may have delegated authority to relatively minor officials as a means of expediting military export applications and encouraging Canadian military manufacturing, but it still wanted specific information on what was being sold, and to whom.

The obvious solution to this specific departmental dilemma was to require military exporters to disclose the nature of the equipment, the end-user, and the end-use on the original application form. However, it wasn’t until the following spring that External Affairs pushed T&C to begin seriously pursuing the adaptation of the export permit application form to include the information required by EA.⁷⁹ Since military exports comprised only a small percentage of export applications handled by T&C, and the department professed to have a stock of 60,000 application forms on hand, the revised requirements for military export applications were actually sent to known exporters of military equipment in the form of a circular letter.⁸⁰ Still, the exchange between the departments highlighted two interesting points. First, External Affairs was willing to allow a direct reference to Canadian arms sales on a general export application form, suggesting the commercial advantages were seen to outweigh the potential political

⁷⁸ J.H. Cleveland to G.A. Newman, 8 September 1949, RG25 v.6272, file 11044-40 p.1.2, LAC.

⁷⁹ A.F.W. Plumptre to W.F. Bull, 1 May 1950, RG25 v.6272, file 11044-40 p.1.2, LAC; T.G. Hills to A.F.W. Plumptre, 3 May 1950, RG25 v.6272, file 11044-40 p.1.2, LAC.

⁸⁰ T.G. Hills to A.F.W. Plumptre, 18 May 1950, RG25 v.6272, file 11044-40 p.1.2, LAC.

embarrassment. Second, the length of time required by External Affairs to evaluate most military export applications had shrunk to a single week (a duration which still aggravated many applicants).⁸¹

Strangely, there seems to have been some reconsideration at the time about whether or not EA actually required information about the end-use of an exported good.⁸² As Plumptre explained in his response to T.G. Hills of T&C, the “end use is usually obvious, and on the few occasions when we wish to obtain further detailed information, a separate letter to that particular exporter would be necessary in any case.”⁸³ This explanation, while technically correct, indicated that EA was quietly decreasing the “degree of care” (as J.H. Cleveland had put it) being given to most applications evaluated by the department. Determining the end-use of Canadian military exports was essential to prevent trans-shipment and brokering, yet procuring that information was a tedious process for Canadian producers and exporters.⁸⁴ The department therefore dropped the end-use requirement in all but the most controversial cases.

Defence Liaison finally got around to asking the Chief of Staff Committee’s opinion of the new procedures on Sept 29, attaching an approval decision on an \$83 export to Portugal as an example of transactions which would not be forwarded to the Committee for consideration in the future.⁸⁵ There is no explicit response from the Committee to this memo (it requested a reply “by

⁸¹ A.F.W. Plumptre to W.F. Bull, 1 May 1950.

⁸² After end-use was omitted from the draft application, Moran complained that knowing whether a hypothetical shipment of rifles was intended for military or police use might be essential to the department’s assessment of the application. Plumptre ultimately convinced the Under-Secretary that end-use need not be required on the new form. A.F.W. Plumptre, “Export of Arms – Changes in Application Forms,” 10 May 1950, RG25 v.6272, file 11044-40 p.1.2, LAC.

⁸³ A.F.W. Plumptre to T.G. Hills, 12 May 1950, RG25 v.6272, file 11044-40 p.1.2, LAC.

⁸⁴ Especially those producing spare parts and sub-components in the aviation industry.

⁸⁵ R.A. McKay (for A.D.P. Heeney) to Secretary, Chiefs of Staff Committee, “Procedure for Handling Applications for Permission to Export Arms,” 29 September 1949, RG25 v.6272, file

telephone”); however, only a few days later External Affairs received what seems to be a counter-proposal from George Glazebrook, director of DND’s Joint Intelligence Bureau (JIB).⁸⁶ Glazebrook expressed concern over the current “lack of integration of intelligence” on controlled exports, especially on the difference between quantities approved by export permit and quantities actually shipped. In order to address this concern, as well as EA’s frustrations, Glazebrook recommended a meeting between the three departments involved in evaluating military export applications.

At this meeting, held nearly two months later on December 15, it quickly became clear that DND wished to expedite its evaluations internally, rather than ceding discretionary authority to EA. Glazebrook proposed that Defence Liaison continue to “normally consult” DND on all military export applications, but that these applications be referred to his JIB, rather than the Chiefs of Staff.⁸⁷ The JIB would then decide which applications could be approved without further referral, and which would need to be forwarded to the Committee for specific comment from the appropriate Service. This new arrangement was intended to limit the number of applications which reached the Chiefs of Staff, while also transforming the JIB into a nexus of information regarding Canadian military exports. Deciding that a compromise was better than continued delay, EA accepted the new procedure and forwarded it to the Chiefs of Staff Committee for final authorization.⁸⁸

11044-40 p.1.2, LAC.

⁸⁶ G. Glazebrook to A.F.W. Plumptre, 5 October 1949, RG25 v.6272, file 11044-40 p.1.2, LAC.

⁸⁷ E.L.M Burns, “Meeting of December 15th, 1949 – Export Controls Over Military and Strategic Items,” 19 December 1949, RG25 v.6272, file 11044-40 p.1.2, LAC.

⁸⁸ Plumptre to Heeney, “Controls over Exports of Arms, Ammunition, etc.” 22 December 1949, RG25 v.6272, file 11044-40 p.1.2, LAC; “Excerpt from the Minutes of the Chiefs of Staff Committee Meeting on Wednesday, 11 January, 1950,” RG25 v.6607, file 11044-40 p.2.1, LAC.

Aircraft parts were not the only category of military equipment to receive special treatment following the Cabinet decisions of 1949. In July, T&C had also successfully excluded all arms and ammunition designed for “sporting purpose” from Group 8 of the ECL.⁸⁹ This exclusion not only allowed trade commissioners overseas to solicit commercial inquiries for Canadian sporting munitions manufacturers, but also exempted sporting rifles and ammunition from official export permit requirements.⁹⁰ After various brushes with both arms traffickers and the US State Department, sporting munitions would be added back to Group 8 in late 1956.⁹¹

Conclusion

All in all, this circuitous and complex story of bureaucratic maneuver can be summarized into a simple narrative. The military export controls which existed in Canada between 1946 and mid-1948 were created to allow the Canadian government to pursue a small number of exceptional transactions authorized at the highest level of authority (Cabinet). Yet the inclusion of all aircraft parts on the ECL, as well the 1948 decision to allow exports from current production, opened the system to a volume of applications it was simply not designed to accommodate. Complaints from Canadian commercial interests incentivized a gradual transformation of the military export application pipeline over the following year, cascading approval authority down the bureaucratic hierarchy, and normalizing Canadian participation in

⁸⁹ Order-in-Council P.C. 3595, “Export and Import Permits Act–List of Goods Requiring an Export Permit,” 20 July 1949, *Canada Gazette*, Part II, 83:15, 1534-1546.

⁹⁰ Technically, many export applications for sporting munitions were still subjected to T&C assessment at the discretion of the Minister. G.R. Heasman, Circular 389, 8 January 1953, RG25 v.6608, file 11044-40 p.4.1, LAC; J.D. Affleck to Denis Harvey, 8 February 1956, RG20 v.1952, file 20-27 p.2, LAC.

⁹¹ See RG20 v.1952, file 20-27 p.1; RG25 v.6608, file 11044-40 p. 4.1; Denis Harvey to L.E. Couillard, 8 January 1957, RG20 v.1952, file 20-27 p.2, LAC.

the global trade in “civilian” (dual-use) aircraft parts. The Export Division, Economic Division, and Joint Intelligence Bureau, of Trade & Commerce, External Affairs, and National Defence respectively, were given unprecedented discretionary autonomy as a means of expediting decisions and removing uncontroversial transactions from the desks of the Chiefs of Staff, the department’s ministers, and Cabinet itself. By 1950, Canadian export controls had been restructured under the assumption that a moderate trade in military equipment, especially aircraft parts, was desirable, that government evaluations should attempt to operate on commercial timelines, and that the political risk of most exports was too small to justify significant attention from elected representatives.

It is important to once again note that the evolution of Canadian military export controls during this period was the result of messy and reactive processes whose purpose evolved over time. Precedents were set by accident, or by creative interpretation of Cabinet decisions which were themselves intended as temporary expedients. Yet the spiraling series of consequences from these decisions pushed Canadian policy in new and unexpected directions.

Some of these consequences were obvious. For example, the Cabinet decision to temporarily delegate military export authority to the SSEA in 1949 gradually became a permanent measure which was interpreted by Pearson as permission to further delegate down the departmental hierarchy. Other consequences were more subtle. The 1948 Cabinet directive to encourage the sale of military equipment from current production, for example, gradually expanded to include a myriad of security and economic justifications for increasing Canadian military exports. Yet all were the result of a policy that seemed to drift basically rudderless through the end of the decade, buffeted and shaped by external forces.

Chapter 4: Peddlers of Arms

The delegation of approval authority and the creation of the JIB solved the most pressing structural irritants restricting Canada's participation in the arms trade. However, the Cabinet decision of April 1948 – allowing exports from current production as a means of maintaining domestic industrial capacity – had not just created procedural dilemmas. Both T&C and DND were eager to know what Cabinet had meant by recommending that some military exports should be “encouraged.” Was the government to take a more active role in selling arms, perhaps enlisting the help of Canadian missions abroad, now that it had acknowledged an economic and strategic justification for doing so?

This question highlighted the ongoing friction between T&C, which tended to prioritize the economic benefits of arms sales, DND, which appreciated the procurement opportunities they created, and External Affairs, which was responsible for their political consequences. Historically, External Affairs had attempted to restrain the hawking of Canadian military equipment by government representatives because of the potential political embarrassment that might result from the offer being made public or the sale being rejected by Cabinet.¹ However, Canada's rapidly expanding network of embassies and missions, staffed by representatives from all three departments (diplomats, trade commissioners, and military attachés) had loosened EA's monopoly over foreign policy.² While military attachés were told to avoid encouraging foreign requests for military equipment, T&C directed its representatives to explore markets for all Canadian goods, including military equipment, as long as there was a reasonable chance that a

¹ For example, the response of Canada's ambassador in Washington to WAC's attempt to market frigates in 1947 (see Chapter 1).

² By the end of 1948 there were 44 Canadian missions abroad, a significant increase from the 26 that had existed in 1946. John Hilliker, and Donald Barry, *Canada's Department of External Affairs: Coming of Age, 1946-1968*, v.2 (Toronto: McGill-Queen's University Press, 1990), 42.

sale might be approved.³ This obviously created the potential for inter-departmental conflict, especially since Canadian trade officials abroad tended to be even more optimistic about such sales than their home offices.

The consequences of this policy ambiguity were driven home in December 1949 when an overzealous trade commissioner in Cairo convinced the Egyptian military to send a mission to Canada to purchase military equipment.⁴ T&C (rather sheepishly it must be assumed) forwarded the request to EA's Economic Division, where it quickly inspired calls for an inter-departmental meeting to clarify government policy.⁵ Economic Head A.F.W. Plumptre, writing to Under-Secretary H.O. Moran, was uncommonly candid in his plea:

I am rather worried about the possible implications of vigorous attempts by Government officials to sell arms, particularly in areas of the world that are combustible. If this sort of thing came to light it would offend a large and vociferous political group in Canada. Further there are many of us who must feel some personal scruples about this sort of thing.⁶

Moran agreed that a meeting should be held between EA, T&C, and DND to establish a coherent policy, noting that he did not think the 1948 Cabinet decision had included "any intention to encourage military equipment production for purely commercial reasons."⁷ Invitations were sent to representatives of the CCC, T&C, Canadian Arsenals Limited (CAL), and DND for the purpose of establishing a "clear directive" to be given to officials abroad on the promotion of

³ J. George, "Memorandum for Mr. Crean," 21 January 1949; A.F.W. Plumptre, "Sale of Arms – Proposed Visit of Military Mission from Egypt," 27 December 1949, RG25 v.6272, file 11044-40 p.1.2, LAC.

⁴ J.M. Boyer to G.R. Heasman, 6 December 1949, RG25 v.4444, file 50,000-C-40 p.1, LAC.

⁵ Plumptre, "Sale of Arms – Proposed Visit of Military Mission from Egypt," 27 December 1949.

⁶ Plumptre, "Sale of Arms – Proposed Visit of Military Mission from Egypt," 27 December 1949.

⁷ H.O. Moran, "Memorandum for Economic Division," 30 December 1949, RG25 v.6272, file 11044-40 p.1.2, LAC.

arms sales.⁸ All three departments needed to be on the same page so countries like Egypt were not offered military equipment that External Affairs was not prepared to approve.

The meeting, which took place in January 1950, finally clarified the Cabinet decision of April 1948 by specifying which sales should be “encouraged,” and how that encouragement should take place. In both instances, the clarification went significantly beyond what Cabinet had presumably intended by its directive two years earlier, reflecting both changes in the international environment (such as the formation of NATO) and subsequent Cabinet decisions regarding large transfers to Pakistan and Israel. Additionally, although the government no longer possessed any war surplus equipment to sell on the market, the Army had become accustomed to selling current equipment to subsidize the purchase of new munitions.⁹ Arms exports, it was therefore decided, were desirable to achieve four related goals: to maintain a “healthy” armaments industry; to assist in the rearmament of Canadian forces and the standardization of their equipment; to assist NATO countries “and other potential allies,” especially in equipment standardization; and “to gain some commercial advantage.”¹⁰

The last two goals on this list fundamentally reinterpreted the restriction which had served to justify Cabinet’s 1948 decision – the caveat requiring military exports from current production to serve a specific plan for the preservation of a munitions industry in Canada. To quote the *Cabinet Conclusions* from that meeting:

If the export of arms from current production is to be used to help build up the nucleus of a Canadian munitions industry, it would appear essential to accept only those orders which fit with our own plans for a munitions industry. Otherwise, the

⁸ A.F.W. Plumptre, “Memorandum for Mr. Moran – Export of Arms,” 14 January 1950, RG25 v.6607, file 11044-40 p.2.1, LAC; Plumptre to C.M. Drury, 13 January 1950, RG25 v.6607, file 11044-40 p.2.1, LAC.

⁹ “Interdepartmental Meeting on Export of Arms,” 26 January 1950, RG25 v.6607, file 11044-40 p.2.1, LAC.

¹⁰ “Interdepartmental Meeting on Export of Arms,” 26 January 1950.

acceptance of foreign orders might result in our building up a munitions industry which would not be of the type best suited for our national defence.¹¹

Assisting Canada's allies and providing commercial advantage, while laudable, created a much lower bar for approval than the original 1948 decision. In fact, it could be argued that nearly every export opportunity open to a Canadian military producer would meet one of these two goals, broadly defined. The requirement that military exports from current production serve specific military-industrial policy (like earlier requirements that buyers be "generally speaking" democratic, that sales be limited to governments, and that exports be approved only by Cabinet) was being conveniently removed.

On a strictly practical level, W.F. Bull, of T&C agreed that "serious political risks" could result from trade commissioners actively soliciting requests for arms, especially in "inflammable" regions. He therefore requested that T&C be provided a list of military equipment which was both approved and available for export, and a general list of countries to which this equipment could be shipped.¹² External Affairs was nominated to compile this second list and submit it to Cabinet for approval. EA also decided to use the opportunity to submit a new statement on general military export policy confirming a permanent hierarchy of delegation authority, or "system of approvals" within the department.¹³ Together, these two documents were intended to provide the clearest example of Canada's military export restrictions yet articulated and to end the *ad hoc* uncertainty of the previous half-decade.

The two Egyptian officers were put up at the Chateau Laurier when they arrived in February, then given an impressive dose of bureaucratic bafflegab. External Affairs, as A.F.W.

¹¹ "Memorandum for Cabinet – Export of Arms from Current Production," document 643, 25 March 1948, RG2 v.66, file C-20-5, LAC

¹² The former was to reflect both available stores from DND and potential production from CAL.

¹³ A.F.W. Plumptre, "Memorandum to Mr. Heeney," 3 April 1950, RG25, vol. 6607, file 11044-40 p.2.1, LAC.

Plumptre told another official after a meeting with the two officers, was “really rather embarrassed to have the Egyptians here at all.”¹⁴ The department, he explained, “had tried to persuade them to stay away,” and hoped that T&C would exercise more control over its officials in the future. The Egyptians left at the end of February, presumably confused and definitively empty-handed. The mission had made one specific request for 30 naval guns despite the best efforts of departmental officials, yet it was quickly rejected by Plumptre at the division level.¹⁵

Still, the processes set in motion in advance of the Egyptian mission had acquired their own momentum and continued at a slow, but inexorable, pace. External Affairs finally obtained a list of available equipment from DND in mid-April and started internal consultations about categorizing potential buyers of Canadian military goods.¹⁶ In May EA began circulating a new draft memorandum for Cabinet, which included a revised general policy clarifying how trade commissioners abroad should be encouraged to market Canadian military exports, as well as a new hierarchy of delegation authority for Cabinet to approve.

Unfortunately, External Affairs’ geographic divisions were still struggling to reach consensus on a classification system for potential recipient countries. After accounting for the risk of trans-shipment, the instability of many former colonies and new nations, and the fluid political situations in East Asia, Europe, and the Middle East, the recommendations were prohibitively complex. A.R. Menzies, of the American and Far East Division, even suggested

¹⁴ A.F.W. Plumptre, “Arms and Ammunition for Egypt,” 18 February 1950, RG24 v.4444, file 50000-C-40, LAC.

¹⁵ A.F.W. Plumptre, “Export of Arms to Egypt,” 28 February 1950, RG24 v.4444, file 50000-C-40, LAC.

¹⁶ C.M Drury to A.D.P. Heeney, 12 April 1950, RG25, v.6607, file 11044-40 p.2.1, LAC; A.F.W. Plumptre, “Memorandum for European Division; British Commonwealth Division; American & Far Eastern Division; United Nations Division; Defence Liaison Division,” 24 April 1950, RG25, v.6607, file 11044-40 p.2.1

that T&C commissioners abroad should not be trusted with the final list, since they might betray its contents and create political disaster through “careless handling.”¹⁷ Eventually Plumptre adopted a suggestion from JIB to break the list into three categories: countries to which military equipment could be shipped freely, countries to which no military equipment could be shipped, and all other countries in the middle.¹⁸ While this solution allowed Economic to successfully produce a list, it also made that list mostly useless for the purposes intended by T&C. After all, it was concerning military exports to countries in the middle category that trade commissioners generally required guidance, and for which they’d requested explicit categorization.

Work on the new delegation structure went more smoothly, possibly because External Affairs stood to gain far more from its implementation. The department was keenly aware that the SSEA had been granted approval authority for military exports only on a temporary basis and wished to use the opportunity of a Cabinet submission to make the arrangement permanent. However, the new delegation structure differed significantly from the one which had been informally implemented in 1949. This time, the Head of Economic Division was given the authority to approve all applications for dual-use Group 8 equipment (civilian aircraft and parts, trainer aircraft and parts, marine radar, and radio parts) to uncontroversial locations (NATO and Commonwealth countries, Central and South American countries, and Sweden).¹⁹ The value ceiling on this authority also increased – from \$5000 to \$100,000 per application.²⁰ For his part,

¹⁷ A.R. Menzies, “Memorandum for Economic Division,” 23 May 1950, RG25 v.6607, file 11044-40 p.2.1, LAC.

¹⁸ A.F.W. Plumptre, “Memorandum for American & Far Eastern Division – Restriction on Arms Exports,” 6 June 1950, RG25 v.6607, file 11044-40 p.2.1, LAC.

¹⁹ The delineation between “civilian” aircraft and “trainer” aircraft was a novel distinction that is not replicated in subsequent policy. M.A. Macpherson, “Authority to Approve the Export of Military Equipment and Aircraft Parts,” 12 May 1950, RG25 v.6607, file 11044-40 p.2.1, LAC.

²⁰ Although applications with important political considerations, or containing “any reason for doubt regarding the desirability of the destination, the reliability of the consignee or the security

the Under-Secretary could now approve military exports of any value to NATO countries and certain other close allies, while the SSEA maintained the authority to approve any export to any destination which raised “no new questions of principle” and did not “involve any important political considerations.” Later drafts, however, would place value limits on the SSEA’s ability to approve military exports to non-allied nations (see Table 4.2 below).

In her rationale for the new potential system of delegation, M.A. Macpherson (Africa and Middle East Division) explained that it would shift the burden of evaluation largely to the Head of the Economic Division, rather than requiring a disproportionate number of applications to be approved by the SSEA.²¹ As proof, she categorized 135 applications received by External Affairs since December 1949 according to whom would make the final decision under the present and proposed models of delegation authority:

1949 Delegation Structure	1950 Proposed Delegation Structure
Economic Division (Head) - 50	Economic Division (Head) - 89
USSEA - 5	USSEA - 29
SSEA - 80	SSEA - 17

Macpherson also disclosed that, during that same period, only six applications had been referred to Cabinet, and many of the applications “signed” by the SSEA had actually been approved by the USSEA. In other words, the military export control system in practice was not always aligned with the system on paper, and the proposed system was, in some sense, both a

standing of the exporter,” still needed to be forwarded up the departmental hierarchy to the Under-Secretary.

²¹ M.A. Macpherson, “Memorandum for Mr. Plumptre,” 12 May 1950, RG25 v.6607, file 11044-40 p.2.1, LAC.

potential improvement on current practice and an acceptance of what was already occurring on the ground.

It would, of course, be naïve to assume that a government department composed of actual flesh-and-blood people would follow bureaucratic procedure perfectly in every instance. Similarly, an application rubber-stamped by the USSEA instead of the SSEA would not necessarily constitute a significant violation of departmental authority, since the SSEA would (in most cases) be relying upon the judgement of the USSEA in screening such applications and providing decisions. However, minor violations in procedure regarding military export applications were relatively common. For example, in April 1950, Plumptre approved the extension of nine export permits for aircraft spare parts without reference to JIB or the geographic divisions.²² Several of the permits exceeded the \$5000 limit placed on his approval authority as Economic Head, including a \$15,000 permit for export to Chile and a \$10,000 permit for Venezuela.²³ In May he approved further extensions for permits to Egypt and Indonesia without further consultation, and in June his temporary replacement, Louis Couillard, extended a similar permit for Israel, which was a controversial destination by any metric.²⁴

Sometimes these deviations were the result of simple bureaucratic mistakes within a pipeline which relied increasingly on the precise movement of mountains of paper. For example, the day before Cabinet was to review Canadian military export policy regarding Pakistan in April

²² A.F.W. Plumptre to S.C. Cooke, 11 April 1950, RG25 v.6607, file 11044-40 p.2.1, LAC.

²³ It is possible that Plumptre consulted in person or over the phone with the Under-Secretary, since he signed “for” Heeney on the document. However, even Heeney’s ability to authorize exports to Malaya (in the midst of a rebellion), India (currently under UN supervision in the Kashmir region), and South Africa (facing international criticism for its racist policies), was debateable.

²⁴ A.D.P. Heeney to S.C. Cooke, 10 May 1950, RG25 v.6607, file 11044-40 p.2.1, LAC; M.A. Macpherson, “Memorandum for Mr. Couillard,” 23 June 1950, RG25 v.6607, file 11044-40 p.2.1, LAC.

1950, Plumptre informed Under-Secretary Moran that EA had been accidentally sent an export permit application from the CCC for more than \$450,000 in high-explosive shell components intended for Pakistan.²⁵ Because the shipment was technically part of a larger order that had been approved in February, Plumptre advised that the department simply ignore the application and return it to the CCC. Moran, however, was more cautious. “Isn’t this a dangerous course,” he wrote Plumptre, “if Cabinet decides not to send further shipments to Pakistan, and if it becomes known that the application was referred to us?” After further discussion, Moran was convinced that since the parts were necessary to complete a *previous* shipment, they should not be eligible for suspension if a *new* export restriction was implemented. Obviously, both officials wished they had remained ignorant of the application from the CCC, which carried thorny political implications.

Ironically, only a few days earlier, EA had been embarrassed by the discovery of an application which had *failed* to arrive – or at least failed to arrive before the military export in question had been approved and shipped. During a discussion between Macpherson and a representative of the CCC, it was discovered that a shipment to Pakistan of \$17,000 in rifle parts had been exported by the corporation in 1949 without being approved, or even reviewed, by the department.²⁶ Given the dramatic acceleration in applications during the previous years, it was probably not the only one to evade EA’s nets.

Even after Cabinet (at EA’s recommendation) asked on April 5, 1950 for all further requests from Pakistan for military equipment to be referred to council, EA continued to approve

²⁵ A.F.W. Plumptre, “Memorandum for the Acting Under-Secretary of State for External Affairs – Export of Arms to Pakistan,” 4 April 1950, RG25 v.4447, file 50000-J-40, p.1, LAC.

²⁶ Plumptre decided to ignore this breach in export controls, since there was “nothing to be done.” M.A. MacPherson, “Export of Arms to Pakistan,” 29 March 1950, RG25 v.4447, file 50000-J-40, p.1, LAC.

“insignificant” transfers at the departmental level.²⁷ This practice seems to have begun by mistake with the approval of \$3500 in Harvard spare parts on April 14, which technically should have been forwarded to Cabinet.²⁸ After this error was brought to his attention by Plumptre, Heeney insisted that it had not been intended as a precedent.²⁹ However, precedent or not, subsequent applications for small quantities of military exports to Pakistan were dealt with in a similar manner.³⁰

The 1950 Proposal

By June, EA was circulating revised copies of two draft memoranda to other departments with the intention of placing them before Cabinet.³¹ The first summarized Canadian military export policy since the war, before boldly proclaiming that developing “competition” in the arms market necessitated a new control system. The purpose of this system was to expedite approvals and ensure Canada both got “its share of the orders” and maintained a “nucleus for war production.” The second document explained EA’s new categorization of potential buyer countries into three “groups” and introduced the four goals of Canadian military exports as decided upon at the inter-departmental meeting in January. Together, the memos integrated

²⁷ A.F.W. Plumptre, “Control of Exports to Pakistan,” 4 May 1950, RG25 v.4447, file 50000-J-40 p.1, LAC.

²⁸ Ironically, this was another example of Under-Secretary Heeney approving applications “for” the Minister in violation of the 1949 delegation structure. A.D.P. Heeney, “Control of Exports to Pakistan,” 14 April 1950, RG25 v.4447, file 50000-J-40 p.1, LAC.

²⁹ A.F.W. Plumptre, “Control of Exports to Pakistan,” 4 May 1950, RG25 v.4447, file 50000-J-40 p.1, LAC.

³⁰ A.F.W. Plumptre, “Control of Exports to Pakistan,” 4 May 1950; A.D.P. Heeney, “Control of Exports to Pakistan,” 23 May 1950, RG25 v.4447, file 50000-J-40 p.1, LAC; A.D.P. Heeney, “Control of Exports to Pakistan,” 25 May 1950, RG25 v.4447, file 50000-J-40 p.1, LAC.

³¹ External Affairs, “Restriction on Export of Arms,” 18 June 1950, RG25 v.6607, file 11044-40 p.2.1, LAC.

Macpherson’s delegation structure and the department’s categorization of potential buyer countries into the following matrix:

Table 4.1. Level of Authority Required for Military Exports by Value and Destination (June 1950)

		Destination			
		Group 1 Countries (NATO and other allies “not in areas of possible local or civil conflict”)	Group 2 Countries (All other countries)	Group 3 Countries (USSR and satellites, excluding Yugoslavia, but including China and North Korea)	
Approval Authority	SSEA*	All exports (in consultation with T&C and DND)	Exports “in conformity” with previous Cabinet decisions for:		Prohibited
	Cabinet		Arms and ammunition up to \$10,000	Civilian aircraft and parts up to \$100,000	
		Any application “which raises new questions of principle regarding destination or type of equipment,” or exceeds value ceilings on SSEA authority.			
		*Further delegations to the USSEA and division level were not included in the draft Cabinet memo. They were to be approved later by the SSEA.			

The second memo also included the list of marketable Canadian munitions that DND, CAL, and T&C had compiled from current holdings and existing production capacity. Once again, this list included “military” and “civilian” aircraft and parts as separate categories, yet Cabinet was assured that the production of both were “advantageous” to Canada’s strategic goals. The memo also inaccurately claimed that all arms (with the exception of certain dual-use goods) “must be consigned to governments, not to individuals or to private companies” – despite this restriction having been removed in 1949.

The 1950 military export review provided new and expansive justifications for Canadian arms sales, as well as greater clarity on the equipment suitable for sale, the procedure to be

followed, and the markets to be pursued. However, the policy had spent too long in incubation, and by August had been displaced by the passage in Parliament of a greatly expanded defence programme, in reaction to the Korean War.³² Suddenly, CAL and other Canadian military producers had more demand than they could fill and, therefore, no need to encourage arms exports through a redefinition of Canadian military export policy.³³ In Plumptre's words, since Canada's military obligations were already "greater than present Canadian productive capacity, there will be very few arms available for export to other countries."³⁴ In fact, demand had become so fierce that DND required that all potential arms transfers be offered to NATO allies first, a change which convinced Under-Secretary Moran to put the two memoranda "on ice" for the time being.³⁵

General policy reform would remain "on ice" until 1953, when the stabilizing situation in Korea led to a reduction of military expenditures in Canada and the US and, consequently, a renewed incentive to export military goods. Still, EA was reluctant to squander the eight months it had spent formulating a new system of military export controls in 1950, especially since both Under-Secretary Moran and Economic Division were eager to implement the new system of delegation authority.³⁶ In December Plumptre directed a member of his division, A.E.L. Cannon, to prepare a specific directive for the Under-Secretary, Minister, and potentially Cabinet that

³² J. George, "Export of Arms: Cabinet Policy," 22 August 1950, RG25 v.6607, file 11044-40 p.2.1, LAC; D.W. Middlemiss, "A Pattern of Cooperation," 128, 137-38.

³³ The Services actually reversed course on certain military export applications, including a \$3 million order for corvettes and frigates from the government of Chile. M.A. Macpherson, "Memorandum for Mr. Plumptre," 23 August 1950, RG25 v.6607, file 11044-40 p.2.1, LAC.

³⁴ A.F.W. Plumptre, "General Policy on Export of Arms," 25 August 1950, RG25 v.6607, file 11044-40 p.2.1, LAC.

³⁵ Moran's comment is a scribbled note on the memo. A.F.W. Plumptre, "General Policy on Export of Arms," 25 August 1950.

³⁶ A.F.W. Plumptre, "Export of Arms – General Policy," 12 December 1950, RG25 v.6607, file 11044-40 p.2.1, LAC.

would approve the system suggested earlier in 1950.³⁷ However, Cannon quickly decided that an appeal to Cabinet wasn't actually necessary. He argued that since a ministerial precedent had been set for most export destinations, the approval of a more flexible delegation structure could be made at the ministerial level.³⁸ Although Cabinet had delegated only temporary authority to the SSEA back in 1949, Cannon argued that the department should wait for an "appropriate time" to ask for confirmation of this authority:

No problem has arisen that would seem to warrant such a submission, but on the contrary, the international situation appears such that more restrictive controls may have to be imposed should a rapid deterioration take place... There would appear to be no need to seek from Cabinet confirmation of these temporary powers until and if there is such an improvement in international conditions that we would consider encouraging our industrial output of arms by easing present restrictions and welcoming orders.

Cannon's memo is a jewel of bureaucratic politics. Nevertheless, it raises several obvious questions. First, if the international situation was rapidly deteriorating, and Canada was now at war, how could the department continue to follow precedents set by Cabinet in peacetime? Second, how could the department, under these conditions, justify maintaining the temporary delegation of authority from 1949? Finally, if international orders were drying up because of increased demand from Canada and its close allies, why did the department require a new, more flexible, structure of delegation authority?

These questions seemed to have been ignored because their answers did not advance the department's interests. In other words, Cannon recognized that bringing Cabinet attention to the current level of autonomy enjoyed by EA over military export controls would probably lead to greater oversight and should therefore be avoided. Cabinet might even rescind the temporary

³⁷ A.F.W. Plumptre, "Export of Arms – General Policy," 12 December 1950.

³⁸ A.E.L. Cannon, "Export of Arms – General Policy," 25 January 1951, RG25 v.6607, file 11044-40 p.2.2, LAC.

authority granted in 1949, blocking any further attempts to create a more flexible delegation hierarchy. Obviously (at least to Cannon), the only “appropriate time” to approach Cabinet would be once a positive response could be ensured. Until then, the department should keep its head down and preserve the autonomy it had gained in 1949.

It is unlikely that Plumptre or Moran would have been so nakedly mercenary in their assessment, yet both agreed with Cannon’s suggestion.³⁹ A new delegation structure was drafted in March 1951 and approved by Pearson in May.⁴⁰ A few days later, Under-Secretary Heeney approved new delegation authority for the Head of the Export Division.⁴¹ Plumptre scrawled “We’re honest women at last!” in pencil across the top of this last memo, implying that Economic was aware that it had previously been exceeding its official authority. The new structure gave unprecedented autonomy to Plumptre’s division.

³⁹ A.E.L. Cannon, “Export of Arms – General Policy,” 25 January 1951.

⁴⁰ A.D.P. Heeney, “Authority for Approving Export Permit Applications,” 28 March 1951 (seen by Pearson on 28 April 1951), RG25 v.6607, file 11044-40 p.2.2, LAC.

⁴¹ A.F.W. Plumptre, “Authority for Approving Export Permit Applications,” 3 May 1951, RG25 v.6607, file 11044-40 p.2.2, LAC.

Table 4.2. Authority Required for Military Exports by Value and Destination (May 1951)⁴²

		Destination		
		Group 1 Countries (NATO and other allies “not in areas of possible local or civil conflict”)	Group 2 Countries (All other countries)	Group 3 Countries (USSR and satellites, excluding Yugoslavia, but including China and North Korea)
Approval Authority	Head, Economic	Category “A”: Civilian aircraft parts (any value)		Prohibited
		Category “B”: Military equipment up to \$5,000		
	USSEA	Category “C”: All military equipment, civilian aircraft, small arms and ammunition for non-military purposes	Category “D”: Military equipment up to \$25,000	
	SSEA	Category “E”: All exports of military equipment (in consultation with T&C and DND)		
	Cabinet	Any applications which raise new questions of policy or include important political considerations.		

Obviously, the new system of delegation authority was far more ambitious than the one which EA had planned to propose to Cabinet the previous year. The SSEA retained the right to approve all export applications for military equipment rather than accepting the hard value caps on military equipment (\$10,000) and civilian aircraft and parts (\$100,000) that had been added in 1950. Consequently, the authority delegated to the USSEA and Economic Division Head were substantially greater than would have been possible under the previously proposed system. The minister also reinterpreted Cabinet’s directive of 5 April 1951 regarding military exports to

⁴² “Authority to Approve the Export of Military Equipment and Aircraft Parts,” 11 May 1951, RG25 v.6607, file 11044-40 p.2.2, LAC.

Pakistan by formally excluding “small orders of a routine nature.” Of course, thanks to Cannon, none of these changes were submitted to Cabinet for approval.

Streamlining the System

The Korean War convinced the Canadian government to fully commit to national rearmament, international collective security, and the NATO alliance.⁴³ The rearmament program announced in 1950 led in 1951 to the creation of the Department of Defence Production, which was tasked with establishing a “self-sustaining domestic defence industry.”⁴⁴ Canadian military spending skyrocketed to 7.5 percent of GDP by 1952, a high that would not be matched during the remainder of the Cold War.⁴⁵ American purchases of military equipment in Canada tripled from \$100 million in 1951 to \$300 million in 1953.⁴⁶ In summary, the Korean War catalyzed a renewal of Canadian-American military industrial cooperation, provided a boost to Canadian military production, and launched the pursuit of an autonomous Canadian DIB.

Canadian involvement in the Korean War also did not end all military exports to non-NATO countries. As mentioned in previous chapters, Cabinet continued to approve orders to Pakistan, India, Israel, and other states. Yet the increased domestic and international demand did greatly reduce the availability of surplus military equipment in Canada.⁴⁷ Consequently, it no longer made sense for External Affairs to evaluate requests from foreign governments for

⁴³ Kilford, “The Other Cold War: Canadian Military Assistance in the Developing World,” 58; Morton, *A Military History of Canada*, 234.

⁴⁴ Van Steenburg, “An Analysis of Canadian-American Defence Economic Cooperation: The History and Current Issues,” 194.

⁴⁵ Edgar and Haglund, *The Canadian Defence Industry in the New Global Environment*, 82.

⁴⁶ Van Steenburg, “An Analysis of Canadian-American Defence Economic Cooperation: The History and Current Issues,” 194.

⁴⁷ H.O. Moran (for Heeney) to A.B. Coulter, 12 May 1951, RG25 v.6607, file 11044-40 p.2.2, LAC.

military equipment that was most likely unavailable. The department therefore requested in May 1951 that all such requests received by the CCC be sent to the new Department of Defence Production *first*, and only be forwarded to EA once Canada's "supply position" had been decided.⁴⁸ The question of which assessment should take precedence (availability of equipment or the desirability of its transfer) had been causing cat and dog squabbles between EA and DND for several years, but the new supply situation in 1951 made the answer obvious. As EA was immediately informed, the Canadian Army no longer had *any* available surplus which could potentially be sold to foreign buyers.⁴⁹ The new procedure was implemented in June, after being assessed as "eminently sound" by DND deputy minister C.M. Drury.⁵⁰

On the other hand, the dramatic increases in military exports to NATO also required adaption. In October, the CCC asked EA to suspend consultation requirements on military exports to NATO countries, as long as the department was kept informed of the nature and value of said exports.⁵¹ Since exports to the US were already exempt from export permit requirements, this amounted to an extension of the policy to the rest of the alliance. Still, the phrasing of the request resulted in some hesitation with EA. In the past the CCC had consulted the department twice regarding applications from foreign governments: before providing a quote for the desired equipment and again before authorizing the actual export.⁵² EA was perfectly willing to give the

⁴⁸ Upon its creation, Defence Production had assumed this responsibility from the Department of National Defence.

⁴⁹ Although the subsequent Cabinet approval of the sale of 11 25-pounder guns to Israel in November casts doubt on this claim. C.M. Drury to A.D.P. Heeney, 29 May 1951, RG25 v.6607, file 11044-40 p.2.2, LAC; Cabinet Conclusions, "Export of Arms to Israel," 25 November 1951, RG2 v.2649, file A-5-A, PCO.

⁵⁰ C.M. Drury to A.D.P. Heeney, 29 May 1951, RG25 v.6607, file 11044-40 p.2.2, LAC.

⁵¹ C.J.K. Smith to A.F.W. Plumptre, 1 October 1951, RG25 v.6607, file 11044-40 p.2.2, LAC.

⁵² M.H. Wershof, "Memorandum for Mr. Ritchie," 11 October 1951, RG25 v. 6607, file 11044-40 p.2.2, LAC.

CCC permission to provide quotes to NATO countries, but it was not prepared to give the corporation *carte blanche* authority for approving transfers to, say, Portugal. While Cannon initially assured his superiors that CCC was not asking for “blanket permission” to approve exports, the corporation eventually clarified that this was exactly what it was asking for.⁵³ Both sides agreed to approach Cabinet for new directives; however, the consultation never occurred. Presumably EA was still disinclined to bring Cabinet attention to the issue.

There are many other changes that need not be listed in detail, but together constitute an important streamlining of the system. In 1952, the Defence Liaison Division was removed entirely from the military export application pipeline.⁵⁴ In September of the same year, the Economic Division received tacit permission from the Under-Secretary to approve routine exports of Category C military equipment to the UK (see Table 4.3), a practice which had apparently already been occurring for some time.⁵⁵ At the same time, the JIB requested that it no longer be consulted regarding UK applications of a “routine nature,” since doing so “tended to slow down the whole operation of processing export permits.”⁵⁶ Later in the year, EA almost delegated export authority to the Export and Import Division of T&C for all military transfers to NATO’s European Headquarters (SHAPE), before belatedly remembering that DND

⁵³ C.J.K. Smith to A.F.W. Plumptre, 17 November 1951, RG25 v.6607, file 11044-40 p.2.2, LAC.

⁵⁴ D.R. Taylor, “Memorandum for Mr. Wershof,” 22 April 1952, RG25 v.6607, file 11044-40 p.2.2, LAC.

⁵⁵ A.E. Ritchie, “Memorandum for the Under-Secretary: Export of Arms to the United Kingdom,” 11 September 1952, RG25 v.6607, file 11044-40 p.3.1, LAC.

⁵⁶ The Director of the JIB, I. Bowen, also claimed that the Board had only begun receiving these routine applications from Economic a few months before, indicating that External Affairs had previously exercised some discretion over which UK applications reached the JIB. This discretion, while not surprising, indicates another way in the policy and operation of the Canadian military export system diverged. I. Bowen to A.E. Ritchie, 16 September 1952, RG25 v.6607, file 11044-40 p.3.1, LAC.

consultation was required to ensure that the Canadian armed forces didn't require the equipment in question.⁵⁷ Instead, the Head of the Economic Division was empowered to approve application for military exports to SHAPE of any value.⁵⁸ External Affairs was once again adapting the hierarchy of export authorization without Cabinet consent, based upon a "temporary" delegation of authority which was now in its fourth year.

EIPA Redux

The receding tides of the Korean War in 1953 revealed a Canadian DIB transformed by the bounty of rearmament spending. In less than three years, orders for the Canadian aviation industry almost matched the value of all aircraft produced in Canada during the Second World War.⁵⁹ By early 1954, Canadair had produced nearly a thousand F-86 Sabres for NATO allies, and A.V. Roe had successfully brought the first Canadian-designed jet fighter, the CF-100, to market.⁶⁰ Howe's new Department of Defence Production doubled down on this success through an ambitious program of industrial development intended to provide domestic producers for most of the equipment requirements of the Canadian Armed Forces.⁶¹ Part of this program, of course, was the Avro CF-105, or "Avro Arrow," which would symbolize the failure of Howe's dream near the end of the decade.

⁵⁷ T.G. Hills to A.E. Ritchie, 24 November 1952, RG25 v.6607, file 11044-40 p.3.1, LAC.

⁵⁸ As a further attempt to speed up the review of applications for SHAPE, EA attempted to remove consultations with DND. Once again, the Chiefs of Staff refused to let the JIB be cut out of the loop. L.D.W., "Memorandum for the Minister – Export of Arms to SHAPE," 25 February 1953, RG25 v.6607, file 11044-40 p.3.1, LAC; C.M. Drury to L.D. Wilgress, 18 April 1953, RG25 v.6607, file 11044-40 p.3.1, LAC.

⁵⁹ D.W. Middlemiss, "A Pattern of Cooperation," 159.

⁶⁰ Randall Wakelam, *Cold War Fighters: Canadian Aircraft Procurement, 1945-1954* (Vancouver: UBC Press, 2011), 141.

⁶¹ D.W. Middlemiss, "A Pattern of Cooperation," 171.

The explosion in Canadian military production also meant an increase in military export applications after the Korean War, as producers sought new markets to compensate for declining Canadian and American procurement. Consequently, it produced new interest in a revised Canadian military export policy. International events had inflamed East-West tensions and created new proxy conflicts around the world which required new direction from Cabinet. Additionally, new American export requirements necessitated changes to the EIPA, providing an excellent opportunity to consolidate Canadian military export restrictions and controls into a more formal structure.

It should be emphasized that EA was well aware it was operating outside Cabinet's mandate. As described previously, the department had drafted a series of memos outlining a comprehensive military export policy in 1951, before putting them "on ice" due to the Korean War. Later in the year, Pearson had indicated he was perfectly willing to stretch the definition of "temporary" until he could ensure Cabinet approval for reduced military export oversight.⁶² The renewed interest in an approach to Cabinet in 1953 was therefore less the result of a sudden resurgence in bureaucratic ethics than a confluence of two practical considerations. First, a departmental interest in procedural revisions that required both amendments to the EIPA and Cabinet consultation, and second, a general calculation that council might now look favourably upon a new proposal given the relaxation in global tensions. In 1954, these considerations would result in the first comprehensive statement on Canadian military export policy of the post-war period.

⁶² Recall the Cannon memo discussed above. A.E.L. Cannon, "Export of Arms – General Policy," 25 January 1951.

The conversation within EA began, as always, with a sense of frustration regarding the inefficiency of the current system. In June 1953, D.B. Wilson of Economic proposed a new military export pipeline which would transfer responsibility for applications to Trade & Commerce, and reduce delay by allowing EA's geographic divisions and DND's JIB to be consulted at the same time.⁶³ The new system, in Wilson's words, would relieve EA of both "a good deal of quite unprofitable but nevertheless time-consuming clerical work" as well as "all responsibility and criticism" for JIB delays. As evidence, Wilson had compiled a list of applications that had been outstanding with the JIB for more than two weeks, noting both the date of the application receipt by T&C, the duration of its stay within Economic, and the day it had been forwarded to the Board. Several applications had already been with the JIB for three weeks – longer than their sojourn at T&C and EA combined.

Still, Wilson's proposed solution created difficulties that could not be solved at the departmental level. In 1949 Cabinet had delegated approval authority to the SSEA in consultation with the Minister of T&C, not the other way around. Substituting Howe for Pearson would require a new Cabinet decision endorsed by all three departments and would, therefore, bring Cabinet attention to a system which had been carefully sheltered from its scrutiny for years. However, since the Minister and the Under-Secretary eventually indicated that the opinion of the JIB was essential to their decision-making, Wilson's proposal died before Cabinet approval could be sought. The department would continue "playing post office" (in the words of one disgruntled official) for the foreseeable future.⁶⁴

⁶³ D.B. Wilson, "Memorandum for Mr. Ritchie – Export of Arms," 10 June 1953, RG25 v.6607, file 11044-40 p.3.1, LAC.

⁶⁴ Written note dated 23 July 1953. Attached to D.B. Wilson, "Memorandum for Mr. Ritchie – Export of Arms," 10 June 1953, RG25 v.6607, file 11044-40 p.3.1, LAC.

Surprisingly, after years of attempting to consolidate the military export pipeline within EA, the department was now trying to reduce its bureaucratic burden by outsourcing aspects of the system. In July, a conversation between the Head of Economic, A.E. Ritchie, and the directory of T&C's Commodities Branch, D. Harvey, led to another, similar, gambit.⁶⁵ According to Harvey, the two decided that EA didn't need to be consulted on export permit applications for small quantities of small arms, or for "dual purpose" items such as truck parts, provided they were intended for "normal destinations in friendly countries."⁶⁶ Instead, T&C would continue to forward such applications to EA only when intended for "particularly sensitive" areas such as Formosa. In this way, EA could offload responsibility for the vast majority of application permits for dual-use goods and sporting ammunition, while ensuring continued scrutiny on similar exports to a list of sensitive areas.

Ritchie forwarded Harvey's proposal to the department's regional and defence liaison divisions, who suggested that Indochina, Israel, the Arab States, Tunisia, and Morocco should also be considered sensitive areas and added to the new list.⁶⁷ In response, Wilson duly prepared a memo confirming the understanding reached by Harvey and Ritchie, and forwarded it to the Division Head for approval.⁶⁸ Curiously, he included several paragraphs lifted almost verbatim from Escott Reid's memo of April 2, 1947 to explain the "considerations" which influenced

⁶⁵ D. Harvey to A.E. Ritchie, "Re: Export Controls of Schedule II Group 8," 9 July 1953, RG25 v.6607, file 11044-40 p.3.1, LAC.

⁶⁶ In Harvey's words, "it appears to [T&C] that we have been guilty of too broad an interpretation of the Group 8 classification," since "your interest is in military items which can be identified as such."

⁶⁷ A.E. Ritchie, "Export Control of Arms Shipments," 14 July 1953, RG25 v.6607, file 11044-40 p.3.1, LAC; N.F.H. Berlis, "Export Control of Arms Shipments," 15 July 1953, RG25 v.6607, file 11044-40 p.3.1, LAC.

⁶⁸ D.B. Wilson, "Attention: Mr. Denis Harvey: Export of Arms Controls," 23 July 1953, RG25 v.6607, file 11044-40 p.3.1, LAC.

departmental decisions on military exports, as well as a short summary of Cabinet's delegation of authority to the department.⁶⁹ This review seems to have spooked Ritchie, who wrote a note across the bottom of Wilson's memo asking if the department could "agree to this within existing delegations of Cabinet authority."⁷⁰ Ritchie's perspective was probably also informed by the final decision on Wilson's June proposal, which crossed his desk on the same day.

The problem, once again, was the wording of the Cabinet decisions handed down in 1949 which required External Affairs to evaluate all military export applications for goods included in Group 8 of the ECL. While the department had previously bent the rules by delegating approval authority down the internal hierarchy and fudging certain protocols, Ritchie could not explicitly ignore the inclusion on the ECL of dual-use goods (including aircraft and automotive parts).⁷¹ Until the ECL was amended, or a new Cabinet decision obtained, Economic Division couldn't fix the glaring inefficiencies in Canadian military export controls. All roads, it would seem, led back to Cabinet.

Aside from highlighting EA's frustration with its existing export mandate, departmental discussions surrounding Wilson and Harvey's proposals continued a number of trends revealed in the previous chapter. First, it is once again unclear if the officials being consulted understood the specific policy modifications proposed. For example, Harvey's letter of 9 July had proposed to end EA consultation on export applications for dual-use goods to military consignees, yet both

⁶⁹ Escott Reid, "Export of Armaments (Including Ammunition and Implements of War) to Foreign Governments," 2 April 1947, in *DCER*, v.13, 1585-1588.

⁷⁰ D.B. Wilson, "Export of Arms Controls," 23 July 1953, RG25 v.6607, file 11044-40 p.3.1, LAC.

⁷¹ This "fudging" has been noted previously. To provide another example, Harvey claimed in his letter of 9 July that applications for dual-use goods were generally referred to EA only if intended for a military consignee. This was technically a violation of existing military export policy, which required referrals for applications intended for civilian consignees as well.

the European Division and D.B. Wilson himself claimed that Harvey's proposal concerned applications with civilian consignees instead.⁷² Second, the mechanism of a "sensitive area" list continued a Canadian tradition of using new restrictions as a vehicle for expanding the Canadian arms market and reducing bureaucratic oversight. Just as restrictions on sale of "heavy" equipment of the "offensive" type had been used to justify military exports to Pakistan, India, and Israel in previous years, the "sensitive area" designation simply indicated where existing levels of scrutiny would be maintained. Countries not on this list could be considered neutral or even "friendly" by default, and exports of dual-use equipment to "friendly" countries (as Harvey argued) would not require EA consultation. It is therefore no surprise, given its considerable utility, that the "sensitive area" list would be officially incorporated in Canadian policy in 1954.

Third, Wilson's attempt to channel Escott Reid in his 23 July memo (the one that spooked Ritchie) speaks to the surprising endurance of Reid's ideas within the department. The expansion of Canadian military exports into markets in the Middle East, Latin America, and South-East Asia had made it increasingly important for EA to determine whether such transfers were (in Reid's words) "repugnant to a large number of Canadians."⁷³ Although Wilson seems to have been a bit of a strange bird, and his choice of sources might reflect some naiveté regarding departmental practices, he was also remarkably prescient. Reid's language would continue to be used throughout the 1950s and eventually would be reflected in the discourses regarding human rights that overtook military export controls in the 1970s and 1980s.

⁷² N.F.H. Berlis, "Export Control of Arms Shipments," 15 July 1953; D.B. Wilson, "Memorandum for Mr. Wilson: Export of Arms Control," 11 September, 1953, RG25 v.6607, file 11044-40 p.3.1, LAC.

⁷³ Although neither Reid nor Wilson were entirely clear whether it was the repugnance in principle or the large number of opposed Canadians which should be decisive. B. Wilson, "Export of Arms Controls," 23 July 1953; Escott Reid, "Export of Armaments (Including Ammunition and Implements of War) to Foreign Governments," 2 April 1947.

Fourth, due to the perpetual turnover in both EA and T&C, initiatives to reform Canadian military export policy resembled a sort of bureaucratic archaeology in which new recruits struggled to unearth and interpret the work of their predecessors. Wilson, just like Cannon before him, had been asked to study the problem of “expediting clearances” on Group 8 items by his division head and had produced a solution which faltered before the hurdle of Cabinet approval.⁷⁴ Also like Cannon, Wilson concluded that it was “better to let sleeping dogs lie” than initiate another Cabinet consultation, and instead recommended the department ask T&C to propose a modification to the EIPA.⁷⁵ So far, history (at least within Economic) was both rhyming and repeating.

Yet, unlike Cannon, Wilson was convinced that EA was not only “jogging along” on borrowed time, but also exceeding the authority delegated by Cabinet.⁷⁶ Wilson based this claim on a narrow interpretation of the term “military equipment” within the Cabinet decision of 3 May 1949, which he believed only provided the SSEA authority to approve some of the items listed in Group 8 of the EIPA.⁷⁷ According to this interpretation, the minister had never been granted the authority to approve the export of major weapons systems, ammunition, naval vessels, and airplanes, but had instead been limited to a sub-set of military equipment including sub-systems, communication devices, civilian aircraft, and small arms.⁷⁸ It was therefore imperative that EA ask T&C (which was already advocating for modifications to the EIPA) to include provisions to

⁷⁴ D.B. Wilson, “Memorandum for Mr. Ritchie – Export of Arms,” 10 June 1953.

⁷⁵ D.B. Wilson, “Memorandum for Mr. Wilson: Export of Arms Control,” 11 September 1953.

⁷⁶ D.B. Wilson, “Memorandum for Mr. Wilson: Export of Arms Control,” 11 September 1953.

⁷⁷ The 3 May decision is discussed in Chapter 3. It allowed military export applications to “be dealt with for the time being by the Secretary of State for External Affairs.” Cabinet Conclusions, “Export of Arms and Aircraft; Specific Cases; Arrangements for Authorization,” 3 May 1949, RG2 v.2643, PCO.

⁷⁸ D.B. Wilson, “Export of Arms Control [Draft],” 11 September 1953, RG25 v.6607, file 11044-40 p.3.1, LAC.

“broaden” the scope of authority mandated to the SSEA and remove the necessity of mandatory consultations with EA on dual-use items. Only then could EA’s system for managing military export applications be aligned with the mandate provided by Cabinet (at least as Wilson understood it).

Wilson’s dire accusations were factually wrong (“military equipment” did include all Group 8 items), but they are important as an illustration of the sheer difficulty of his task. Since the war, Canadian military export policy had been determined in an *ad hoc* fashion through a dozen incremental decisions in multiple government forums. Wilson was one of several EA officials who, in attempting to build a comprehensive understanding of Canadian policy, had misinterpreted the Frankenstein’s monster over which they laboured. While this misinterpretation led only to a bizarre conclusion in Wilson’s case, it had previously resulted in numerous violations of EA’s delegated authority.

There is no evidence in the department records of any response from Ritchie or the Under-Secretary to Wilson’s memo, which make it unclear what the department thought of his reasoning. In any case, Wilson conveniently went on leave in mid-September, and the file was temporarily handed to another official with Economic: P.M. Towe. Within the week, Towe had entirely rewritten Wilson’s memo on the subject to remove all reference to departmental indiscretions, moral repugnance, and EIPA amendments.⁷⁹ Instead, Towe proposed that T&C submit a memo to Cabinet collating the various policy decisions since 1949 and recommending the desired modifications, since T&C had the “principal stake” in eliminating system delay. His

⁷⁹ P.M. Towe, “Control over the Export of Military Equipment [Draft],” 18 September 1953, RG25 v.6607, 11044-40 part. 3.1, LAC.

new memo was sent to T&C on October 1, nearly three months after Harvey submitted the proposal which had started it all.⁸⁰

Now that the ball had been returned to T&C, events moved quickly. Within a few weeks Harvey produced a draft Cabinet submission along the lines proposed by Towe and initiated an inter-departmental meeting to discuss further revisions.⁸¹ Over the next several months, the draft was reworked several times within EA (once again, ironically, by Wilson), as it was expanded into a comprehensive statement on Canadian military export policy. During this period, it nearly doubled in length as officials within T&C, EA, and DND fenced over issues of departmental consultation, the definition of terms such as “strategic goods,” US exemptions, and the contents of an ever-expanding list of “politically sensitive” states.⁸² The resulting tome became so complex that the Minister of Defence, after reviewing it, plaintively asked if “some simpler statement” could be prepared.⁸³ In response, R.A. MacKay informed the minister that since the memorandum was the “collective product” of three departments and was already signed by the other two ministers, it would take “considerable time” to redraft.⁸⁴ MacKay got his signature,

⁸⁰ J.H. Warren, “Control over the Export of Military Equipment,” 1 October 1953, RG25 v.6607, file 11044-40 p.3.1, LAC.

⁸¹ D. Harvey, “Control Over Export of Military Equipment,” 13 October 1953, RG25 v.6607, file 11044-40 p.3.2, LAC.

⁸² I. Bowen to USSEA, 15 December 1953, RG25 v.6607, file 11044-40 p.3.2, LAC; E.A. Cote, “Control Over the Export of Military Equipment,” 30 October 1953, RG25 v.6607, file 11044-40 p.3.2, LAC; Mitchell Sharp, “Export of Arms Controls,” 7 January 1954, RG25 v.6607, file 11044-40 p.3.2, LAC.

⁸³ Brooke Claxton, “Memorandum for Dr. R.A. MacKay,” 22 February 1954, RG25 v.6607, file 11044-40 p.3.2, LAC.

⁸⁴ R.A. MacKay, “Memorandum for the Acting Minister: Control Over the Export of Military Equipment,” 23 February 1954, RG25 v.6607, file 11044-40 p.3.2, LAC.

and the final submission was sent to Cabinet under Howe's name before being approved on 10 March 1954.⁸⁵

The First "Real" Policy

The 1954 review may not have been the government's first attempt at a comprehensive military export policy, but it was the first version which could not have been drawn up on the back of a napkin at an Ottawa cocktail party. The new system was primarily intended to reduce delays in the export evaluation pipeline by eliminating interdepartmental consultation on potential exports to Commonwealth and NATO countries (both dual-use and explicitly military). Cabinet review would still be required in cases where "new questions of policy or important political considerations were involved," but the basic business of export evaluation regarding NATO and Commonwealth countries would be left to Trade and Commerce alone.⁸⁶ Most other aspects of the system remained the same. The sale of military equipment to countries under UN Security Council or General Assembly arms embargoes continued to be prohibited, as was the sale to Communist regions (except Yugoslavia). All sales would continue to require the approval of the recipient country's government and potential assurances against the resale of Canadian equipment elsewhere.

Once again, the justification for the new system was entirely economic. Its purpose was to eliminate "routine delays, at times with undesirable results" in the current pipeline, since "prompt service is vital to legitimate commercial interests."⁸⁷ The political considerations

⁸⁵ Cabinet Conclusions, "Control over the export of military equipment," 10 March 1954, RG2 v.2654, LAC.

⁸⁶ C.D. Howe, "Memorandum to the Cabinet: Control over the Export of Military Equipment," 21 January 1954, document 55-54, RG2 v.242, file C-20-5, LAC.

⁸⁷ C.D. Howe, "Memorandum to the Cabinet: Control over the Export of Military Equipment,"

regarding the UN, world peace, and the evils of the arms trade that had so bedeviled Reid and Pearson were conspicuously absent – that ship had sunk in Korea. Instead, Howe’s Cabinet memorandum included an entire paragraph on the importance of preserving Canada’s bilateral defence trade with the Americans (which would continue to be exempt from permit requirements) by keeping their wishes in mind when considering future sales of military equipment. The minister was making a cryptic request to continue to sacrifice export policy autonomy for economic gain – by formalizing a massive loophole in Canadian controls.

The new system divided potential customers for Canadian military exports into three groups (*Table 4.3*). Countries outside the Communist, Commonwealth, and NATO camps had been further subdivided into two categories – “politically sensitive” countries and all other countries – with mandatory consultation of EA and DND only required for exports to the former.⁸⁸ The actual list of countries considered politically sensitive included 35 states in 1954 and was intended to be both secret and constantly updated by consultations between the ministers of External Affairs, Trade & Commerce, and National Defence. The new policy allowed exports to states considered politically sensitive provided they underwent interdepartmental consultation and were approved by the required ministers. In practice, this meant that the process for approving military exports to countries like Israel didn’t change at all, but the consultative burden required by potential exports to most Canadian customers was greatly reduced.

21 January 1954.

⁸⁸ The Minister of T&C was only required to consult with the other departments on exports to non-sensitive countries when the goods in question seemed intended for military use.

Table 4.3. Destinations for Canadian Military Exports by Country Group⁸⁹

Group	1. Communist Countries	2. Commonwealth and NATO countries (including protectorates)	3. Other Countries	
			(3a) Countries in “Politically Sensitive” Regions	(3b) All Other Countries
Exceptions	Yugoslavia, Nationalist China (Formosa)	India, Pakistan, Ceylon, Hong Kong, Malaya, Indo-China, Macao, Morocco, and Tunisia	None	
Required Departmental Involvement	Military Exports Prohibited	Trade and Commerce	Trade and Commerce, External Affairs, National Defence	

The new system also included an explicit acknowledgement that some Group 8 military equipment required less scrutiny than others – a decision that EA had been fighting for ever since aircraft parts had been added to the ECL in 1947. While the department’s internal delegation structures allowed aircraft parts and military equipment for civilian use to be approved by more junior officials at higher value thresholds, the EIPA officially made no distinction between Group 8 items. The new policy, however, acknowledged a hybrid category of dual-use equipment which should be assessed upon the intended application by the customer. Furthermore, it used this delineation to exclude exports to Group 3a countries from EA consultation if intended for civilian use – another significant reduction of EA’s consultative burden.

The 1954 policy didn’t provide an explicit definition for “politically sensitive” countries, but there were hints. Howe’s memorandum specified that military exports to “areas (other than Indo-China and Malaya) of political unrest and local conflict,” including “areas where hostilities are in progress or appear to be imminent, or where shipments of military equipment might contribute to an increase in local unrest and tension” would “not normally be granted except with

⁸⁹ C.D. Howe, Minister of Trade and Commerce, “Memorandum to the Cabinet: Control over the Export of Military Equipment,” 21 January 1954.

Cabinet approval.”⁹⁰ Noticeably absent from this definition is St. Laurent’s requirement (from 1948) that recipients of Canadian military exports be, generally speaking, democratic, as well as previous restrictions on the export of offensive or heavy weapons. In other words, the new changes consolidated the reactive and somewhat contradictory practices of the previous years into a comprehensive set of controls, but continued to disclose very little about the restrictions which guided military export evaluations. Both Trade and Commerce and External Affairs had accomplished their immediate goals without sacrificing the discretionary flexibility to sell just about any piece of military equipment to just about any non-communist state.

Just as in 1949, EA followed up the Cabinet decision of March 10 with a new delegation of approval authority, which was sent to Pearson by MacKay for signature.⁹¹ Once again, the new delegation significantly increased the authority of both the SSEA and the Head of the Economic Division by raising the value thresholds established in 1951 and widening their authority to sign off on controversial exports. For example, the new delegation technically allowed the Head of the Economic Division to personally approve a \$10,000 ammunition export to Egypt (although this would be unlikely in practice). Additionally, the department continued to observe distinction between three categories of military equipment: civilian aircraft parts, dual-use items, and weapons and ammunition.

⁹⁰ C.D. Howe, Minister of Trade and Commerce, “Memorandum to the Cabinet: Control over the Export of Military Equipment,” 21 January 1954.

⁹¹ As MacKay informed Pearson, “It was not quite in line with what you had actually approved from time to time previously, but somehow it seems to have become accepted as the established policy and has worked reasonably well for the past three years.” R.A. MacKay, “Memorandum for the Minister: Authority to Approve Exports of Arms,” 26 May 1954, RG 25 v.6607, file 11044-40 p.3.2, LAC.

Table 4.4. Authority Required for Military Exports by Value and Destination (May 1954)

		Equipment/Destination		
		Military Exports for Civilian Use or Consumption to Group 3a ⁹² Countries	Weapons and Ammunition Exports to Group 3b Countries (including Malaya and Indo-China)	Weapons and Ammunition Exports for military use to Group 3a Countries (excluding Malay and Indo-China)
Approval Authority	Head, Economic	Category “AA”: Civilian aircraft parts up to \$100,000. All other items up to \$50,000	Category “BB”: Weapons and ammunition up to \$10,000. All other items up to \$50,000	Category “CC”: Weapons and ammunition up to \$5,000. All other items up to \$15,000.
	USSEA	Category “A”: All eligible exports	Category “B”: Weapons and ammunition up to \$50,000. All other items up to \$100,000	Category “C”: Weapons and ammunition up to \$25,000. All other items up to \$50,000
	SSEA	All other military export applications.		
	Cabinet	Any applications which raise new questions of policy or include important political considerations.		

The new 1954 policy and changes to the departmental delegation structure marked an important evolution in the Canadian military export system and normalized the export of ever-increasing quantities of military equipment to an ever-diversifying list of countries. Of course, this evolution was somewhat obscured because, unlike the black-and-white legality of the ECL and ACL, the criteria and process for evaluating specific exports and customers remained case-dependent. While the system was very clear on the type of consultation and level of authority required to approve a particular military export, the specific criteria to be used remained ambiguous. Canadian military export policy continued to worship at the altar of discretionary

⁹² See Table 4.3

flexibility; categorical restraints on this flexibility (liked the “sensitive” list) were generally only imposed as a means of increasing the efficiency of the entire system.

Modernizing the EIPA

Two days after Cabinet’s approval of his new military export policy, Howe finally submitted a proposal to revise the EIPA.⁹³ As mentioned above, the general review on military export policy undertaken by External Affairs had occurred in the context of Trade and Commerce’s preparation of a new version of the Act, which was set to expire in July 1954. Howe felt that the necessary legislative modifications to the Act required a new bill rather than another extension, since its original purpose (“control over quantities in scarce supply”) had been superseded by Cold War concerns (“control over the movement of strategically important materials”).⁹⁴ Between 1947 and 1954, the number of items under import control had been reduced to one (butter), while all 23 criminal prosecutions under the Act had involved the illegal export of military equipment and strategic goods.⁹⁵

In truth, the new legislation was needed to keep Canadian policy in line with COCOM controls, which had evolved significantly in the preceding years. The outbreak of the Korean War in 1950 had catalyzed a drastic expansion of Lists 1 and 2, pushing the alliance into an explicit strategy of economic warfare against the Soviet bloc.⁹⁶ In 1951, COCOM had accepted

⁹³ Cabinet Conclusions, “Legislation; Export and Import Permits Act (1954),” 12 March 1954, RG2 v.2654, file A-5-A, LAC.

⁹⁴ The 1948 amendment to the Act had sought to add these concerns by allowing limited control over military and strategic exports. By 1954 these amendments were inadequate. Cabinet Conclusions, “Legislation; Export and Import Permits Act (1954),” 12 March 1954, RG2 v.2654, file A-5-A, LAC.

⁹⁵ C.D. Howe & J.H. Dickey, House of Commons Debates, 16 March 1954, 22 Parliament, 1 Session: v.3, 3159, 3163.

⁹⁶ Michael Mastanduno, *Economic Containment: COCOM and the Politics of East-West Trade*

an American initiative imposing Import Certificate/Delivery Verification (IC/DV) systems to reduce transshipment and diversion behind the iron curtain.⁹⁷ Later in the year, the American Mutual Defense Assistance Control Act required the termination of all American assistance (military, economic, or financial) to any nation that knowingly permitted shipments of strategic goods to communist countries.⁹⁸ Since the outbreak of the Korean War had drastically increased American military procurement in Canada, the Canadian government had every incentive to adopt American export controls.⁹⁹ To do otherwise was to invite the imposition of export restraints on bilateral Canadian-American trade, an outcome that Canadian officials in both Washington and COCOM headquarters in Paris sought to avoid.¹⁰⁰

Consequently, the new EIPA bill was presented in the House of Commons as a necessary means to extricate Canadian legislators from three tricky political dilemmas. First, the increased emphasis on both diversion and transshipment in American and COCOM policy had exposed the lack of equivalent controls in Canadian legislation. The “chief problem,” one official explained to the House, was “not in controlling the initial export of strategic materials from Canada but rather in following our control through to ensure that the goods are not diverted in transit to destinations that we have not approved.”¹⁰¹ Howe’s new EIPA made the act of diversion illegal, mandated greater fines for those caught attempting to change the destination of controlled goods,

(Ithaca: Cornell University Press, 1992), 91-92.

⁹⁷ Cupitt, *Reluctant Champions: US Presidential Policy and Strategic Export Controls, Truman, Eisenhower, Bush and Clinton*, 78.

⁹⁸ Cupitt, *Reluctant Champions: US Presidential Policy and Strategic Export Controls, Truman, Eisenhower, Bush and Clinton*, 78.

⁹⁹ Alistair Edgar and David G. Haglund, *The Canadian Defence Industry in the New Global Environment* (Montreal & Kingston: McGill-Queen's University Press, 1995), 63.

¹⁰⁰ “Canadian Representation on COCOM,” 23 May 1952 in *DCER*, v.18, 1417-1418.

¹⁰¹ J. H. Dickey, House of Commons Debates, 16 March 1954, 22 Parliament, 1 Session: v.3, 3066.

and stipulated that only Canadian residents could apply for export permits. Previously the government had attempted to control the diversion of strategic goods by placing countries bordering the Soviet Bloc on the ACL (as established in 1948) and simply prohibiting the export or import of specific goods to those countries. However, increasing pressure from American authorities, who seemed to regard Canada as a sieve through which American goods might slip into Communist hands, motivated the government to increase the flexibility of Canadian measures.¹⁰² The new controls on diversion had the added benefit of allowing the government to remove all non-Soviet Bloc countries from the ACL, as well as to remove certain commodities from the ECL which had been restricted because they were specifically vulnerable to diversion.

Second, the 1947 EIPA had defined military equipment rather narrowly and allowed export controls on other items only to preserve a supply within Canada or comply with an intergovernmental arrangement. Because strategic goods didn't fall into this narrow definition of military equipment, and because COCOM was a consultative forum rather than a binding intergovernmental arrangement, Canadian export controls on strategic goods could be applied only to countries on the ACL (as established in 1948).¹⁰³ The new bill proposed to fix this problem by expanding the previous definition of military equipment to include "arms, ammunition, implements or munitions of war, naval, army or air stores or any articles deemed capable of being converted thereinto or made useful in the production or otherwise having a

¹⁰² Diversion "is a more serious problem for European countries with a larger entropot trade, but we ourselves have to be equally careful of the business conducted through Canada, particularly that from United States sources." J. H. Dickey, House of Commons Debates, 16 March 1954, 22 Parliament, 1 Session: v.3, 3066.

¹⁰³ COCOM was not considered an "intergovernment arrangement or commitment" as defined by the EIPA. Dickey, House of Commons Debates, 18 March 1954, 22 Parliament, 1 Session: v.3, 3140-41.

strategic nature or value.”¹⁰⁴ According to a joint memorandum drafted by officials within both EA and T&C, this new definition was explicitly intended to allow the implementation of Canada’s COCOM and CHICOM commitments.¹⁰⁵ The inclusion of strategic goods allowed the reduction of the ACL from 70 states in 1951 to 18 in 1954.¹⁰⁶

Third, the new bill closed an important loophole in the original EIPA – namely that it applied only to goods imported and exported into *Canada*. It therefore did not allow for prosecution of Canadians who intentionally diverted goods to an unapproved third country, especially if they were diverted before they had entered a Canadian port.¹⁰⁷ During the House debate, Howe provided the example of a Canadian who had ordered a shipment of ball bearings to be delivered from Germany to Canada.¹⁰⁸ The purchaser had arranged for the shipment to be sent to Brussels and then diverted to Russia – a clear violation of Canadian policy. However, since the bearings had never touched Canadian soil, the Canadian resident who had arranged the diversion could not be charged under the previous act.¹⁰⁹

Yet even as Parliament was approving new legislation in support of COCOM, the multilateral consensus at the heart of the organization was steadily eroding. Unlike Canada, the European powers (led by Britain) had the leverage to resist American pressure and were demanding a significant reduction in the scope of COCOM controls.¹¹⁰ The end of the Korean

¹⁰⁴ The House of Commons of Canada, “Bill 374: An Act respecting the Export and Import of Strategic and Other Goods.” House of Commons Bills, 22 Parliament, 1 Session: 250-479.

¹⁰⁵ “Strategic Controls over East-West Trade,” 30 March 1954, in *DCER*, v.20, 1513-1515.

¹⁰⁶ Order-In-Council P.C. 1954-792, 27 May 1954, *Canada Gazette*, Part II 88:3s, LAC, 23; Order-In-Council P.C. 4142, 22 August 1951, *Canada Gazette*, Part II, 85:17, LAC, 951-953.

¹⁰⁷ Dickey, House of Commons Debates, 19 March 1954, 22 Parliament 1 Session: v.3, 3158.

¹⁰⁸ Howe, House of Commons Debates, 22 Parliament, 1 Session: v.3, 3158.

¹⁰⁹ Even when penalties could be imposed, they were often disproportionate to the offence. Howe claimed that in another case the prosecuted individual was fined \$50 after netting \$23,000 in profit. House of Commons Debates, 22 Parliament, 1 Session: v.3, 3159.

¹¹⁰ Bert Chapman, *Export Controls: A Contemporary History* (University Press of America:

War and resulting de-escalation of international tensions had created a push for liberalizing East-West trade, and created friction between the US and European camps.¹¹¹ In July 1954 Pearson informed Canada's delegate in Paris that he had "formed an impression" that "COCOM may break down this year," and was informally discussing this possibility with the Americans.¹¹² Yet, the organization ultimately proved too valuable for Washington to sacrifice, and the parties agreed to a significant reduction in the control lists later in the year.¹¹³

The passage of the 1954 EIPA adapted Canadian legislation to a world in which export policy was fundamentally international, strategic, and alliance-oriented. Its formal purpose was to prevent controlled goods from being "made available to any destination where their use might be detrimental to the security of Canada."¹¹⁴ The text might as well have added "or the United States" to the end of that preposition, since the major changes were primarily motivated by American or American-led policies. In that sense, however, the passage of the new EIPA had staved off disaster. Howe's bill had placated the Americans, ensured the continuation of Canada's special economic relationship with its southern neighbor, and even eliminated inefficiencies in Canada's export policies by legislating more targeted controls. Coupled with the new military export policy Howe had presented to Cabinet, it allowed for a more responsive

Lanham, 2013), 50-54; Helen Leigh-Phippard, "US Strategic Export Controls and Aid to Britain, 1949-58," *Diplomacy and Statecraft* 6, no. 3 (1995): 747.

¹¹¹ The Soviets attempted to exploit this tension through trade proposals to various COCOM countries. Even Canada was targeted – in February 1954 Moscow sent several Canadian shipyards requests for quotes on the construction of commercial vessels. R.A. MacKay and W.J. Bull, "Policy on Sale of Ships to Soviet Bloc," 28 April 1954, in *DCER*, v.20, 1525-1527.

¹¹² Pearson, "Consultative Group Meeting," 12 July 1954, in *DCER*, v.20, 1545-1546.

¹¹³ Leigh-Phippard, "US Strategic Export Controls and Aid to Britain, 1949-58," 743.

¹¹⁴ The House of Commons of Canada, "Bill 374: An Act respecting the Export and Import of Strategic and Other Goods," 1-2.

application pipeline focused on the military equipment and destinations which presented the greatest risk of public and diplomatic blowback.

Conclusion

The period between the failed Egyptian mission of 1950 and passage of the 1954 EIPA was a time of consolidation and incremental innovation in Canadian military export policy. The dramatic leaps which had occurred between 1946 and 1949 needed to be refined and adapted to the demands of Korean War rearmament, and the departments involved needed to fight their own bureaucratic conflicts over the processes and priorities of consultation. From the perspective of External Affairs, there were three key battles which the department was determined to win.

First, EA remained extremely cognizant of the potential political consequences of Canadian military exports being marketed abroad, and consistently sought to control and direct the energies of Canadian trade commissioners. In the words of Robert Ford of the European Division, “our Trade Commissioners should be given encouragement to exploit potential markets,” but “their instructions should be very explicit ... fully explained and thoroughly documented on types, quantity, control, etc., of the commodities for sale.”¹¹⁵ However, while the department was often driven to action by specific incidents (such as the Egyptian mission in 1950), it was generally reluctant to formalize hard restrictions because of the potential threat to EA’s discretionary flexibility. For example, while the attempt in 1950 to draft lists of equipment and potential buyers for T&C Trade Commissioners failed primarily because of the changing geopolitical context, it was critically delayed by EA’s reticence to categorize countries as

¹¹⁵ R.A.D. Ford, “Memorandum for Economic Division,” May 10, 1950, RG25 vol. 6607, 11044-40 part 2.2, LAC.

military export destinations, or pass such information to T&C. Just as Cabinet had previously evaded calls from within EA for greater clarity regarding Canadian military export policy, EA also evaded promises to provide DND and T&C with general guidance regarding specific countries. Since these promises had already been used to justify other relaxations in Canadian military export controls, their failure allowed the larger government to greatly increase its participation in the arms trade without establishing clear regulatory constraints on that participation.

Second, External Affairs was obviously intent on creating a more efficient control system that consolidated approval authority within the department. In other words, EA wished to ensure that all military export applications were automatically forwarded to the department for review, while also determining, at its own discretion, which applications required the attention of the JIB and Cabinet. This desire resulted from the necessity of reconciling T&C's push for expedited approvals, DND's micromanaging and lethargic processing, and EA's aversion to the political risks of arms trading. Yet neither T&C nor DND were prepared to accept such a consolidation of power – T&C was pushing to exclude lower risk military exports from inter-departmental consultation, and DND had its own political vulnerabilities to consider. Therefore, EA only initially succeeded in reducing the portion of military export applications which reached Cabinet.

The Korean War eventually changed the departmental calculus as officials came to resent “playing post office” for T&C and DND. By the end of the war, the department had shed responsibility for assessing most military exports to NATO countries, while foisting other duties onto the JIB. These decisions greatly increased the efficiency of the general military export system while reducing the bureaucratic burden on EA's Economic Division. However, they also provided both T&C and DND greater control over the system as a whole, and increased the risk

that EA would one day be forced to navigate a scandal over an arms transfer for which it hadn't been consulted.

It is also important to emphasize that the increasing traffic in military export applications within the bureaucratic pipeline created constant downward pressure on the point of decision. Delegation authority was consistently offloaded to less senior, more specialized bodies as the evaluatory burden became more onerous – bodies like the JIB, the office of the Under-Secretary, or the Economic Division. In practice, these bodies lacked the political authority and general discretion of the agents (like Cabinet) who had previously evaluated the same export applications, and therefore operated within a narrower set of parameters. These limitations further incentivized Canadian officials to evaluate military export applications on a strictly case-by-case basis, and therefore avoid both overstepping their authority and forwarding applications up the bureaucratic hierarchy that were not explicitly controversial. In other words, the very structure of Canadian military export controls worked to limit the scope used to evaluate most military export evaluations and to inhibit the re-evaluation of the precedents used to justify exports to specific countries. Commercial pressure from Canadian military producers reliably catalyzed re-evaluation of *negative* precedents, yet *positive* precedents tended to avoid challenge until a political crisis overtook them.

These delegations, which were accomplished by an extremely creative interpretation of Cabinet's "temporary" transfer of authority in 1949, also produced another consequence. The most senior officials in the department received fewer military export applications with each amendment to the delegation structure, and as a result were less and less aware of the trends and volume of Canadian participation in the arms trade. Additionally, both the Head of the Economic Division and the Under-Secretary habitually approved military exports which technically

exceeded their delegated authority. Other applications misplaced in the system were still somehow approved. The department's pursuit of efficiency in its military export policy was turning many of its assessments into an exercise in rubber stamping, rather than careful evaluation.

The strategic value of Canadian arms trading also increased during the early 1950s. While the Korean War initially reduced the proportion and commercial importance of military exports to non-NATO destinations, it also convinced the Canadian government to pursue an autonomous DIB. This decision was symbolized by the creation of the Department of Defence Production in 1951, although its roots stretched back to the late 1940s. Because of the size of Canada's domestic market, pursuing an autonomous DIB also required increased Canadian participation in the arms trade. This linkage is evident in the Cabinet decision on military production in 1948, the export approval delegations of 1949, and the series of military export policy reviews leading to the Cabinet directive of 1954. The explicit purpose of each of these directives was to increase the participation of Canadian military producers in the arms trade, and to remove political impediments (including processing delays, consultation requirements and other restrictions) which stood in their way. The Cabinet decision of 1954 simply formalized, rather than revolutionized, the operation of the Canadian military export system. Its most important consequences were allowing departments to indefinitely extend the temporary authority gifted them in 1949 and reducing the system's bureaucratic burden, through the "sensitive" list mechanic and dual-use distinction.

However, the Canadian DIB's greater export reliance, enabled by increased American demand during the Korean War, shackled it ever tighter to American producers, procurement, and policy. These constraints dictated Canadian actions in COCOM and were the primary

motivation for Howe's changes to the EIPA in 1954. Canadian access to the US defence market was purchased by political compliance with American military export controls, including ever stricter surveillance and regulation of Canadian transfers to non-American buyers. It is ironic, yet illuminating, that between 1946 and 1954 American restrictions were probably the biggest source of restraint on Canadian arms trading and catalyzed each of the major amendments to the EIPA.

Chapter 5: Confusing, Deceiving, and Misleading the Public

On 14 March 1946, the Quebec City newspaper *L'Action Catholique* published a scathing criticism of Canadian government loans to the Netherlands, which were being used to support the colonial war in Indonesia. Canadians needed to know, as author Lorenzo Paré put it, “whether the Canadian soldiers freed seven million Netherlanders so that they may keep fifty million Indonesians in a state of slavery.”¹ Later in the month, his article crossed the desk of the Department of Finance officer tasked with investigating the disposal of war surplus abroad, R. B. Bryce. There it was translated from the original French, marked as read, and duly placed in a file titled “Criticisms of the Government’s (War Assets Corp.) action, in selling surplus military equipment to the Netherland’s Government.” In that file, and others like it, various government departments archived the complaints and condemnations they received from the Canadian public regarding Canada’s new forays into the arms trade.

Determining whether these documents constitute the totality of all such correspondence received by the government, or even a representative sample, is impossible. Even determining their influence over Canadian policymakers is a tricky business. While articles like Paré’s were collected and preserved by the government, there is rarely a direct link between such criticism and an obvious policy pivot. For example, only a few days after Bryce received the translated version of Paré’s article, the Cabinet Committee on Reconstruction approved the transfer of almost \$35 million in Canadian military surplus to the Dutch government.² Much of that material was sent to Indonesia.

¹ Lorenzo Paré, “The Case of the Netherlands,” 14 March 1946, *L'Action Catholique*, RG19 v.388, file 101-102-34-1A-1, LAC.

² “Memorandum to the Cabinet: Disposition of Canadian War Surplus Abroad,” 26 March 1946,

So far this dissertation has almost exclusively engaged with military export policy as a product of departments, commercial and strategic forces, and foreign relations. It has cited public pressure and political embarrassment as abstract considerations but has not substantiated the existence of these forces in the Canadian environment. Yet the threat of reputation damage, both foreign and domestic, is perhaps the most important consideration (after national security) of any arms trading state.³ The Canadian government, as an aspiring middle power and multilateral actor, was extremely sensitive to this threat – a sensitivity which is indicated across a large tranche of departmental documents.

However, the government was not equally sensitive to all accusations which were levied against transfers of military export, nor did it react passively to the criticism its actions incurred. Various officials were tasked with responding to letters, handling the press, drafting speeches, briefing ministers for skirmishes in Parliament, and even obscuring incriminating information. The sensibilities of the Canadian public, similarly, were influenced by the turbulence of the post-war period, the emerging anti-communist consensus of the first post-war decade, and a proclivity for ‘scaring the hell’ out of average citizens that was common politics in both Canada and the US.⁴ A scared Canadian, after all, was less likely to have moral qualms about arms sales, especially if those sales were directly linked to the threat of Communist expansion or the strengthening of Canadian military industry.

This chapter will discuss government responses to public backlash against military exports in three specific cases: transfers to the Dutch in 1946, transfers to the Chinese in 1947-

RG2 v.65, file C-20-5, LAC.

³ Erickson, *Dangerous Trade: Arms Exports, Human Rights, and International Reputation*.

⁴ Robert Tiegrob, *Warming Up to the Cold War: Canada and the United States' Coalition of the Willing, from Hiroshima to Korea* (Toronto: University of Toronto Press, 2009), 13; 17.

49, and transfers to the Egyptians and Israelis in 1956. The first and second cases are primarily driven by grassroots criticism from Canadian labour and religious organizations, and reveal a government vacillating between the political risks and economic rewards of controversial arms sale. The third case represents the first serious crisis over Canadian arms trading – a parliamentary debate catalyzed by the sale of military trainer aircraft to Egypt followed by controversy over the ensuing sale of F-86 Sabres to Israel.

The Dutch Question

Canadians first learned of the sales of Canadian military surplus to the Netherlands in December 1945 through a Reuters dispatch published in several Ottawa newspapers.⁵ The article claimed that Canadian army headquarters had announced the sale of nearly \$11 million in army equipment to European governments, of which the Dutch were the “chief buyers.” Trucks, tanks, and field artillery were specifically mentioned, as well as the transfer of a “mammoth” ordnance depot in the UK and two Canadian army workshops in Antwerp.⁶ Most damningly, Reuters claimed that the equipment was intended to equip four Dutch divisions for “immediate service” in Indonesia.

The response from the Canadian left was immediate. The Reuters article was read into the House of Commons record by Canadian MP and communist sympathizer H.G. Archibald, who implied that the government was arming the Netherlands out of a financial interest in Dutch

⁵ “Dutch Buying Equipment from Canadian Army,” 7 December 1945, *The Ottawa Citizen*, RG25 v.3732, file 5979-G-40, LAC.

⁶ An uncensored version of the article stated that “170 anti-tank guns, 26,000 Sten guns, 3,000 Brens, 42,000 rifles and bayonets and 1,200 mortars” were also involved. Canadian Broadcasting Corporation to USSEA, 8 December 1945, RG25 v.3732, file 5979-G-40, LAC.

victory in Indonesia.⁷ In Archibald's words, Canada was trying to collect on its war loans "by the good old-fashioned method – at the point of a bayonet." Only a few days later, the Canadian Seaman's Union informed Prime Minister King that it would oppose any attempt to transport war equipment from Canada to the Dutch East Indies.⁸ Many other groups also contributed letters condemning the sale, including trade unions like the Industrial Union of Marine and Shipbuilding Workers of Canada, various local branches of the Labour Progressive Party of Canada, and the ponderously-titled Hotel and Restaurant Employees and Beverage Dispensers International Union (Regina branch).⁹ All in all, it was a "considerable amount of correspondence" that boded ill for Canada's first foray into arms trading.¹⁰

Officials within External Affairs were astonished by the Reuters article and had surprising difficulty determining its veracity. The Army branch of National Defence claimed to have no knowledge...of the truth, or otherwise, of the report quoted," and pointed to WAC.¹¹ Yet the president of WAC, J. H. Berry, claimed to have no further information since the sale was being negotiated by the WAC's Overseas Sales Director D. E. Dewar.¹² By rights EA should have been consulted on the transfer prior to any agreement being made (as WAC had promised to do two months before), but this check seems to be only one of many that were skipped during the accelerating withdrawal from Europe in the summer and fall of 1945.¹³ By December, WAC was "scrambling in front of an avalanche" to liquidate its holdings in the Netherlands before the

⁷ H.G. Achibald, House of Commons Debates, 20 Parliament, 1 Session: v.2, 3108.

⁸ "Seamen Protest Dutch Supplies," 10 December 1945, *The Globe and Mail*, ProQuest.

⁹ RG19 v.388, file 101-102-34-1A-1, LAC. For additional letters, see RG25 v.3758, file 7498-A-40, LAC.

¹⁰ W.C. Clark to N.A. Robertson, 22 January 1946, RG19 v.388, file 101-102-34-1A-1, LAC.

¹¹ A. Ross to H. Wrong, 14 December, 1945, RG19 v.388, file 101-102-34-1A-1, LAC.

¹² J.S. to N.A. Robertson, 17 January 1946, RG19 v.388, file 101-102-34-1A-1, LAC.

¹³ In October, WAC had agreed to consult EA on potential sales of "purely warlike and offensive" military equipment. See Chapter 1.

Army withdrew entirely on 1 February 1946.¹⁴ The chaos of this liquidation is indicated by the lack of salient records in the files of WAC, DND, and EA, the ignorance of officials in Ottawa, and the almost complete absence of lists indicating what was sold.¹⁵ Indeed, it is still impossible to reconcile Reuters' claim that four divisions worth of equipment were sold with the one division mentioned in other sources.¹⁶

Upon receiving the news that no one knew anything about a sale of military equipment to the Netherlands, Associate Under-Secretary N.A. Robertson composed a hand-written note in the memo margin. "I don't think there is any useful action we take at this stage," he admitted, "just pray that Indonesian affairs settle down."¹⁷ Indeed, hoping for divine aid did seem to be EA's response through the early months of 1946. When an official from the Department of Finance complained about the volume of criticism his department was receiving on sales to the Netherlands, Robertson was unapologetic:

As you are aware, the War Assets Corporation, in selling surplus military equipment to the Netherlands Government, is carrying out a normal transaction connected with the disposal of Government owned stores and the Canadian Government would not be justified in refusing to dispose of such equipment to a friendly government, nor would it be proper for us to stipulate what use might be made of this equipment.¹⁸

Of course, the Canadian government had already started differentiating weapons and munitions from other "government owned stores," generally required special permits for their sale, and would begin to evaluate further Dutch requests for arms by their use and destination within the year. It is therefore fortuitous that Robertson's justifications were not included in the form letter

¹⁴ Souchen, "Peace Dividend: The War Assets Corporation and the Disposal of Canada's Munitions and Supplies, 1943-1948," 309-11.

¹⁵ For an example of the theft and corruption enabled by this lack of oversight, see William Boss, "Army Court Probes Loss of 200 Autos," 25 January 1946, *The Globe and Mail*, ProQuest.

¹⁶ See Chapter 1.

¹⁷ J.S. to N.A. Robertson, 17 January 1946, RG25 v.3732, file 5979-G-40, LAC.

¹⁸ N.A. Robertson to W.C. Clark, 29 January 1946, RG19 v.388, file 101-102-34-1A-1, LAC.

EA drafted to respond to public complaints, a document he characterized as “confined...to a brief non-committal acknowledgement.”¹⁹

Canadian Defence Minister D.C. Abbot chose a rather different course, one that seems intended to defuse the controversy through deception. In response to a request from the Canadian Seamen’s Union, Abbot publicly denied telling the press that “Canada might supply the Netherlands with war equipment for use against the Indonesian people.”²⁰ This was interpreted (and reasonably so) by both the Seamen’s Union and the press as a denial of Canadian arms sales to the Netherlands, yet Abbot appears to have meant no such thing. His denial specifically concerned what he had or hadn’t told the press, rather than whether arms had actually been sold. This hair-splitting suggests that, while DND claimed to have no information about potential transfers by WAC in Europe, Abbot himself believed that the press reports were probably based in fact.

In short, the Canadian government wasn’t yet sure how to respond to public backlash concerning Canadian participation in the arms trade, especially when asked to defend a decision about which it was neither consulted nor forewarned. The situation became only more embarrassing in May when the Canadian Press announced that all the Canadian equipment left in the Netherlands (valued at \$33 million) was being turned over to Dutch authorities in cancellation of various debts.²¹ Over the next year, the willingness of EA officials to recommend military exports to the Netherlands would continuously wane, even as the Dutch became the

¹⁹ For example, J.L. Ilsley to Evelyn M. Campbell, Tower Road Citizen’s Forum, 12 February 1946, RG19 v.388, file 101-102-34-1A-1, LAC.

²⁰ “War Equipment Shipment Denied,” 14 December 1945, *The Globe and Mail*, ProQuest.

²¹ “Holland Gets \$33,000,000 Surplus Canadian Equipment,” 23 May 1946, *The Globe and Mail*, ProQuest.

most consistent bidder for Canadian surplus arms and ammunition.²² By early 1947 potential arms sales to the Dutch forces in Indonesia were being rejected as against the “Canadian interest” due to the threat of domestic and international criticism.²³ The unions and other labour organizations which formed the critical “dissenting stream” on Canadian arms sales were a domestic minority, yet Indonesia had also become a source of tension in both the Commonwealth and the UN Security Council.²⁴ While the government would continue to sell military equipment to the Dutch until the end of their involvement in Indonesia in 1949, its methods were increasingly shaped by the fear of public censure.

The Dutch case also created significant hesitancy regarding military sales to other European colonies, since the Canadian government was deeply reluctant to become aligned with the colonizers against nations seeking self-determination. This hesitancy became important during NATO negotiations, when Canada aligned with the US and UK to prevent the extension of collective defence commitments to most European colonies.²⁵ For Canada, this generally included mutual aid shipments of military equipment, although alliance considerations sometimes overruled Canadian policy.²⁶ In 1952, for example, Cabinet extensively discussed a French request to divert a portion of its allocated mutual aid to Indochina, before proposing several rather nonsensical workarounds to diffuse public criticism.²⁷ After much hesitation from

²² H.O. Moran to Escott Reid, 27 February 1947, RG25-A-3-B v.4075, file 11044-B-40, LAC.

²³ R.M. Macdonell, “Memorandum to Economic Division,” 7 January 1947, RG25 v.4075, file 11044-B-40 p.1, LAC; S.D. Pierce to CCC, 20 January 1947, RG25 v.4075, file 11044-B-40 p.1, LAC.

²⁴ David Webster, *Fire and the Full Moon: Canada and Indonesia in a Decolonizing World*, 22, 27-28, 32.

²⁵ Gendron, “A Question of North Atlantic Security: Canada’s Reaction to the Independence Movement in Algeria, 1954-1962,” 9.

²⁶ R.G. Robertson, “Mutual Aid to France: Diversion to Indo-China,” 18 August 1952, in *DCER*, v.18, 770-771.

²⁷ L.D. Wilgress, “Proposed Diversion of Mutual Aid to Indo-China,” 13 August 1952, in *DCER*,

St. Laurent, Canadian official Charles Ritchie eventually notified the French ambassador that the requested military equipment would be shipped to continental France; however, its “ultimate destination...was not a matter for the Canadian government.”²⁸ When the ambassador remarked that a direct route to Indo-China would be more convenient, Ritchie responded that “his instructions would not permit of his being drawn into any further discussions of hypothetical situations.” The ambassador made no further protest, and the Canadian artillery and ammunition embarked on a deliberately circuitous route to the jungles of Vietnam – one designed to minimize Canadian responsibility for its destination.

Similar tactics were used during the Algerian War in the mid-1950s. Between 1955 and 1958 the Canadian government gave France tens of millions of dollars in Mutual Aid, including ammunition, guns, Harvard trainers, vehicles, and other military equipment.²⁹ It was obvious that much of this equipment was being used in Algeria to repress the nationalist uprising, yet, by virtue of a Cabinet decision in March 1956, the Canadian government formally absolved itself of all responsibility for the end use of military equipment transferred under the Mutual Aid program.³⁰ In future, title for the equipment would pass to the recipient nation, which would “accept responsibility for its use to strengthen N.A.T.O.,” as well as its eventual disposal. Canadian officials would hereafter use this decision to defend itself against criticism regarding the Algerian conflict and its support of France.³¹ In general, the transfer of military equipment

v.18, 768-769.

²⁸ L.D. Wilgress, “Mutual Aid for France,” 20 September 1952, in *DCER*, v.18, 773-774.

²⁹ Gendron, “A Question of North Atlantic Security: Canada’s Reaction to the Independence Movement in Algeria, 1954-1962,” 28.

³⁰ Cabinet Conclusions, “Mutual Aid, Disposal by Recipient Nations of Equipment Received from Canada,” 15 March 1956, RG2 v.5775, LAC.

³¹ Gendron, “A Question of North Atlantic Security: Canada’s Reaction to the Independence Movement in Algeria, 1954-1962,” 54.

under Mutual Aid to the European members of NATO enabled them to continue to equip and deploy forces in their Asian and African colonies, thereby subsidizing various conflicts.³²

The Chinese Question

Canadian military exports to China continued into the post-war years because of a unique extension of financial credit and production contracts by the Mutual Aid Board in early 1946.³³ In August, despite a general Canadian prohibition on the export of arms, \$3.5 million in small arms and ammunition was shipped from Quebec to Shanghai on the *S.S. Chi-Chung*.³⁴ Further negotiations for the export of a small arms plant worth more than \$10 million were disrupted in November by unofficial US and British embargos on arms sales to China.³⁵ However, since the plant sale was technically part of a pre-existing agreement under Mutual Aid, the Cabinet eventually approved a modified version of the sale despite the embargos.³⁶

Setbacks in the Chinese nationalist position motivated Washington to end its embargo in the spring of 1947, opening the door to further Canadian military exports. In September, Cabinet approved the sale of around 200 Mosquito fighter-bombers to China from WAC stores in exchange for a Chinese promise (quickly broken) to pay a substantial portion of the bill in

³² Bothwell, *Alliance and Illusion: Canada and the World, 1945-1984*, 114.

³³ Nossal, "Business as Usual: Canadian Relations with China in the 1940s."

³⁴ A.R. Menzies, "Sale of Arms to China," 28 February 1947, RG25 v.4075, file 11044-b-40 p.1, LAC.

³⁵ C.D. Howe, "Small Arms Plant and Equipment for China," 10 March 1947, RG25 v. 4301, file 11044-BS-40 p.1, LAC; A.R. Menzies, "Sale of Arms to China," 28 February 1947.

³⁶ Ironically, the contract was not actually the same. Much of it required new production since the Chinese had modified the request to change the calibre of ammunition to be made in the plant. Officials within EA had dismissed this change as irrelevant to the underlying justification. In the words of R.M. MacDonnell, "There is no difference in principle between a .303 hole and a 7.92 hole in a Chinese communist." Handwritten note. R.M. MacDonnell to S.D. Pierce, RG25 v.4301, file 11044-BS-40 p.1, LAC.

American dollars.³⁷ The deal was intended to be an exception to Canada's general prohibition on arms sales to China and was received with mixed emotions by Canadian officials.³⁸ Perhaps their forebodings were prescient, since the loss of US currency quickly became the least of the sale's consequences. In fact, the obsolete Mosquitos would embarrass the Canadian government at nearly every step of their journey to the Chinese front.

To start, stories on the Mosquito sale created "big headlines" in English and Chinese newspapers in September, 1947.³⁹ *The Globe and Mail* reported on 16 September that the Chinese Nationalists were in negotiations to buy 150 Mosquitos being stored at the Toronto De Havilland aircraft plant.⁴⁰ A day later, perhaps as damage control, an unnamed government official told Canadian Press that the deal was "business and nothing else," and did not represent any effort to back the Chinese Nationalists.⁴¹ *The Toronto Star* was informed that the sale was "simply a 'hang-over' from mutual aid, a continuation of a deal begun in happier days."⁴² The Canadian public, however, was unconvinced by the idea that arms trading could ever be simply business. As in the case of Dutch exports a year earlier, the government began receiving a

³⁷ See Chapter 1. The exact number of planes changes according to the source consulted. The final number seems to have been around 211, although some were cannibalized for parts. H.D. Burwash, "Sale of Aircraft to the Chinese Government," undated, RG25 v.4301, file 11044-BS-40 p.1, LAC.

³⁸ Moore Cosgrave, Canada's Commercial Counsellor in China, wrote that he "was amazed to note that these aircraft include armament and ammunition" considering the "persistent criticism regarding the supply of arms to China." Letter to T.C. Davis, "Aircraft for China," RG25 v.4301, file 11044-BS-40 p.1, LAC.

³⁹ H.A. Mackenzie, 2 September 1950, House of Commons Debates, 21 Parliament, 3 Session: v.1, 172.

⁴⁰ "Canada Negotiates Sale of 150 Planes to China: Mosquitos Now Stored in Toronto," 16 September 1947, *The Globe and Mail*, ProQuest.

⁴¹ "Asks Chinese to Pay in U.S. Dollars for Mosquitos," 17 September 1947, *The Globe and Mail*, ProQuest.

⁴² "150 Mosquitos Going to China," 16 September 1947, *The Toronto Star*, ProQuest.

“considerable volume” of criticism from trade unions, left-wing groups, and Christian and student organizations.⁴³

The backlash increased in November after the Canadian Broadcasting Corporation revealed that the *S.S. Cliffside* was being loaded with the first portion of the shipment in Montreal.⁴⁴ The ship was later picketed in a demonstration organized by United Church reverend and anti-war activist James Endicott.⁴⁵ Unfortunately for the government, the *Cliffside* was only the first of four vessels scheduled to deliver the Mosquitos, ammunition, and other supplies to China. In December, multiple labour groups generated headlines as they declared their intention to picket the loading of the *M.V. Colima* in Vancouver before it too could be dispatched to China with a load of ammunition and aircraft equipment.⁴⁶ One hundred picketers (including many UBC students) demonstrated on the docks around the *Colima* with signs reading “Students say no arms to Fascists,” and “Load bread, not bullets.”⁴⁷ At the same time, the departure of another shipment on the *S.S. Islandside* out of Halifax was delayed by nearly three weeks after the entire crew refused to load and sail the arms to China.⁴⁸ It was only after a direct intervention by

⁴³ Pearson to Canadian UN Delegation, 7 November 1947, RG25 v.4301, file 11044-BS-40 p.1, LAC.

⁴⁴ Petition from Carlton St. United Church, Toronto to Prime Minister of Canada, 9 November 1947, RG25 v.3814, file 8505-A-40 p.1, LAC.

⁴⁵ A.R. Menzies to T.C. Davis, 3 December 1947, RG25 v.4301, file 11044-BS-40 p.1, LAC; Stephen Endicott, *James G. Endicott: Rebel Out of China* (Toronto: University of Toronto Press, 1980), 246.

⁴⁶ “Protests Mount Because Canada Sends China Arms,” 18 December 1947, RG25 v.4301, file 11044-BS-40 p.1, LAC.

⁴⁷ “Canada: Left at the Pier,” 5 January 1948, *Time Magazine*.

<https://content.time.com/time/subscriber/article/0,33009,794096,00.html>

⁴⁸ “Arms for China Leave Today,” 12 January 1948, *The Globe and Mail*, ProQuest; “Mitchell Orders Crew to Return to Arm Vessel,” 27 December 1947, *The Globe and Mail*, ProQuest.

Canadian Labour Minister Humphrey Mitchell that the seamen reluctantly returned to their duties.⁴⁹

The incidents in Vancouver and Halifax made the pages of both *The New York Times* and *Time Magazine* south of the border, and sparked much coverage in Canada.⁵⁰ Prime Minister St. Laurent was forced to defend the shipments in the House on 19 December by once again appealing to a pre-existing agreement under Mutual Aid.⁵¹ When asked why an agreement to support China against a common enemy (Japan) was now being used in “mutual aiding” a civil war, St. Laurent claimed his answer had been misunderstood. The government was not taking sides, it was simply fulfilling obligations incurred during the previous war. In other words, the *Mosquito* sale was still “business and nothing else.”

Since the *Colima* had recently been transferred to Pakistani ownership, the picketing triggered an international incident. The government of Pakistan asked Ottawa to intervene against the “reds” harassing its merchant shipping.⁵² The communist press network TASS reported that Canada had agreed to send \$100 million in munitions to China, yet action by Canadian workers had foiled one recent attempt to ship arms “to the fascists of Chiang Kai-shek.”⁵³ The Indian government, alerted to the developing situation by the TASS coverage, demanded that External Affairs provide “safeguards” against diversion of the *Colima*’s cargo to

⁴⁹ “Mitchell Orders Crew to Return to Arm Vessel,” 27 December 1947.

⁵⁰ See “Canada: Left at the Pier,” 5 January 1948, *Time Magazine*; “Canadian Seamen Halt Plane Cargo,” 24 December 1947, *The New York Times*. <https://nyti.ms/3QWDqq3>

⁵¹ St. Laurent, “China: Statement Respecting Shipment of Military Supplies by Canada,” 19 December 1947, House of Commons Debates, 20 Parliament, 4 Session: v.1, 494.

⁵² Telegram No.1192, Karachi to Ottawa, 23 December 1947, RG25 v.4301, file 11044-BS-40 p.1, LAC.

⁵³ Both claims were obviously inaccurate. “The Press on US ‘Military’ Aid to China,” 24 December 1947, and “Protests in Canada Against Despatch of Arms to China,” 28 December 1947, RG25 v.6272, file 11044-40 p.1.2, LAC.

Pakistan.⁵⁴ Dozens of messages exchanged between Canadian officials in Karachi, New Delhi, Moscow and Ottawa reveal a complicated diplomatic headache instigated by Canadian secrecy, communist propaganda, and the *Colima*'s failure to embark.

Ironically, the truth of the matter was far less exciting. Picketing of the *Colima* had apparently been a "wild-cat venture" which was quickly terminated on the order of the trade unions themselves.⁵⁵ The real obstacle to the vessel's departure was an insurance issue – the *Colima* was in such poor condition that Lloyd's had refused to insure the vessel at normal rates until the new Pakistani owners conducted repairs.⁵⁶ Upon learning that the new owners were refusing to make such repairs, the Chinese government had cancelled the shipping contract and begun looking for better transport.⁵⁷ Thus the downfall of the *Colima* was not the solidarity of Canadian labour with its Chinese communist brethren, but instead the mundane capitalist conflicts of the Canadian *bourgeoisie*.

Further scandals broke once the first Mosquitos arrived in Shanghai on the *S.S. Cliffside* in mid-December 1947.⁵⁸ As part of the original contract, the de Havilland Aircraft Company had agreed to train Chinese pilots and ground crews, as well as to send mechanics and personnel to China to oversee the reassembly of the aircraft after delivery.⁵⁹ However, the Mosquitos were both difficult to fly and notoriously fragile, and quickly became a disappointment to their new owners. The fifteen Chinese pilots sent to Canada "were quite unused to aircraft of such speed

⁵⁴ Telegram No.160, New Delhi to Ottawa, 24 December 1947, RG25 v.4301, file 11044-BS-40 p.1, LAC.

⁵⁵ SSEA to Canadian Embassy in Moscow, 20 January 1948, RG25 v.6272, file 11044-40 p.1.2, LAC.

⁵⁶ SSEA to Canadian Embassy in Moscow, 20 January 1948.

⁵⁷ SSEA to Karachi, 27 December 1947, RG25 v.4301, file 11044-BS-40 p.1, LAC.

⁵⁸ T.C. Davis to SSEA, 22 January 1948, RG25 v.6272, file 11044-40 p.1.2, LAC.

⁵⁹ A.R. Menzies to T.C. Davis, 3 December 1947, RG25 v.4301, file 11044-BS-40 p.1, LAC.

and power” and performed poorly, destroying several planes during training.⁶⁰ Additionally, the reassembly of the Mosquitos in China quickly fell behind schedule. In February, a drunk De Havilland employee accidentally unburdened himself to a local Shanghai journalist, resulting in an article which speculated that the Chinese mechanics involved had “maggots in the brain.”⁶¹ Neither the Chinese air force, nor the Canadian government, were particularly amused.

A Canadian official (referred to only as “Colonel Clifford”) sent to investigate the delays reported that problems arose on both sides. The Chinese crews tasked with assembling the planes changed daily, if not hourly, baffling their Canadian supervisors and creating significant delays.⁶² Yet many of the aircraft had been poorly packed by De Havilland in Canada and were damaged in transit. Because of both the incompetence of its Canadian operations and the poor conduct of its employees in China, Clifford concluded that De Havilland hadn’t given “the whole business...the attention it deserves,” but was instead “merely interested in making a great deal of money.” His report led the Canadian Ambassador to China, T.C. Davis to warn St. Laurent to “get [his] facts ready” for a potential inquiry:

I am afraid that this transaction is not going to be a very satisfactory one from the standpoint of the Government of China...I find out here...that the minute anything goes wrong the whole blame is loaded on somebody else and particularly on foreigners...There would not be the slightest hesitation on the part of the Chinese airforce if any real trouble develops as a result of this transaction, to charge the Canadian Government with having deliberately loaded these machines on them.⁶³

⁶⁰ Colonel Clifford, “Appendix A: Mosquito Project – Aircraft Sold to the Chinese Government by Canada,” undated, RG25 v.6272, file 11044-40 p.1.2, LAC.

⁶¹ Gus Klingenberg, “Excerpt from ‘The Shanghai Evening Post’” 11 February 1948, RG25 v.6272, file 11044-40 p.1.2, LAC.

⁶² The enlisted men weren’t the only problem. At one point a De Havilland pilot staged a test flight of one of the Mosquitos for a Chinese general who “sat during the entire performance in the back of his motor car practicing on a mouth organ.” Colonel Clifford, “Appendix A: Mosquito Project – Aircraft Sold to the Chinese Government by Canada.”

⁶³ T.C. Davis to SSEA, 12 April 1948, RG25 v.6272, file 11044-40 p.1.2, LAC.

Davis also warned St. Laurent that “a lot of Chinese crews are going to be killed” attempting to fly Mosquitos – a morbid prediction that was borne out later in the year. In November, American Press reported that the Chinese “Mosquito Bomber” program was being abandoned because, of the 137 Mosquitos reassembled since January, 60 had crashed during training.⁶⁴ De Havilland quickly absolved itself of any responsibility for the debacle.⁶⁵

Obviously, this series of crises and scandals kept the Mosquito sale in the public eye far longer than the government anticipated. Hundreds of Canadians wrote to various Ministers asking why (as Alberta Labor-Progress party leader B.R. Swankey put it) Canada was engaging in “open support” of a “corrupt fascist-militarist dictatorship.”⁶⁶ Or why (as W.J. Ranson put it) Canadians “who want to be on the side of Christ” would fill ships with munitions “so our missionaries can pick bullets out of human beings.”⁶⁷ EA perceived the criticism as coming largely from two groups: “left-wing political and labour sympathizers” and “pacifist missionary circles in the United Church.”⁶⁸ The former were easier to discount, indeed the government eventually settled on a policy of not replying to “Communist inspired” letters of protest.⁶⁹ The latter, however, were given more sympathetic attention, especially considering the transnational origin and missionary activities of many churches.⁷⁰ The eye-witness testimony of several former

⁶⁴ Another 40 had been grounded due to lack of maintenance. “60 of 137 Mosquitos Crashed By Chinese, ‘Too Hot for Them,’” 13 November 1948, *The Globe and Mail*, ProQuest.

⁶⁵ The company blamed a lack of Chinese “technicians.” Jim Hornick, “Mosquito Crashes Laid to Lack of Technicians,” 16 November 1948, *The Globe and Mail*, ProQuest.

⁶⁶ B.R. Swankey to Mackenzie King, 18 December 1947, RG25 v.3814, file 8505-A-40, p.1, LAC.

⁶⁷ W.J. Ranson, 27 November 1947, RG25 v.3814, file 8505-A-40, p.1, LAC.

⁶⁸ SSEA to Canadian Embassy in Moscow, 20 January 1948.

⁶⁹ J. George, 11 December 1948, RG25 v.3814, file 8505-A-40, p.1, LAC.

⁷⁰ Bothwell, *Alliance and Illusion: Canada and the World, 1945-1984*, 22.

missionaries to China, including James Endicott, was particularly compelling to Canadians and central to the criticism of Canadian military exports from church groups.⁷¹

Government responses to criticism, especially from more established student groups or international organizations, was remarkably comprehensive.⁷² For example, replies to the Young Woman's Christian Association of the Dominion of Canada and the United Nations Association in Canada went through multiple revisions and reached more than a page in length.⁷³ While the government once again prepared a form response which was sent with minimal alterations to most critics, the template included several actual arguments for Canadian military exports. Unlike in the Dutch case in 1946, EA was attempting to take a more active role in defusing domestic criticism of its actions.

Unfortunately, the government's case for selling arms to China was no more compelling than it had been two years earlier, nor was the form letter entirely accurate. While it (rightly) acknowledged that the shipments to China were of surplus war material under the extended Mutual Aid Agreement of 1944 it (wrongly) claimed that the Mosquito sale was "the only such transaction" approved during 1947.⁷⁴ Apparently, the ammunition-manufacturing equipment approved in April and exported on the *S.S. Cliffside* in November were a different sort of transaction in government eyes.⁷⁵ The document also justified "the propriety of continuing to

⁷¹ M.S. Bryce to R.W. Mayhew, 16 January 1948, RG25 v.3814, file 8505-A-40, p.1, LAC; Endicott, *James G. Endicott: Rebel Out of China*, 245-47; Ian McKay and Jamie Swift, *Warrior Nation: Canada in an Age of Anxiety* (Toronto: Between the Lines, 2012), 128.

⁷² Pearson had indicated that "letters should be acknowledged promptly, especially from organizations." Handwritten note from R.G. Riddell to M. Cadieux, undated, RG25 v.3814, file 8505-A-40, p.1, LAC.

⁷³ C.M. Drury to E. Reid, 10 March 1948, RG25 v.3814, file 8505-A-40, p.1, LAC.

⁷⁴ USSEA to E.K. Hawkesworth, 5 December 1947, RG25 v.3814, file 8505-A-40, p.1, LAC.

⁷⁵ "Component Parts of Arms Factory Shipped to China," 30 December 1947, *The Globe and Mail*, ProQuest

honour our Mutual Aid Agreement” by reminding Canadians that China was war-time ally and a fellow United Nations member, and that Canada had an interest in helping the Chinese manage their “heavy international responsibilities” and establish a general peace settlement.

It would be hard to refute these arguments more eloquently than E.K. Hawkesworth, the General Secretary of the Student Christian Movement at the University of Saskatchewan.

Hawkesworth was one of the few to actually reply to the government letter, treating it with a level of academic disdain that is only too familiar.⁷⁶ China was a Canadian ally during the war, he agreed, but so “were also other great nations, who, I trust, we would not now consider to come under a program of Mutual Aid.” In true Socratic fashion, Hawkesworth then enquired if Mutual Aid had been given to China in 1944 “for the purpose of conducting warfare against the Chinese people themselves or against another enemy now defeated?” Finally, the intellectual giant of Saskatoon suggested to Pearson that “your department present to us a constructive foreign policy, based not on the supplying of arms to fight a war not clearly defined, by a government whose methods are questionable, as a means of establishing a general peace settlement.”

EA amended its template response soon after, but probably as a result of St. Laurent’s speech in the House on 19 December rather than Hawkesworth’s sternly worded letter. The new reply was shorter, but not necessarily more accurate. It noted that Canada was not under “any international obligation to refuse the shipment of supplies to a properly constituted and recognized government which is under attack from dissident elements within its own borders.”⁷⁷

⁷⁶ He begins by informing the EA mandarins that “I am bound at the outset to state that I do not think your explanation will satisfy the thinking citizens of Canada.” E.K. Hawkesworth to USSEA, 11 December 1947, RG25 v.3814, file 8505-A-40, p.1, LAC.

⁷⁷ “Revised Concluding Paragraph for Letter re Shipment of Arms to China,” 3 January 1948, RG25 v.3814, file 8505-A-40, p.1, LAC.

Of the numerous objections that could have been made to this statement there are two that stick out. First, the government was attempting to equate the lack of international military export restrictions with an obligation to sell, as if Canadian officials had no discretion in the matter.⁷⁸ Second, Canada had previously refused arms shipments to a Dutch government in Indonesia that was presumably both “properly constituted” and under attack from “dissident elements” within its border. Accepting the government’s justification therefore required a sort of selective amnesia.

Obviously, the fluid nature of Canadian military export policy was causing serious difficulty for the EA officials tasked with defending it to the public. On 22 March 1948, a reply signed by St. Laurent was finally dispatched to the United Nations Association of Canada (UNAC).⁷⁹ It claimed, among other things, that the Canadian government had “deliberately avoided a policy of fostering...the growth of industries manufacturing munitions and armaments for export.” Yet only three days later St. Laurent would approve a Cabinet memorandum to allow the export of arms from current production to “build up the nucleus of a Canadian munitions industry.”⁸⁰ To be fair, the letter to the UN Association had been drafted on March 10, and not by St. Laurent; however, during his revision of the text, Escott Reid had very clearly written “so far” next to the paragraph in question.⁸¹ In fact, the department had been considering “fostering the growth” of Canadian military production for some time and was already doing so in the aircraft industry. EA wasn’t quite lying to Canadians, but it was dancing on the line.

⁷⁸ Later in the year, one official would express unhappiness with the department’s habit of “arguing [its] way out” of such criticism “on legalistic or procedural grounds.” Handwritten note. R.G. Riddell, 27 July 1948, RG25 v.3814, file 8505-A-40, p.1, LAC.

⁷⁹ Louis St. Laurent to UNAC, 22 March 1948, RG25 v.3814, file 8505-A-40, p.1, LAC.

⁸⁰ SSEA, “Memorandum for Cabinet: Export of Arms from Current Production,” 25 March 1948, RG2 v.66, LAC.

⁸¹ “Draft,” 10 March 1948, RG25 v.3814, file 8505-A-40, p.1, LAC.

Not all the correspondence received by Canadian politicians was critical of the Mosquito sale. Brantford businessman J. Ernest Crealy, for example, wrote to Prime Minister Mackenzie King that he had walked out of a church service after being asked to sign a petition, presumably on behalf of that “scribbling clergyman” Endicott.⁸² Crealy assured King that both “ill-informed preachers and Communist trade union leaders” did not represent the opinion of most Canadians. Vancouverite A. Frank Cusack claimed to have evidence that the picketing of the *Colima* had been engineered by the “Soviet Fifth Column in Canada, alias the L.P.P-Communist Party,” and accused the government of “fearful appeasement” of “these foreign agents and their clerical fellow-travellers.”⁸³ However, the apologists are far outnumbered by the critics in the department’s files.

At first glance, public protest would seem to have been entirely unsuccessful at preventing further military exports to China. Potential sales continued to appear on the Cabinet agenda throughout 1948, largely at the behest of C.D. Howe and the Department of Trade and Commerce. In April Cabinet approved the manufacture of 100,000 rounds of .30 calibre ammunition for China as part of its new policy to support domestic military production.⁸⁴ Later in the spring, the Canadian Commercial Corporation (CCC) began brokering a similar sale of five million rounds of ammunition for WAC, while Cabinet approved the sale of Harvard Trainers and engines to China from a private Canadian firm in August.⁸⁵ Negotiations for the

⁸² J.E. Crealy, 27 December 1947, RG25 v.3814, file 8505-A-40, p.1, LAC.

⁸³ A.F. Cusack, 27 December 1947, RG25 v.3814, file 8505-A-40, p.1, LAC.

⁸⁴ SSEA, “Memorandum for Cabinet: Export of Arms from Current Production,” 25 March 1948.

⁸⁵ The firm, Babb Company (Canada) Ltd., had previously purchased the aircraft from WAC. “Sale of Aircraft and Engines to China,” 3 August 1948, RG25 v.6272, file 11044-40 p.1.2, LAC; J.K. Smith to H.O Moran, 1 June 1948, RG25 v.6272, file 11044-40 p.1.2, LAC.

ammunition, as well as an additional sale of Bren guns, Sten guns, and Browning pistols, continued throughout the summer before being finalized in October.⁸⁶

Behind the scenes, however, EA was pumping the brakes. In June, A.R. Menzies, of the American and Far East Division, had recommended that Canada reject the Chinese request for five million rounds of ammunition due to “various Canadian missionary and commercial interests in North China.”⁸⁷ Escott Reid, in a memo to St. Laurent, elaborated on Menzies’ recommendation by reminding the SSEA of the “numerous representations” EA had received from the public following the Mosquito sale.⁸⁸ In his opinion:

Bearing in mind probable public reaction to this sale and having regard to the political situation in China which shows no sign of improving, and considering the small amount of U.S. dollars which would accrue to Canada, I would recommend that the present request for ammunition be not approved.

The application might have died there had it not been discovered that C. D. Howe was negotiating directly with the Chinese Supply Agency for another sale of approximately \$3 million in small arms and ammunition.⁸⁹ It made little sense for EA to deny the relatively small sale of ammunition if a significantly larger sale was about to be approved, so Reid’s recommendation was thrust into limbo.⁹⁰ To add insult to injury, the department was embarrassed in July when the crown-owned Dominion Arsenals in Quebec City released a

⁸⁶ Canadian Ambassador, Nanking, to SSEA, 23 June 1948, RG25 v.6272, file 11044-40 p.1.2, LAC; L.B. Pearson, “Sale of Arms to China,” 7 October 1948, RG25 v.6272, file 11044-40 p.1.2, LAC.

⁸⁷ Menzies also noted that, unlike in the Mosquito deal, there was no suggestion of payment in American dollars. “Memorandum to Economic Division,” 3 June 1948, RG25 v.6272, file 11044-40 p.1.2, LAC.

⁸⁸ Escott Reid, “Sale of .30 Calibre Cartridges to China,” 15 June 1948, RG25 v.6272, file 11044-40 p.1.2, LAC.

⁸⁹ L.B. Pearson, “Memorandum to the SSEA,” 29 June 1948, RG25 v.6272, file 11044-40 p.1.2, LAC.

⁹⁰ Escott Reid, “Memorandum for Mr. Moran,” 17 June 1948, RG25 v.6272, file 11044-40 p.1.2, LAC.

“somewhat florid” press release celebrating the Chinese-government order for 100,000 rounds of 7.92 ammunition (which had been approved in April).⁹¹ Although the media response was tepid, the incident highlighted the continuing dysfunction between External Affairs, Trade & Commerce, and the crown corporations on military export policy. Reid later suggested, with a hint of bitterness, that St. Laurent confront Howe on “the advisability of somewhat earlier reference to this Department...in large orders where public reverberations might be expected.”

Ultimately, it seems that EA was largely outmaneuvered by the bulldozing tactics of C.D. Howe, and that political considerations were outweighed by the strategic and commercial value of military exports. The balance only began to change in late 1948, as the disastrous setbacks encountered by the Chinese nationalists greatly increased the possibility that Chiang Kai Shek’s government would either dissolve or fall to the communists.⁹² Canadian Minister of Finance D.C. Abbot wrote to St. Laurent advising him to consider the risk of non-repayment when approving further Canadian exports against the \$60 million Mutual Aid credit, since it was highly unlikely that a communist regime would accept responsibility for the cost of Canadian weapons used against communist troops.⁹³ On December 16, Cabinet agreed that, while it would not interfere with previously approved items, no further credit would be extended to China for Canadian purchases.⁹⁴ In response to further deterioration in the Nationalist position early the

⁹¹ Escott Reid, “Memorandum to the SSEA,” 8 July 1948, RG25 v.6272, file 11044-40 p.1.2, LAC.

⁹² DND considered it doubtful that the government would last until 15 June 1949. “Memo for the Acting SSEA,” 15 December 1948, RG25 v.4302, file 11044-BS-40, p.3, LAC.

⁹³ D.C. Abbot to St. Laurent, 6 December 1948, RG25 v.4302, file 11044-BS-40, p.3, LAC.

⁹⁴ Escott Reid, “Memorandum for SSEA,” 21 December 1948, RG25 v.4302, file 11044-BS-40, p.3, LAC.

next year, Cabinet decided to cease deliveries of basically all strategic or military goods.⁹⁵ For a brief moment it seemed that Canada's foray into the Chinese civil war was over.

Still, it quickly became apparent to C.D. Howe that cancelling the various contracts, especially the ongoing production of 85 million rounds of 7.92mm ammunition (worth over \$5 million), would have significant costs for Canadian military producers.⁹⁶ Consequently, he successfully appealed to Cabinet to reverse its January decision and continue to honour previous export contracts, basically to avoid layoffs and financial losses at CAL.⁹⁷ While the Cabinet ruling would claim that terminating the contract would constitute a "serious breach of faith" and should therefore be avoided, Canadian interests in 1949 were actually entirely mercenary.⁹⁸ At one point the Nationalists, who had clearly lost the war, expressed interest in "tapering off" the ammunition contract, yet Howe refused "to entertain any such suggestion."⁹⁹ It was only in August that Howe finally agreed to face the writing on the wall, and only when given the possibility of an Iranian ammunition order to replace the lost production at CAL.¹⁰⁰ Despite hundreds of letters to Canadians proclaiming a solemn obligation to help a wartime ally defeat dissident elements, by 1949 Canadian military export policy regarding China was truly "business and nothing else."

⁹⁵ Escott Reid, "Canadian Exports to China," 24 January 1949, RG25 v.4302, file 11044-BS-40, p.3, LAC.

⁹⁶ "Memorandum for the SSEA," 3 February 1949, RG25 v.4302, file 11044-BS-40, p.3, LAC.

⁹⁷ For example, in March Cabinet would approve the release of 1.5 million rounds of ammunition from CAL, citing a variety of justifications including the lack of alternative markets for the product. L.B. Pearson, "Export of 7.92 mm ammunition to China," 5 March 1949, RG25 v.4302, file 11044-BS-40, p.3, LAC.

⁹⁸ L.B. Pearson, "Export of 7.92 mm ammunition to China," 5 March 1949.

⁹⁹ A.F.W. Plumptre, "Memorandum for American and Far Eastern Division," 20 April 1949, RG25 v.4302, file 11044-BS-40, p.3, LAC.

¹⁰⁰ C.D. Howe to L.B. Pearson, 30 August 1949, RG25 v.4302, file 11044-BS-40, p.3, LAC.

After an explosion of interest in 1947, public outrage against Canadian military sales to China seems to have faded. Letters continued to accumulate in government files, but further incidents – such as the press release from CAL in 1948, a question in the House, or a fire aboard a Montreal freighter carrying military equipment – generated little controversy.¹⁰¹ This perhaps explains the diminishing importance of public opinion within assessments of the political considerations of arms exports to China, as well as the inability of EA to counter Howe's influence in Cabinet and staunch the flow of arms.

The Chinese case also illustrates how intensely reactive Canadian military export policy remained during this period. As St. Laurent informed Reverend J.J. McKookin of the Moose Jaw Presbytery in 1948:

You will appreciate that, at a time when conditions throughout the world are so unsettled, when the course of future events is so unpredictable, and when, moreover, the obligations of members of the United Nations under Articles 41-50 of the charter relating to precautionary action in the case of threats against the peace have not yet been defined, it is not appropriate for the Canadian Government to formulate unilaterally an all-inclusive policy regarding the export of arms.¹⁰²

Of all the concerned Canadian who wrote to the government following the Mosquito sale from WAC, McKookin received one of the most honest assessments of Canadian policy. It was based, as St. Laurent admitted, not on the high-minded aspirations which had informed so many other letters, nor on strict strategic or economic considerations, but instead on a sort of fumbling in the dark during a dynamic reorganization of the international order. As one EA official had informed *The Toronto Star* in 1947, the government considered sales of arms to foreign nations as “neither

¹⁰¹ For more on the latter two incidents see SSEA to Canadian Ambassador, Nanking, 24 February 1949, RG25 v.4302, file 11044-BS-40 p.3, LAC; “Canada's Arms Traffic,” 5 May 1949, *The Ottawa Citizen*, RG25 v.4302, file 11044-BS-40, p.3, LAC.

¹⁰² St. Laurent to J.J. McCookin, 14 April 1948, RG25 v.3814, file 8505-A-40, p.1, LAC.

‘routine’ nor ‘extra-ordinary’ nor “taking sides” in the conflict – an obfuscation probably warmed the cockles of Mackenzie King’s fussy heart.¹⁰³

1956: The Middle East Question

Although Lester B. Pearson is famous for one specific policy initiative in the Middle East in 1956, the Suez Crisis was not the first time during the year that an issue involving Egypt had embroiled Canada in political controversy. In January Pearson had faced scathing opposition after being called upon in the House of Commons to defend his government’s decision to sell aircraft to Nasser’s Egypt in 1955. Egypt, a “politically sensitive” region according to the 1954 list, a recipient of a massive arms transfer from Czechoslovakia later in 1955, and still technically at war with Israel, was a controversial destination for Canadian military exports.¹⁰⁴ While military exports to Israel generally received less criticism because of the traditional pro-Israel sympathies of Canadian legislators, the Egypt sale provided the Parliamentary opposition, in the recollection of Pearson himself, with “a good stick with which to beat the government.”¹⁰⁵

It started with a rather innocent question. On 11 January 1956, CCF member Alistair Stewart asked if any aircraft had been “shipped from Canada to Egypt recently,” or if there “were any orders on hand for the export of such aircraft.”¹⁰⁶ After initially claiming that he didn’t know of any such shipments, Pearson was forced to backtrack when Stewart announced to reporters that a Montreal-based company was in the process of shipping 25 Harvard trainer aircraft to

¹⁰³ “150 Mosquitos Going to China,” 16 September 1947, *The Toronto Star*, ProQuest.

¹⁰⁴ Ironically, as part of the announcement of the Czech arms deal Nasser had named Canada as a key supplier of military equipment to Israel, as well as the US, the UK, France, Belgium, and Italy. A.E. Ritchie, “The Egyptian-Czechoslovakia Arms Deal,” 20 October 1955, in *DCER*, v.21, 1208-1210.

¹⁰⁵ Lester B. Pearson, *Mike: The Memoirs of the Rt. Hon. Lester B. Pearson, Volume Two: 1948-1957* (Toronto: University of Toronto Press, 2015), 220.

¹⁰⁶ House of Commons Debates, 11 January 1956, 22 Parliament, 3 Session: v.1, 9.

Egypt.¹⁰⁷ Stewart's numbers may have been wrong (permits had been approved for only 15 trainers), but his question incited a flurry of other inquiries as part of a prolonged attack against the government. Why was the Canadian government exporting military equipment into the Middle East, especially during a moment of significant regional volatility? What other politically sensitive countries were receiving Canadian military equipment? Why had the government initially denied that an ongoing shipment of Harvards to Egypt was occurring? When, as Mr. Stewart memorably asked Pearson on 12 January 1956, "will the right hand of the government know what the left hand is doing?"¹⁰⁸

The answers to these questions were not politically advantageous for the St. Laurent government. Canada had approved at least \$5 million in military equipment exports to countries considered on the "sensitive" list in 1954-1955, including more than \$3 million to the Middle East alone.¹⁰⁹ The Harvards, as dual-use, unarmed trainers, were less politically incriminating than the machine guns and artillery being shipped to Israel, yet making this argument would only provide ammunition to the government's opponents.¹¹⁰ Instead, Pearson decided to simply double down on the benign nature of the equipment in question. On 17 January he told the House that Harvards were "not combat aircraft," and that he couldn't imagine "how you could put a gun mounting on a Harvard training aircraft."¹¹¹ Later that day *The Globe and Mail* ran a fairly smug

¹⁰⁷ "25 Canadian Planes Shipped to Egypt, CCF MP Declares," 12 January 1956, *The Globe and Mail*, ProQuest.

¹⁰⁸ House of Commons Debates, 12 January 1956, 22 Parliament, 3 Session: v.1, 33.

¹⁰⁹ These numbers, as always, are almost certainly underestimated. Jules Léger, "Export of Arms to Sensitive Areas," 30 January 1956, in *DCER*, v.22, p.1, 25-27.

¹¹⁰ On 31 January opposition member G.R. Pearkes had asked St. Laurent's government if they wished to accept the label of "merchant of death," since they were selling to both sides in the Arab-Israeli conflict. "Is Canada Becoming Merchant of Death, Pearkes Wonders," 1 February 1956, *The Globe and Mail*, ProQuest.

¹¹¹ L.B. Pearson, House of Commons Debates, 17 January 1956, 22 Parliament, 3 session: v.1, 183-184.

story interspersing Pearson's words with three photos of Harvard trainers carrying bombs and machine guns, and firing a stream of rockets.¹¹² The photos, which had been sourced from the RCAF, caused great consternation within External Affairs.¹¹³

Most damningly, the reason why Pearson had been slow to acknowledge whether aircraft had been recently shipped to Egypt was that both he and his department didn't know. First, Pearson had approved a Canadair request to develop a possible Harvard sale to Egypt in July 1955, but T&C had never bothered to consult EA on the final export permit.¹¹⁴ Second, the External Affairs officials queried by Pearson admitted that they were generally unsure when or if approved military exports were being shipped out of Canada, since that information required either "detailed enquiries from the customs clearance ports" or "a thorough study of export statistics in which items of this nature are buried as inconspicuously as possible."¹¹⁵ Ultimately, the government's tendency, since 1949, of approving increasingly flexible delegation and consultation practices had come back to bite it in the rump. The Liberals had spent years attempting to make Canadian participation in the arms trade both opaque and innocuous, and were now being stymied by the consequences of their own desire for obscurity.

The controversy continued to escalate during the next few weeks – becoming one of the first post-war foreign policy schisms between the reigning Liberals and their Conservative opposition. Canadians were informed that the government had recently approved an ammunition

¹¹² Harvey Hickey, "15 Harvards Going to Egypt; Not War Planes: Pearson," 17 January 1956, *The Globe and Mail*, ProQuest.

¹¹³ C.R. Slemons, "Harvard Aircraft to Egypt," 20 January 1956, RG25 v.4444, file 50,000-C-40, p.3, LAC.

¹¹⁴ R. MacDonnell, "Sale and Export of Jet Aircraft to Egypt," 8 July 1955, in *DCER*, v.21, 1204-1205; Jules Léger, "Export of Aircraft to Egypt," 12 January 1956, RG25 v.4444, file 50,000-C-40 p.3, LAC.

¹¹⁵ Jules Leger, "Export of Arms to the Middle East," 20 January 1956, in *DCER*, v.22, p.1, 23-25

order for Israel despite escalating Arab-Israeli hostility, and witnessed an embarrassing flip-flop in which the Prime Minister refused to halt the Harvard order before reversing course two days later.¹¹⁶ The aircrafts' new owners also helped fan the flames. The Egyptian ambassador initially denied that any shipment was occurring, while the captain of the freighter carrying the Harvards claimed that his "was merely a general cargo – apples and such like."¹¹⁷ Opposition MPs, sensing incompetence if not conspiracy, demanded a public inquiry into the whole matter.¹¹⁸

On 24 January Pearson gave a speech in the House defending both the trainer exports and Canadian military export policy – the first public articulation of the system approved by Cabinet in 1954. The minister explained that, in general, the government would approve military exports only to other governments or national militaries, and only with "appropriate assurance regarding re-export."¹¹⁹ He described the three categories of countries recognized by the current policy and disclosed the existence of a confidential list of 34 countries called "sensitive areas" because of "tension or strife." Pearson assured the House that exports to countries on this list required consideration from Trade and Commerce, External Affairs, and National Defence, and potentially review by Cabinet. Apart from the reduced number of "sensitive areas" on the government list, all this information matched the contents of Howe's original 1954 memo.¹²⁰

¹¹⁶ "St. Laurent Won't Halt Shipment of Harvards; Disastrous Folly: CCF," 19 January 1956, *The Globe and Mail*, ProQuest; George Bain, "Contract with Ottawa: Israelis Await Order of Shells from Canada," 20 January 1956, *The Globe and Mail*, ProQuest; Harvey Hickey, "Arms Exports to be Halted Pending Talks," 21 January 1956, *The Globe and Mail*, ProQuest.

¹¹⁷ The freighter was also carrying military equipment for NATO allies in the Mediterranean. Jules Léger, "Munitions Shipped on Egyptian Vessel 'Star of Assuan,'" 16 January 1956, RG25 v.4444, file 50,000-C-40 p.3, LAC; Alistair Stewart, 18 January 1956, House of Commons Debates, 22 Parliament, 3 Session: v.1, 261.

¹¹⁸ George Bain, "Fleming Asks Inquiry on \$2,000,000 Arms Shipped Israel, Egypt," 25 January 1956, *The Globe and Mail*, ProQuest.

¹¹⁹ Pearson, House of Commons Debates, 24 January 1956, 22 Parliament, 3 Session: v.1, 464.

¹²⁰ The original list included 35 states, yet West Germany had been informally removed after its entry into NATO. L.E. Couillard to USSEA, "Control of the Export of Arms – Sensitive Areas,"

Pearson's disclosure regarding a government list of "sensitive areas" would eventually lead to the most intentionally misleading speech of the entire debate. On January 25, Progressive Conservative MP Gordon Churchill would ask the government if military exports had been approved to other areas on this list during 1954-1955, and if so, which areas.¹²¹ In an internal memo discussing the query, Under-Secretary Jules Leger reminded Pearson that External Affairs had approved \$1.35 million in military exports to India and Pakistan in the same period, but that he had "serious objections" to making this public.¹²² After some delay, Pearson informed the House on January 31 that Canada had approved \$2.5 million in military exports to non-Middle Eastern countries on the sensitive list, but that "more than half this amount represents defence equipment for Commonwealth countries and colonial territories of the British Empire with which we have close and friendly relationships"¹²³ Pearson further argued that he couldn't name specific countries since doing so might damage their relations with Canada, but assured the House that it was only "because of threats to their security from outside their borders" that these countries were on the list. Of course, since Pearson was speaking of Pakistan and India, and since the threat each nation faced "from outside their borders" was the other country, this was intentional deception.

Ultimately, the speech in the House did not stick entirely to the script approved two years earlier by Cabinet. Amid a list of "principles" governing Canadian policy, Pearson announced

22 July 1957, RG2 v.7581, file 11044-40 p.6, LAC.

¹²¹ Churchill, House of Commons Debates, 25 January 1956, 22 Parliament, 3 Session: v.1, 521.

¹²² This number was considerably lower than the value of military equipment approved for export to Pakistan and India in 1952-1953. Jules Léger, "Export of Arms to Sensitive Areas," 27 January 1956, in *DCER*, v.22, p.1, 27-28.

¹²³ It is unclear whether Pearson was intentionally lying about the equipment in question being defensive in nature, or simply using a traditional euphemism for munitions in public statements. House of Commons Debates, 31 January 1956, 22 Parliament, 3 Session: v.1, 703.

that military exports “are not permitted if, in our opinion, they exceed the legitimate defence requirements of the state in question, or would themselves constitute a threat to neighbouring countries.”¹²⁴ While the 1954 memo had required Cabinet approval for military exports which (as mentioned above) “might contribute to an increase of tension,” it had not explained how such a contribution might be evaluated. Pearson had revealed the mechanism: a threshold at which a country’s legitimate defence requirements ended, and a destabilizing arms build-up began.¹²⁵

The idea that a nation was entitled to obtain the means to defend its sovereignty through either domestic production or international trade had been a theme in External Affairs evaluations since the war. Yet, as many international attempts to restrain the arms trade during the interwar years had proven, this right was basically unquantifiable.¹²⁶ As mentioned above, attempts by Canadian officials to evaluate Israeli defence requirements as a prerequisite for military exports had ended in frustration and uncertainty. Consequently, the notion that DND could accurately assess whether a military export met or exceeded the “legitimate defence requirements” of a foreign nation, and then evaluate how much of a threat that transfer posed to its regional competitors, was both foolhardy and paternalistic. While this language would become common in later department communications, it, like evaluations of the imminence of conflict or the potential increase in regional tensions, was basically an expedient for justifying exports rather than restraining them.

¹²⁴ Pearson, House of Commons Debates, 24 January 1956, 464.

¹²⁵ While this was a common argument on internal External Affairs communication, and had roots in the 1946 UN Charter, it had not previously been established as the official position of the department.

¹²⁶ Richard Dean Burns, *The Evolution of Arms Control* (Santa Barbara: ABC-CLIO, 2009), 80-91; Jozef Goldblat, *Arms Control: The New Guide to Negotiations and Agreements* (London: Sage, 2002), 19-24.

Pearson also offered a remarkably candid defence of continuing Canadian exports to sensitive areas, despite the potential costs in both lives and reputation. A “complete embargo” on military exports to such areas, he informed Parliament, “might frustrate the right of nations under the United Nations charter to defend themselves; or it might drive them wholly into the arms of Russia or its satellites.”¹²⁷ Canada therefore had a responsibility to provide some amount of military exports so as “not to perpetuate inequalities between states in respect of their defensive capacities; thereby creating fear and insecurity; and encouraging aggression.” This argument, reminiscent of the justifications mentioned in Chapter 2, might have been more compelling if it had not explicitly excluded the Sino-Soviet bloc and any other country which was considered to threaten Canadian security. While Pearson was optimistic that Canadian military exports reduced inequalities and discouraged aggression in conflicts involving other nations, he wasn’t prepared to test this argument in conflicts which directly affected Canada.

Of course, as Pearson later alleged, Canadian contributions to the arms race in the Middle East during the early 1950s were neither significant in quantity nor in quality, and therefore irrelevant to “the military balance” in the Middle East.¹²⁸ While this statement was debatable (Israel obviously considered Canada to be a significant supplier of military equipment), its accuracy was less important than the paradox it created. How could Canadian military exports be both irrelevant to the military balance and, as previously argued, critically important to maintaining it?¹²⁹ Furthermore, the confusion of the SSEA regarding whether Canadian exports did or did not affect military capabilities in the Middle East also reflected poorly on the government’s competence in determining the “legitimate defence capabilities” of Canada’s

¹²⁷ House of Commons Debates, 24 January 1956, 464.

¹²⁸ House of Commons Debates, 24 January 1956, 465-66.

¹²⁹ For more on these arguments see Regehr, *Arms Canada*, xv-xvi.

customers, and therefore the credibility of the entire military export system. In Pearson's own words, "you can put a Bren gun on a bicycle, but that does not make it a tank."¹³⁰

Despite this lackluster defence, the first significant parliamentary debate over Canadian military export policy ended with a whimper, not a bang. Prime Minister St. Laurent had announced a temporary embargo on all military exports to the Middle East on January 20 pending the result of the debate in the House.¹³¹ This embargo was ended only a few weeks later on February 6, following a decision by Cabinet on the third to maintain the government policy begun in 1954.¹³² Leger had been informed by the Israeli Ambassador on January 30 that opposition MPs intended to propose a permanent embargo on the export of arms to the Middle East.¹³³ Yet no such proposal manifested. Instead, the most belligerent critics of government policy contented themselves with a meaningless amendment by Progressive Conservative MP John Diefenbaker expressing "strong disapproval of the government's policy of authorizing the shipment of munitions of war" to the Middle East.¹³⁴ The amendment quickly failed.

Still, the government was aware of how close it had come to true disaster. The export application for the 15 Harvard trainers had not been discussed in Cabinet, nor evaluated by External Affairs, despite what Pearson and St. Laurent had claimed in the House.¹³⁵ Indeed, due to an oversight at the Canadian Embassy in Washington, even the American State Department

¹³⁰ House of Commons Debates, 24 January 1956, 463.

¹³¹ House of Commons Debates, 20 January 1956, 22 Parliament, 3 Session: v.1, 344.

¹³² "Extract from Cabinet Conclusions," 3 February 1956, in *DCER*, v.22, p.1, 28-29.

¹³³ Jules Léger, "Israel," 31 January 1956, in *DCER*, v.22, p.1, 1-3.

¹³⁴ Aside from shipments to Turkey, which had joined NATO in 1951. House of Commons Journals, 22 Parliament, 3 Session, v.100, 107-110.

¹³⁵ St. Laurent eventually admitted there was "no express approval given by the Cabinet as a whole" on 31 January under heavy questioning. House of Commons Debates, 22 Parliament, 3 Session: v.1, 186, 346, 702-703.

hadn't been informed of the sale.¹³⁶ Attempts to muddy the waters in the House by downplaying the "military" nature of the Harvard trainers had similarly blown up in the government's face.¹³⁷ Lastly, External Affairs had managed to conceal several other potential arms sales to Israel that, while under negotiation, had not yet resulted in actual export permit applications.¹³⁸

On a more fundamental level, the debate had made all sides aware of the increasing political liabilities represented by the small portion of Canadian military exports sent to non-NATO countries, especially to the Middle East.¹³⁹ It had also cast the government squarely in the role of a secretive arms dealer – forced to bear at least part of the reputational cost of its flexible military export policy. Consequently, the scandal would haunt both Canadian officials and politicians during the rest of the decade. These fears would have the most tangible impact on John Diefenbaker, who would ascend to the station of Prime Minister the following year. However, they were also noted by St. Laurent's Liberals, who were facing the greatest military export dilemma yet encountered by a post-war government: an Israeli request for 26 F-86 jet fighters.

¹³⁶ Washington Embassy to Ottawa, 28 January 1956, RG25 v.4444, file 50,000-C-40 p.3, LAC.

¹³⁷ Aside from the debacle over whether Harvards could be armed, EA had also requested officials in Egypt to determine if Harvards were being used to train both military and civilian pilots. The Canadian ambassador in Cairo assured Ottawa that the numerous Canadian-made trainers already found in Egyptian aviation centres were solely for "advanced training of Egyptian Air Force pilots." K.P. Kirkwood to SSEA, "Harvard Aircraft," 30 January 1956, RG25 v.4444, file 50,000-C-40 p.3.

¹³⁸ These included 600 Browning machine guns, 70 anti-tank guns, and more than \$100,000 in tank parts. "Export of Arms to the Middle East," 26 March 1956, RG25 v.4444, file 50,000-C-40 p.3; Bristman, "In the Strategic Interests of Canada," 91-92.

¹³⁹ Between 80 and 90 percent of Canadian military exports during this period went to the US, and therefore were not subject to military export permit requirements. Bristman, "In the Strategic Interests of Canada," 98. Jules Léger, "Export of Arms," 8 February 1956, RG25 v.6608, file 11044-40, p. 4.2.

Canada Cools Its Jets

Canada's military exports to Israel had featured prominently in the House debate for the same reason that the debate had fizzled without discussion of a permanent embargo. Canadian public opinion remained "generally supportive" of the new state, as did many members of St. Laurent's Cabinet and party.¹⁴⁰ Internally, MPs like David Croll, a prominent Jewish-Canadian who worked tirelessly as an advocate for Israeli arms requests, often in tandem with the Israeli ambassador.¹⁴¹ Externally, Canadian Zionist leaders, including Professor Maxwell Cohen of the Zionist Organization of Canada, pursued external advocacy for the same ends and with remarkable access to Canadian politicians.¹⁴² Even outspoken opposition MP John Diefenbaker was publicly and unabashedly "pro-Israel," which probably contributed to his reluctance to press an arms embargo in April.¹⁴³

Yet Canada had been no stranger to antisemitism before the war, and it remained political salient in certain regions of the country.¹⁴⁴ Additionally, many Canadian Catholics followed the Vatican in advocating for an "internationalization" of Jerusalem as a means to protect its "Holy Places," and therefore disapproved of Jewish territorial aspirations.¹⁴⁵ Consequently, Canadian-Israeli arms negotiations functioned according to the customs of "quiet diplomacy" despite general Canadian support.¹⁴⁶ Neither the government of Canada, nor that of Israel, nor Canadian

¹⁴⁰ Michael Oren, "Canada, the Great Powers, and the Middle Eastern Arms Race, 1950-1960," 283.

¹⁴¹ Kay, *Diplomacy of Prudence*, 30, 32, 95.

¹⁴² Not always with the blessing of official Israeli representatives. Bristman, "In the Strategic Interests of Canada," 118-119.

¹⁴³ Kay, *Diplomacy of Prudence*, 13.

¹⁴⁴ David Bercuson, *Canada and the Birth of Israel: A Study in Canadian Foreign Policy* (Toronto: University of Toronto Press, 1985), 15, 20.

¹⁴⁵ Kay, *Diplomacy of Prudence*, 15-16.

¹⁴⁶ Kay, *Diplomacy of Prudence*, 102

Zionists had any incentive to bring Canadian arms sales to Israel into the public eye and thereby risk international embarrassment or blowback from the Arab states. The wisdom of this policy was revealed in 1956 when the public eye did finally land on a potential Canadian arms sale to Israel, fueling a crisis which forced the government to re-evaluate its entire military export policy.

The first indications of Israeli interest in purchasing Canadian-made F-86 Sabre jet fighters began in 1952 as the Israelis sought to modernize their air force.¹⁴⁷ Pearson was originally open to the idea as long as the order didn't interfere with Mutual Aid deliveries to NATO allies, the number of fighters was small, and deliveries were spread out.¹⁴⁸ Yet political considerations in the Middle East quickly forced the government into a more cautious position. Because the F-86 was produced on an American licence, any potential export required approval from the American State Department.¹⁴⁹ Canadian officials were able to point to this restriction in response to both Israeli and Egyptians requests for F-86s in the ensuing years, absolving Ottawa of any responsibility for rejecting them.

The American restrictions provided a politically convenient excuse to an otherwise difficult situation. A sale of jet aircraft to either country would have made international headlines, upset the balance of power in the region, and committed Canada to one side of the conflict. A sale to both simultaneously would have opened the government to accusations that it was arming both sides and inciting conflict. As Pearson would note in 1956, "sales of modern jets have a dramatic quality, and it is therefore important to weigh the consequences carefully

¹⁴⁷ Bristman, "In the Strategic Interests of Canada," 103.

¹⁴⁸ Charles Foulkes to Chief of the Air Staff, 20 February 1953, RG112 v.33172, file 1913-100-85, LAC.

¹⁴⁹ SSEA to Canadian Ambassador, Washington, "Sale of Jet Aircraft to Israel, 28 June 1954, RG112 v.33172, file 1913-100-85, LAC.

before deciding to proceed.”¹⁵⁰ This opinion was consistent with a general governmental tendency to approve trade in spare parts, ammunition, and dual-use supplies, which were harder to trace, easier to justify, and less likely to draw publicity than complete systems like jet fighters.

Still, the government was aware of the rich commercial benefits of such a sale for the producer of the F-86 (Canadair) and nursed a justified cynicism of its allies’ intentions. As Jules Léger wrote to Pearson in 1955, “One of our main concerns is that we should not be under-cut in possible sales of jet aircraft to [the Middle East] by Western competitors.”¹⁵¹ In general, Canada sought to approve military exports *after* its British and American allies had set a precedent and borne the resultant political consequences, yet *before* all the demand had been met by other military producers. This would not be possible in the case of the F-86.

The announcement of a Czech-Egyptian military deal in September 1955 created a new desperation in the Israeli search for jet aircraft and softened American resistance to a possible sale. The deal introduced several hundred Soviet bombers and MIG fighters into the region, destroying the illusion of a Middle East military balance controlled by western powers. While the Americans were reluctant to authorize an immediate counter-sale to Israel, since this might inflame US-Soviet competition in the region, the Israelis (somewhat justifiably) considered themselves to be facing an existential threat.¹⁵² Caught between Israeli demands for aircraft capable of matching the new Egyptian jets, and the spectre of a proxy arms race in the Middle East, American Secretary of State John Dulles decided to confidentially encourage US allies to supply the Israeli requirements. As Dulles explained to the Canadian Ambassador in Washington

¹⁵⁰ In this instance he was speaking of potential F-86 sales in South America, but the sentiment was just as applicable to the ongoing debate over the Israeli order. Pearson, “Export of Military Aircraft,” 25 July 1956, in *DCER*, v.22, 48-49.

¹⁵¹ Jules Léger, “Export of Arms to Egypt,” 29 September 1955, in *DCER*, v.21, 1207-1208.

¹⁵² Jules Léger, “Export of Arms to Egypt,” 29 September 1955, 1207.

in March 1956, he privately hoped that Canada would sell F-86s to Israel, but the US government wouldn't publicly condone such a sale.¹⁵³ Needless to say, this encouragement was not received enthusiastically in Ottawa, where the government was still licking its wounds from the Parliamentary debate over military exports in January.

On 3 April Israeli Ambassador Comay finally presented Pearson with a formal request for one squadron of F-86 fighters.¹⁵⁴ The argument, as reported by Pearson, leveraged everything Comay had discovered about Canadian military export policy in preceding consultations. Because of the reluctance in Washington and London to supply arms to Israel, a Canadian sale was "crucial" to addressing the "existing imbalance" in the region and providing a "deterrent to aggression" by the Arab powers.¹⁵⁵ One squadron of F-86s, as well as 1-2 additional squadrons procured from other sources, would meet the legitimate defence requirements of Israel without providing any significant offensive capability to the Israeli air force. Alternatively, rejecting the Israeli request would embolden radical forces within both the Arab and Israeli factions and encourage further warfare in the region. If Canada wished to preserve the military balance, maintain peace, and allow Israel the means to self-defence, it would quickly approve the export of a squadron of F-86s.

Pearson – and the government – were caught in a bind. It was obvious, as he reported to Cabinet on 5 April, that "it would be very undesirable to give a negative answer" to Israel, but that a positive answer could incur significant international consequences.¹⁵⁶ On 10 May he informed his fellow ministers that both the US and UK were secretly urging Canada to send at

¹⁵³ A.D.P. Heeney, "Export of Arms to Middle East: F-86's for Israel," 7 April 1956, in *DCER*, v.22, 65-66.

¹⁵⁴ Pearson, "Export of Arms to the Middle East," 3 April 1956, in *DCER*, v.22, 60-62.

¹⁵⁵ See Chapter 2.

¹⁵⁶ "Extract from Cabinet Conclusions," 5 April 1956, in *DCER*, v.22, 64-65

least 12 fighters to Israel, although neither would confirm this publicly.¹⁵⁷ External Affairs also requested and received reports from both Secretary General Dag Hammerskold and E.L.M (“Tommy”) Burns – the Canadian head of the UN Truce Supervision Organization (UNTSO) – which recommended against the F-86 sale.¹⁵⁸ In early June Comay delivered a personal letter from Israeli Prime Minister Ben Gurion to St. Laurent pleading for Canada “to act in the interest of international peace and cooperation” by providing Israel with the “instruments of self-defence.”¹⁵⁹ Yet Canadian representatives abroad were reporting warnings from Arab governments about the impact of a sale on UNTSO and its Canadian observers, as well as significant (and unwanted) press interest.¹⁶⁰ The Canadian Cabinet, beset from all sides, discussed the potential sale at five separate meetings in the spring of 1956 without coming to a decision.

It is hard to reconcile this reluctance with the military export policy that had been described by Pearson in his speech to Parliament on 24 January. Canada, Pearson had claimed, possessed an obligation to maintain the regional balance of power in the Middle East – a balance which presumably had been disturbed by the Czech-Egypt deal and could be righted by a Canadian sale of jet aircraft to Israel. Pearson had also argued that Canada possessed an obligation to provide the legitimate defence requirements of countries under external threat (especially Israel). Since External Affairs considered F-86 jet fighters to be “as purely defensive as anti-aircraft guns” that “could never be used for aggressive purposes,” they seemed a perfect

¹⁵⁷ “Extract from Cabinet Conclusions,” 10 May 1956, in *DCER*, v.22, 71-73.

¹⁵⁸ R.M. MacDonnell, “Political Factors Governing a Decision to Export Jet Interceptors to Israel,” 14 May 1956, in *DCER*, v.22, 75-81.

¹⁵⁹ “Embassy of Israel to Prime Minister,” 31 May 1956, in *DCER*, v.22, 83-84.

¹⁶⁰ Beirut Embassy to External, 25 June 1956 & Washington Embassy to External, 16 July 1956 & Washington Embassy to External, 27 September 1956, RG112 v.33172, file 1913-100-85, LAC.

example of the defence requirements that Canada was obligated to provide.¹⁶¹ However, while the government had a tradition of using a revolving set of noble abstractions and convoluted definitions to justify the peddling of spare parts and old equipment, it was not eager to apply these tricks to the sale of a premier weapons system like jet aircraft without public NATO support.

One silver lining to the government position was a return to foreign policy solidarity between the Liberals, Progressive Conservatives, and even the CCF. Indeed, the PCs were far more interested in ridiculing government policy and condemning military exports to Egypt than criticizing similar sales to Israel. The official opposition had continued to hound the Liberals with questions on military exports to the Middle East through March, attempting to keep the issue in the public eye.¹⁶² However, as violence between Israel and Egypt escalated, resistance to military exports to Israel had begun to crumble. On 16 March St. Laurent announced that Cabinet had approved an export to Israel of 25-pounder ammunition, electronic components, and spare parts for Sherman tanks without any significant pushback from the opposition benches.¹⁶³ A month later, with reports of a potential sale of F-86 fighters circulating in the press, the Prime Minister acknowledged in the House that the Israeli request was under consideration.¹⁶⁴ Despite the balance-altering nature of the request, Conservative leader George Drew failed to renew his

¹⁶¹ R.M. MacDonnell, "Political Factors Governing a Decision to Export Jet Interceptors to Israel," 14 May 1956, 77.

¹⁶² House of Commons Debates, 22 Parliament, 3 Session: v.2, 1836, 1882-83, 1915-16, 1962-63, 2069.

¹⁶³ St. Laurent, House of Commons Debates, 16 March 1956, 22 Parliament, 3 Session: v.3, 2203.

¹⁶⁴ Canadian Press, "Suggest Canada as Arms Source to Bolster Israel," 2 April 1956, *The Globe and Mail*, ProQuest; Elie Abel, "Overtures to Ottawa: Israelis Seek to Purchase Canadian-Made Sabre Jets – Get Delivery of 12 Planes from France," 16 April 1956, *The Globe and Mail*, ProQuest; House of Commons Debates, 22 Parliament, 3 Session: v.3, 2940.

demand for an embargo in military exports to the Middle East. In fact, in the following months the Conservatives and CCF began to pressure the government to *approve* the sale.¹⁶⁵ When the Liberals took the extraordinary political step of consulting both parties on the F-86 transfer in July, each affirmed the government's position – ensuring the Liberals' political rivals would share complicity in a potential deal.¹⁶⁶

The government's unprecedented transparency in the House also failed to inspire the same public rancor as previous controversies.¹⁶⁷ As in the 1940s, public coverage in the press indicated Canadian hostility towards arms dealing.¹⁶⁸ Yet, while Canadians continued to disapprove of arms trading *in general*, they felt more responsibility to Israel than to the Dutch colonizers in 1946, or the Chinese Nationalists in 1947. The major Canadian newspapers generally walked a "consistent line" supporting limited military exports to the Middle East.¹⁶⁹ As *Maclean's* wrote in late March:

The Canadian Government has refused, and we hope it will keep on refusing, many more arms orders than it accepts even from friendly countries. But to take the easy course of refusing all requests from outside the NATO alliance, and thus avoid the charge of being a 'merchant of death' making blood money out of other people's wars, seems to us to have only the outward appearance of neutrality. Pontius Pilate washed his hands too, but he didn't get them clean.¹⁷⁰

The only public action occurred in Halifax, where a few dozen Jewish students from Dalhousie picketed a warehouse containing nine Egypt-bound Harvards.¹⁷¹ Correspondence received and

¹⁶⁵ House of Commons Debates, 22 Parliament, 3 Session: v.6, 5517, 5595-96, 5860-61.

¹⁶⁶ Bristman, "In the Strategic Interests of Canada," 125.

¹⁶⁷ No previous Canadian government had opted to announce military export decisions or general policy in the House as the Liberals did in 1956.

¹⁶⁸ "Plows, Not Planes," 17 April 1956, *The Globe and Mail*, ProQuest; George Bain, "Ottawa Letter," 23 May 1956, *The Globe and Mail*, ProQuest.

¹⁶⁹ Zachary Kay, *Diplomacy of Prudence: Canada and Israel, 1948-1956* (Montreal: McGill-Queen's University Press, 1996), 55.

¹⁷⁰ *Maclean's*, 31 March 1956, 69:7.

¹⁷¹ "Halifax Pupils Protest Planes Sold to Egypt," 7 March 1956, file MS-1-Ref, box 133, folder 5, Dalhousie University Archives.

preserved by the government was also very limited in scale, and generally confined to Zionist and religious groups.

On June 21, the Cabinet approved a proposal from Pearson rejecting a bilateral agreement with Israel.¹⁷² Instead, Pearson argued that Canada should only accept a multilateral deal in which two or three other countries joined with Canada to supply F-86s.¹⁷³ Not only would collective action diffuse international and domestic backlash against the sale, it would “remove the Government” from a situation where it was “not prepared to release the aircraft, but equally [did] not wish flatly and finally to reject the Israeli request.”¹⁷⁴ The position was announced in the House in early July, and duly reported in the papers.¹⁷⁵

Neither the Israelis nor the Americans were thrilled by the Canadian decision, which created further delays for any potential transfer of F-86s. The Americans informed External Affairs that they were prepared to release some military equipment to the Israelis, including helicopters and armored vehicles, but that the secrecy of these sales would preclude any public reference by Canada.¹⁷⁶ However, Nasser’s nationalization of the Suez Canal delayed US action, as did the intrigues of the 1956 election campaign pitting Eisenhower against Adlai Stevenson. Additionally, the Americans attempted to make the Canadian government promise not to cite US sales as justification for an F-86 deal, *even if* the sales became public by other means.¹⁷⁷

¹⁷² “Extract from Cabinet Conclusions,” 21 June 1956, in *DCER*, v.22, 92-93.

¹⁷³ Pearson intended this collective arrangement to include some combination of the UK, France, Italy, and the US.

¹⁷⁴ Jules Léger, “Export of F-86’s to Israel,” 20 June 1956, in *DCER*, v.22, 90-92.

¹⁷⁵ Louis St. Laurent, House of Commons Debates, 11 July 1958, 22 Parliament, 3 Session: v.6, 5860-62; Harvey Hickey, “St. Laurent States Policy: No Sabre Jets for Israel Unless Big 3 Consent- Agreement Among West is Doubtful,” 12 July 1956, *The Globe and Mail*, ProQuest.

¹⁷⁶ L.T. Merchant, “Ambassador of United States to USSEA,” 16 August 1956, in *DCER*, v.22, 106.

¹⁷⁷ Jules Léger, “Sale of Military Equipment to Israel,” 20 August 1956, in *DCER*, v.22, 106-107.

By the summer this diplomatic pressure was matched by domestic pressure to approve the sale. In early July, even before Nasser had seized the Canal, news broke that the Liberals were preparing to transfer 75 Sabre jets to West Germany as a bulwark against Communist aggression.¹⁷⁸ Within weeks, the department was receiving heated correspondence decrying the injustice of giving arms to the “ruthless foe” of the last war, but not to “the only pillar of democracy in the Middle East.”¹⁷⁹ In the words a “blast” sent by Toronto resident R. Halpern, “as a tax-payer, I don’t see the profit. As a Jew, I don’t see the fairness. Or is it that you men are so high-principled that you would do things for love that you wouldn’t do for money?”¹⁸⁰ While the Canadian dailies were more divided, the announcement also reinvigorated criticism from the CCF and Conservatives in the House.¹⁸¹ Under fire on multiple fronts, Canadian officials decided at the end of August that a series of new military exports to Israel from the US, UK, and France “appeared to meet the Canadian Government’s desire that the release of 12 F-86’s should be part of a collective effort.”¹⁸² The sale was therefore approved by Cabinet “in principle.”

The deal, now for 24 fighters, was announced publicly in late September to coincide with a lull in regional tensions in the Middle East.¹⁸³ Despite the planning, the government had a difficult time sticking to the script. On 25 September 1956, *The Globe and Mail* published an

¹⁷⁸ “Fighters Worth \$35,700,000: Canada Gives 75 Sabre Jets to Rearm Western Germany – Help Made Under NATO Aid Program,” 14 July 1956, *The Globe and Mail*, ProQuest.

¹⁷⁹ George Miles, 14 July 1956, RG25 v.3814, file 8505-A-40 p.2, LAC; Ben Nobleman, 30 July 1956, RG25 v.3814, file 8505-A-40 p.2, LAC.

¹⁸⁰ R. Halpern to EA, 19 July 1956, RG25 v.3814, file 8505-A-40 p.2, LAC.

¹⁸¹ Kay, *Diplomacy of Prudence: Canada and Israel, 1948-1956*, 69.

¹⁸² Although this required a significant reinterpretation of the June 21 Cabinet decision, since no other nation had joined Canada in a collective sale of jet aircraft. Jules Léger, “F-86’s,” 24 August 1956, in *DCER*, v.22, 109-113; Cabinet Conclusions, “Export of aircraft to Israel,” 29 August 1956, RG2 v.5775, LAC.

¹⁸³ “Memorandum from SSEA to Cabinet: Export of F.86 Aircraft to Israel,” 19 September 1956, in *DCER*, v.22, 117-120.

editorial criticizing how the sale of 24 F-86s to Israel had been explained to the public.¹⁸⁴ The government, the authors noted, had originally delayed the sale because “the delicate situation in the Middle East might be unfavorably influenced if Canada attempted to change the imbalance of armaments.” Yet during the September announcement, St Laurent had argued that the ever-increasing imbalance was the *reason* for the sale, even as Canadians were warned that the situation had become *more* delicate. This already-contradictory political explanation had later been refuted by C.D. Howe, who claimed the deal was “purely a commercial transaction between Israel and a Canadian manufacturer.” In his opinion, Canadair would be equally willing and able to sell F-86s to Egypt. This was a remarkable statement considering Howe had participated in Cabinet’s rejection of an Egyptian request for F-86s in 1955.

Yet public relations mishaps would prove to be the least of the government’s worries. Cabinet had mandated that the requisite export permits could be cancelled or postponed “if the political circumstances were to change in a way which would warrant such action,” and trouble was brewing yet again.¹⁸⁵ In October, even as the Israelis signed a contract with Canadair and began payment, state-sanctioned violence increased along the Israel-Jordan border.¹⁸⁶ Later in the month the Israelis completed payment on the first eight aircraft and launched an attack on Egypt in the same day, precipitating the Suez Crisis.¹⁸⁷ Cabinet responded by suspending the shipment of all military equipment to the Middle East, once again placing the jet fighter deal in

¹⁸⁴ “Mr. Howe, Meet Mr. St. Laurent,” *The Globe and Mail*, 25 September 1956, ProQuest.

¹⁸⁵ Cabinet Conclusions, “Export of Aircraft to Israel,” 20 Sept 1956, RG2 v.5775, LAC.

¹⁸⁶ Jules Léger, “Release of Sabre Jets to Israel and Proposed Delivery to Europe by the RCAF,” 18 October 1956, in *DCER*, v.22, 120-122.

¹⁸⁷ Bristman, “In the Strategic Interests of Canada,” 135.

limbo.¹⁸⁸ A few months later the entire transaction was cancelled.¹⁸⁹ Ultimately, despite months of deliberation, consultation, and negotiation, Israel never received a single Canadian-made F-86 Sabre.

The lengthy duration of Canadian deliberations over the F-86 deal were the result of fundamental contradictions between several objectives. On one hand, Canadian policymakers recognized a long-standing foreign policy commitment to Western solidarity and Middle Eastern stability, as well as a “moral obligation” to Israel because of Canada’s role in facilitating the state’s creation at the UN.¹⁹⁰ These commitments prevented Pearson and St. Laurent from simply rejecting the Israeli request when it first arrived in April 1956 or ignoring American pressure to complete the deal. On the other hand, approving the sale violated the foundational principle of Canadian military export policy since 1941: maintaining alignment with American export controls. Even though External Affairs received secret encouragement from London and Washington to release the jets, this information could not be used to publicly justify a Canadian break with American and British policies, or deflect the inevitable backlash. The Canadian government was being asked to bear the consequences of the deal without the protective shield of collective action – to take sole responsibility for the decision on the international stage. While doing so would grant an economic windfall to Canadair, it also risked damaging Canada’s hard-fought reputation as an honest broker and middle power, especially with Arab nations and

¹⁸⁸ Cabinet Conclusions, “International Situation; Israeli Invasion of Egypt; United Kingdom and French Ultimatum to Israel and Egypt; Suspension of Arms Shipments to the Middle East,” 31 October 1956, v.5775, LAC.

¹⁸⁹ “Israel Liquidates Contract to Buy Canadian Sabres,” 7 February 1957, *The Globe and Mail*, ProQuest.

¹⁹⁰ Bristman, ““In the Strategic Interests of Canada,” 138; R.A.D. Ford, “The Middle East,” 13 March 1956, in *DCER*, v.22, 8-12.

members of the Non-Aligned Movement. It is little wonder, in that context, why Cabinet delayed issuing permits into the fall and fought so hard for allied participation.

Conclusion

On 6 February 1956, Progressive Conservative MP Gordon Churchill rose in the House to give his assessment of the government's handling of the Harvard export controversy. As he explained:

It seems to me that in matters of this sort the government follows a course of concealment, and when the truth appears to have been discovered it is followed by a denial such as the one which said, in effect that no planes had been sent to Egypt... This is followed by certain grudging admissions when pressed, and if the matter is pursued further it culminates in certain guilty disclosures. At that stage panic sets in and a smoke screen is thrown up to confuse the issue completely.¹⁹¹

Churchill was actually giving the government more credit than it deserved, since Pearson's categorical denials of Egyptian exports in January had been based on ignorance, rather than deception. However, his description of the cyclical and reactive nature of government crisis-management was accurate in many respects and represents a logical interpretation for an external (and politically opposed) observer. While EA's playbook for such crises had become more sophisticated from 1946 onward, it rarely deviated entirely from Churchill's basic assessment: initial concealment, immediate denial, guilty disclosure, and deliberate confusion.

It should be noted that Canadian attempts to conceal military exports were not total and should not be treated as such. External Affairs continuously worked to keep Canadian military exports out of the headlines and off diplomatic agendas. Still, the Liberal government did provide a comprehensive explanation of Canadian military export policy in the House in 1956, as

¹⁹¹ Gordon Churchill, House of Commons Debates, 6 February 1956, 22 Parliament, 3 Session: v.1, 885.

well as fairly detailed export totals. Additionally, general categories of exports such as “Cartridges,” “Aircraft,” and “Guns, Rifles, and Other Firearms” were published regularly by the Departmental Bureau of Statistics, allowing for a general understanding of the value of military equipment which had been sent to a specific country.¹⁹² These statistics were actually cited in Churchill’s speech on 6 February to prove that Canadian munitions had been sold to South America during the last two years.¹⁹³ Their publication had also formed the basis of the diplomatic incident with Pakistan in 1949 (as discussed earlier) and had been maintained despite this controversy.

Government denials of military export sales were similarly convoluted. In both the case of sales to the Dutch in 1946, and sales to the Egyptians in 1956, Canadian officials in Ottawa were unaware of the transfers until they broke publicly. Pearson’s denial of any recent sale of Harvard Trainers in 1956 was the result of ignorance – EA had never been consulted on the export application – and therefore cannot be attributed to intentional deception. At worst, it indicates a systemic failure to balance commercial incentives for efficiency with Cabinet requirements for scrutiny. However, a similar denial of Dutch sales by Defence Minister D.C. Abbot in 1946 seems to have been both intentional and deceptive, as were Pearson’s comments in 1956 regarding sales to Pakistan and India in the House.

It is also interesting to note that examples of honest bureaucratic mistakes tended to run only in one direction. Such mistakes – like claiming that the Mosquito transfer was the only military sale to China in 1947, or that no arms had been sold to Latin America – consistently

¹⁹² Since the categories were intentionally broad and somewhat different than the EIPA Group 8 list, many military exports are not easily identifiable in the D.B.S. publications. Jules Léger, “Export of Arms,” 8 February 1956, RG25 v.6608, file 11044-40 p.4.2, LAC

¹⁹³ Pearson had previously claimed in the House that no such military export permits had been issued. House of Commons Debates, 22 Parliament, 3 Session: v.1, 884.

minimized the scope of Canadian participation in the arms trade. There are no examples of the government publicly *overstating* the value of Canadian military exports, despite the lack of adequate record-keeping described in previous chapters. In other words, Canada's military export system was more vulnerable to bureaucratic mistakes that aligned with its political priorities, and may even have incentivized them.

Government responses to inquiries from media and private citizens reveal that when officials were forced into guilty disclosure, their first impulse was to defend military export sales through professing helplessness. In other words, the government claimed to be unable to refuse the transaction for ambiguous diplomatic reasons or ambiguous strategic reasons. The second impulse was to leap to the moral high ground. Canada's UN responsibilities were inevitably highlighted, as well as the government's historical reluctance to engage in the arms trade. Canadian officials did not generally perceive of themselves as arms merchants, and were both surprised and somewhat offended by public criticism. Pearson, writing privately to one MP in March 1956, dismissed the "wild statements" of the Opposition in the House by saying "we have not been tempted by the obvious possibilities of profitable exports but have exercised a strict control."¹⁹⁴ This response obviously pivots on one's interpretation of the word "strict." Similarly, St. Laurent felt justified in telling the UN Association of Canada in March 1948 that the government "deliberately avoided" supporting the growth of military industries, despite substantial Cabinet evidence to the contrary. As a last resort, officials would highlight how little Canadian equipment had been sold to "sensitive" areas, as if the definition of military goods, and the "sensitive" list itself, had not been deliberately engineered to produce this outcome.

¹⁹⁴ L.B Pearson to W.G. Weir, 20 March 1956, RG25 v.7581, file 11044-40, p.5, LAC.

This last impulse is an example of the deliberate confusion caused by the government's habit of obscuring arms sales through semantic games with definitions. Although military equipment was technically defined by Group 8 of the ECL, Canadian officials excluded dual-use, demilitarized, and support equipment as politically convenient.¹⁹⁵ The mechanism of the sensitive areas list was similarly deceiving, since EA kept a shadow list of other regions to which military export applications received the same scrutiny. Pearson had defended the government's military export policy during the House debate by citing the relatively low value of exports to the 34 countries on the list. However, the credibility of this argument was somewhat reduced in May, when Conservative MP Gordon Churchill indirectly revealed that the government's sensitive list didn't include a single Latin American country.¹⁹⁶ Government assessments of military exports during the post-war period were therefore always artificially low – a fact which was frequently used to mislead the public.

Language also played a role in other habitual obfuscations. In public, officials referred to military equipment by a string of euphemisms like "Government owned stores," "surplus aircraft," and "obsolescent" or "defence" equipment. In private, the government made full use of the confidential nature of the export application process – and the confusing role of the Canadian Commercial Corporation – to obscure its involvement. C. D. Howe, in particular, was notorious for practically arranging military exports sales via direct negotiations with foreign powers and then claiming they were private business transactions lacking political involvement.

¹⁹⁵ See Chapter 1.

¹⁹⁶ Churchill's question built on an earlier query which Pearson answered in January. House of Commons Debates, 6 February 1956, 22 Parliament, 3 Session: v.1, 884; House of Commons Debates, 25 May 1956, 22 Parliament, 3 Session: v.4, 4320.

Ultimately, External Affairs was clearly far more sensitive to public opinion than either Trade & Commerce or National Defence, and more consistently factored public backlash into its assessments of specific military export applications. However, it is also clear that, in inter-departmental contests, C.D. Howe and his trade officials were consistently able to facilitate the approval of military exports over EA protest. Consequently, External Affairs became proficient at attempting to manage public opinion, rather than harnessing it as an internal driver of government policy. Public interest was fickle and news cycles were short, whereas the will of Howe was enduring.

Backlash to arms exports to the Netherlands in 1946 and Mosquito exports to China in 1947 therefore led to greater government control over public communications, application controls, and permit durations, but not to fundamental changes in Canada's flexible and opportunistic military export restrictions. The dual crises in 1956 temporarily changed Canadian risk calculations regarding exports to the Middle East, but not the Liberals' general trajectory towards increasing military exports. The scandal over the Harvards, after all, had been less about the specific sale, and more about embarrassing lapses in protocol and communication. EA had learned that the Canadian public was concerned about exports of munitions (especially complete weapons systems) to conflict regions (especially those being covered in the press and at the UN). Yet these lessons were offset by the increasing importance of military exports to Canadian military producers, especially in the aircraft industry. C.D. Howe had not been wrong that the primary motivation for most Canadian military exports was "business"; he'd just been wrong that arms trading could ever be simply business in an increasingly globalized world.

Chapter 6: Slouching from Suez

The year 1956 provided an important test for Canadian military export policy and reminded the Liberal government that selling arms carried inherent risks. Since 1950 the trajectory of policy evolution had been towards greater efficiency at the cost of ministerial oversight, a path incentivized by commercial pressure for faster assessments and fewer restraints. Yet this lack of oversight had resulted in the government being blindsided by the scandal in early 1956 over sales of Harvard trainers to Egypt, and squeezed between untenable options over the potential sale of F-86s later in the year. The government therefore reacted with a swift spasm of new controls and restrictions to eliminate any possibility of more embarrassment in the House.

The most pressing requirement was to reintegrate ministers into the permit assessment loop. As T&C official Denis Harvey would later admit, “it was apparent during the discussions [in Parliament]...that one or two Ministers were either ignorant of or had lost sight of the licensing procedure and of the export licences which were outstanding.”¹ Officials therefore spent the first weeks of the House debate in a mad scramble to provide their ministers accurate information on Canadian military exports, and to engage in a certain amount of damage control. However, as soon as the immediate crisis was over, each department also engaged in a reactive tightening of its bureaucratic procedures to prevent similar surprises in the future. T&C promised to extract more accurate timelines from potential military exporters and approve permits only for smaller periods.² Pearson asked his department to update him biweekly on military exports that had been approved but not yet shipped.³ Even DND modified its practice by integrating the Joint

¹ Denis Harvey to G.S. Hall, 17 April 1956, RG20 v.1952, file 20-27 p.2, LAC.

² Denis Harvey to A.E. Ritchie, 3 February 1956, RG25 v.7581, file 11044-40 p.5, LAC.

³ “Memorandum for the Minister: Control of Arms Exports,” 22 February 1956, RG25 v.7581,

Staff Committee back into the consultation loop for controversial military export applications.⁴ Finally, Cabinet approved a policy revision suggested by Pearson which required potential military exports to the Middle East of more than \$2500 to be approved in council by all ministers.⁵ The government, having been caught flying too close to the flame, was intent on recentralizing approval authority at the ministerial level.

None of these changes, however, placed any constraints upon the discretionary flexibility of the government to approve future military exports. The government's self-imposed embargo on military exports to the Middle East lasted only a week (30 January to 6 February) and functioned more as a temporary suspension than an actual prohibition. Even before it was lifted, Cabinet had decided to approve an outstanding sale of 25-pounder ammunition to Israel on the principle (as stated by Pearson) that the government not allow itself to be "driven from a policy which it had been following for ten years."⁶ In response to the public controversy and the deteriorating situation in the Middle East, Pearson and Under-Secretary Jules Léger agreed to continue to delay existing Israeli applications for weapons and ammunition, while releasing small orders of radio parts and technical drawings for River-class frigates.⁷ From this distinction, Léger derived the following general restrictions on military exports to the region:

- A. "No really large shipments of any item should be released for countries in the Middle East"
- B. "Moderate shipments of items clearly intended for repair or maintenance of existing stocks should be released unless there are particular considerations opposing such release"

file 11044-40 p.5, LAC.

⁴ Charles Foulkes, "Export Permits – Department of National Defence: Responsibilities and Procedures," 20 February 1956, RG25 v.7581, file 11044-40 p.5, LAC.

⁵ Cabinet Conclusions, "Export of Arms to the Middle East; Policy," 15 March 1956, RG2 v.5775, LAC.

⁶ Cabinet Conclusions, "Embargo on Shipments of Arms to the Middle East," 3 February 1956, RG2 v.5775, LAC.

⁷ Jules Léger, "Export of Arms to the Middle East," 13 February 1956, in *DCER*, v.22 p.1, 30-32.

C. “Moderate amounts of the few weapons which can be identified as purely defensive should be released, subject again to special considerations which may warrant withholding release in particular cases”

D. “Offensive weapons should not be released”⁸

Remarkably, these restrictions were almost identical on paper to those which EA had been operating under since the first large order to Israel had been approved in 1950. *Once again*, they relied heavily on the categorical ambiguity of phrases such as “really large,” “clearly intended,” and “purely offensive” which had been used historically to obscure significant shifts in policy. *Once again*, they created a loophole which allowed the rubber-stamping of exports intended to “repair and replace” existing stocks, despite evidence that the Israeli government had previously abused this practice to increase its military capabilities. The only meaningful change was that the export of “purely offensive” equipment had again been prohibited, although Léger immediately acknowledged the difficulty of identifying both offensive and defensive equipment in practice.⁹ By September this difficulty would *once again* become a political asset for External Affairs – the press release announcing the sale of 24 F-86 fighters to Israel proclaimed they were “for use in the defence of that country.”¹⁰

It is also important to note that Léger’s restrictions, like the decision to impose mandatory Cabinet oversight on all military exports over \$2500, was geographically limited. External Affairs continued to approve significant orders of military equipment to other regions, even those on the sensitive list, throughout the winter of 1956. On 7 February, for example, only

⁸ Pearson would modify this restriction by writing in the word “purely” before “offensive.”

⁹ As an example of “purely defensive” equipment, Léger was prepared to suggest only “some types of anti-aircraft gun with limited trajectories” and “some landmines.”

¹⁰ External to London, “Release of F86’s to Israel,” 21 September 1956, RG112 v.33172, file 1913-100-85, LAC.

a day after the end of the government embargo, Pearson requested Cabinet approve the transfer of 75 F-86 Sabres to West Germany under Mutual Aid.¹¹ On 23 February Cabinet approved the export of nearly half a million dollars in tank parts to Pakistan – a small portion of the nearly \$3.5 million in Group 8 goods that EA would approve to “Far East” destinations in 1956.¹² Even orders to the Middle East weren’t completely prohibited: in March, the government released Israeli orders of tank parts, electronic equipment, and 25-pounder ammunition it had been holding since the debate, on the condition that Canadian military export policy be reviewed and “brought up to date.”¹³ Clearly, the chilling impulse of the House debate on Canadian military exports was limited in both scope and duration.

The controversy over the sale of F-86 aircraft to Israel later in the year was similarly disconnected from general policy. In this case, the controversy obscured a significant *relaxation* of Canadian export restrictions on military aircraft, which was pursued by the government in parallel with the ongoing public debacle. In March Cabinet had approved the sale of six F-86s to Colombia, only the second such sale to a non-NATO nation, with the hope that it might “stimulate” further sales to other countries and strengthen the growing Canadian aircraft industry.¹⁴ Cabinet had initially been hesitant, but the commercial incentives were simply too appealing.¹⁵ The decision marshalled the usual arguments deployed by Cabinet to justify

¹¹ Cabinet Conclusions, “Mutual Aid Programme 1956-57; Possible Transfer of 75 Sabre V Aircraft to Germany,” RG2 v.5775, file “Jan. 03 – March 1, 1956,” LAC.

¹² The majority of these permits were for exports to India and Pakistan, both of which were on the sensitive list. G.S. Hall, “Export of Military Equipment (Group 8 Items) Licensed during the year 1956,” 28 January 1956, RG20 v.1957, file 20-27 p.2, LAC.

¹³ Cabinet Conclusions, “Export of Arms to the Middle East; Policy,” 15 March 1956, RG2 v.5775, LAC.

¹⁴ Cabinet Conclusions, “Export of Arms; Proposed Sale of Aircraft to Colombia,” 22 March 1956, RG2 v.5775, LAC.

¹⁵ Marchant, “The (Im)Polite World of Diplomacy,” 60-61.

potentially controversial sales that were nonetheless economically desirable. First, Colombia “wished to develop its legitimate defences” in a region “where there was no tension at the moment.”¹⁶ Second, Colombia might turn to other suppliers if Canada rejected the order, negating any possible benefit to world peace. Third, a rejection of the order might lead to accusations of Canadian discrimination in the evaluation of military exports, which would be difficult to explain considering the friendly relationship between Canada and Colombia. At one point it was suggested that a refusal to sell F-86s to Colombia would probably require a refusal to sell any type of military equipment anywhere in South America, a slippery sort of logical fallacy that the ministers, as veterans of uncountable parliamentary debates, probably appreciated.

The Colombia sale created a precedent requiring a clarification of general policy which Pearson was happy to oblige. In July he presented a memo to Cabinet claiming that government reviews of military aircraft export permits were currently biased towards their restriction, especially in regards to fighter jets.¹⁷ The default position of Canadian policy therefore placed the burden of proof upon those arguing *in favour* of specific cases, requiring them to overcome systemic resistance to export approvals. This seemed misguided to Pearson, who argued that the substantial economic benefits of military aircraft exports, coupled with the political realities of an international buyer’s market, required a reversal of the existing onus. In his view, such sales, even to “sensitive” areas, were “desirable” and should be approved unless there were “specific

¹⁶ This was a remarkable statement considering that Colombia was in the midst of a decade-long civil war. Cabinet Conclusions, “Export of Arms; Purchase of F86 Aircraft by Colombia,” 15 March 1956, RG2 v.5775, LAC.

¹⁷ Pearson, “Export of Military Aircraft,” 25 July 1956, in *DCER*, v.22 p.2, 48-49.

and particular objections in individual cases.” This switched the burden of proof to those arguing *against* approving an export permit, who were limited to only three possible objections:

- a. exports “likely to give rise to a significant increase in international or domestic tension, or to lead to an outbreak of violence”
- b. exports that “would appear to threaten the position, domestically or abroad, of a government with which we have friendly relations”
- c. exports involving “over-riding technical difficulties arising from such factors as security”

Pearson’s recommendations, which were approved by Cabinet on 2 August, represent an obvious subordination of Canadian internationalism to blunt commercial considerations. They allowed Canadian officials to ignore previous restrictions that had proven to be specific irritants to military aircraft exports – such as the distinction between offensive and defensive equipment, the restraints on exports to regions of conflict, and the list of “sensitive” areas – and encouraged officials to err on the side of export approval. The three objections were transparently engineered to prevent the formation of categorical distinctions or prohibitions (cumbersome limits on the government’s discretionary flexibility in the past), and to be difficult to prove in the specific and particular way required by the policy. Thus, they were likely to be subjective, conveniently time-sensitive, and easily disputed – and *unlikely* to satisfy Pearson’s reversed onus.

The debate over potential F-86 exports to Israel was therefore an exception to the general trend towards greater flexibility in Canadian military export policy, especially as it applied to military aircraft. Like the January debates, the extraordinary international scrutiny given to the F-86 saga warped the normal operation of Canadian military export policy by greatly increasing Cabinet’s fear of political backlash and public embarrassment, thereby constraining the spectrum of possible outcomes. However, the vast majority of potential military exports reviewed by Canadian officials were not subject to equivalent international attention, which meant they were evaluated according to very different considerations. Therefore, while both military export

controversies of 1956 are useful in establishing the hierarchy of external forces which influenced Canadian military export policy, they obscure the ascendance of internal forces which steadily pushed the system towards further sales.

Interlude

The 1956 House debates had highlighted ambiguities in Canadian military export policy regarding the control of dual-use aircraft, the delegation of approval authority to department officials, the length of time for which an export permit was valid, and the composition of the “sensitive” list of customer countries requiring greater scrutiny. EA, T&C and DND had all implemented partial fixes in the weeks following the resolution of the House debate, but more permanent solutions required formal responses. In February Pearson asked EA to begin reworking the 1954 policy in anticipation of a Cabinet request which arrived in mid-March. At the same time, T&C began reviewing the contents of Group 8 of the ECL to bring it into alignment with COCOM’s updated International Lists. Both departments also began to explore the creation of a permanent reporting system in which T&C would regularly update EA on the status of approved military exports until they departed Canadian territory. Pearson obviously wanted to ensure that he was never again surprised by an inopportune military shipment from a Canadian port, especially one that his department had technically never approved.

The obvious first steps in this inter-connected series of projects were to establish a reporting system for approved military exports and to review Group 8 of the ECL. After several rounds of inter-departmental consultation, an agreement was reached in early March under which EA officials could request periodic updates on export permits issued for “really significant”

equipment or “highly sensitive areas.”¹⁸ EA agreed to respect the bureaucratic burden imposed by such reports by limiting the number of permits which needed to be tracked, while T&C agreed to provide not only the date of customs clearance, but also the exit port, ship name, and actual date of departure.¹⁹ The ensuing reports, which began in late April, became an important departmental resource in the ensuing years.²⁰

EA was also concerned by the tendency within T&C and CCC to creatively interpret requirements for inter-departmental consultation. The most salient example, of course, was T&C’s approval of the export of Harvard Trainers to Egypt in 1955, but that case represented a larger pattern. Only a few weeks after the end of the House debate over the Harvards, EA received copies of an export permit application to ship nearly \$1.4 million in radar trailers, generators, and spares to Pakistan.²¹ The application had originally been submitted by the CCC, which had included a notation claiming that EA had already approved the export. As evidence, it cited a memo sent by A. E. Ritchie in August 1953.

The CCC could probably be forgiven for taking liberties with the application since almost all Pakistani military exports had been approved since the late 1940s. However, both the abnormal size of the application and its context in the winter of 1956 contributed to a stern reaction from EA. Ritchie immediately requested that T&C “make it clear to CCC” that EA

¹⁸ USSEA to Deputy Minister, T&C, “Control of Arms Exports,” 6 March 1956, RG2 v.7581, file 11044-40 p.5, LAC.

¹⁹ Frederick Bull to A.E. Ritchie, “Control of Arms Exports,” 15 March 1956, RG2 v.7581, file 11044-40 p.5, LAC.

²⁰ As one departmental official scrawled on the third report “This sort of thing is beginning to look quite useful...it might be worth bringing this report to the Minister’s attention.” “Report No. 3 – Shipments – Military Equipment,” 28 May 1956, RG2 v.7582, file 11044-I-40, p.1.1, LAC.

²¹ A.E. Ritchie, “Procedures Relating to Arms Export Permits,” 27 February 1956, RG2 v.7581, file 11044-40 p.5, LAC.

approvals were of “limited duration.” In other words, EA expected that any approval issued by the department would result in a permit within a month and would not exceed the duration of a normal permit (one year). It certainly did not approve of the CCC citing a three-year-old memo written in entirely different political and international circumstances to attempt to waive the requirement for inter-departmental consultation.

External Affairs considered these consultation issues important enough to be included in its draft of a new general military export policy to replace the 1954 procedures. Trade and Commerce, however, was more focused on amending Group 8 of the ECL, especially after various officials expressed concern over the status of civilian aircraft, sporting munitions, and other liminal items. In early March, Commodities Branch director Denis Harvey suggested that certain dual-use commodities, like civilian aircraft, be moved into a group other than eight, thereby keeping them under government control without implying they were of military significance.²² Jules Léger had already informed Pearson that he was against such a move, which he correctly understood as a means of removing such goods from inter-departmental consideration involving EA.²³ However, in a subsequent memo, Acting Under-Secretary A. E. Ritchie informed Harvey that EA agreed to the removal from Group 8 of “such aircraft as can be clearly defined as non-military.”²⁴ Ritchie also agreed to modify the ambiguous position of sporting munitions by adding them to another group.²⁵ Of course, the department wanted to still be consulted on shipments of non-military aircraft and sporting munitions to sensitive areas.

²² Denis Harvey, “Export Control List Revision,” 4 March 1956, RG2 v.7581, file 11044-40 p.5, LAC.

²³ Jules Léger, “Control of the Export of Arms,” 27 February 1956, RG2 v.7581, file 11044-40 p.5, LAC.

²⁴ A.E. Ritchie to Denis Harvey, “Export Control List Revision,” 2 May 1956, RG2 v.7581, file 11044-40 p.5.2, LAC.

²⁵ Since 1949 the first item under Group 8 of the ECL had read “Arms, ammunition and

Momentum on the ECL amendment stalled out in the spring because of the increasing controversy over the potential F-86 deal. Unlike most other policy revisions, ECL changes required the passage of an Order-in-Council by Cabinet which would be published in the *Canadian Gazette* and thereby subjected to public scrutiny. This consideration seems to have convinced T&C to delay any amendments pertaining to military equipment and especially military aircraft due to “the return of emergency problems in the Near East.”²⁶ The ECL amendment passed by Cabinet in June 1956 was therefore a disappointment to EA officials, who had to wait until December for the more substantial changes agreed upon by Ritchie.²⁷ In the meantime, EA continued to push a new iteration of Canadian military export policy through the usual gauntlet of ongoing revision and inter-departmental consultation. In late February, Pearson had tasked Léger with rewriting the 1954 document to clarify various ambiguities concerning delegation, ministerial responsibilities, sensitive areas list amendments, and the above-mentioned changes to inter-departmental consultation with T&C.²⁸ As Léger later wrote, the 1954 memo had been concerned with “the protection of strategic supplies and the desirability of ensuring rapid processing of application,” where Pearson now wanted “a somewhat more precise, tight and workable control system.”²⁹ While the loopholes and

munitions of war of all kinds (except arms and ammunition designed solely for sporting purposes).” Order-In-Council P.C. 3595, “Export and Import Permits Act – List of Goods Requiring an Export Permit,” 20 July 1949, *Canada Gazette*, Part II 83:15, LAC.

²⁶ Denis Harvey to USSEA, 8 January 1957, RG20 v.1952, file 20-27 p.2, LAC.

²⁷ Order-in-Council P.C. 1956-1900, “Export Control List, Amended,” 28 June 1956, *Canada Gazette*, Part II 90:13, LAC; D.H.W. Kirkwood, “Control Over the Export of Military Equipment, 14 August 1956, RG25 v.7581, file 11044-40 p.5.2, LAC; Order-in-Council P.C. 1956-1930, “Export Control List,” 28 December 1956, *Canada Gazette*, Part II 91:1, LAC.

²⁸ A.E. Ritchie to D.H.W. Kirkwood, “Arms Export Control Procedure,” 9 March 1956, RG2 v.7581, file 11044-40 p.5, LAC.

²⁹ Jules Léger, “Control of the Export of Arms,” 21 March 1956, RG2 v.7581, file 11044-40 p.5, LAC.

ambiguities in the current system had previously been convenient for the departments involved, they'd now become liabilities with substantial consequences. It was time for the esteemed departmental mandarins to start colouring a little closer to the lines.

If generals always plan for the last war, then EA was certainly drafting policy to prevent the last scandal. The first draft explicitly clarified that Ministers could delegate responsibility for export permit approval within their department but were expected to decide “substantial cases” themselves.³⁰ A one-year limit was imposed on most military export permits, with renewal requiring another inter-departmental consultation process. T&C was given the task of preventing shipment of military goods under previously approved permits in the case of a UN embargo, while EA was made responsible for updating the sensitive list as required. Finally, Pearson set a hard limit of \$50,000 on “combat type equipment” that could be approved to sensitive areas without Cabinet consultation.

EA's policy review, like T&C amendments to Group 8, were forced into stasis during the spring and summer of 1956.³¹ Instead, the various inter-departmental arrangements outlined in the draft were implemented informally. Additionally, Pearson verbally requested that the delegation limits approved in 1954 for the USSEA and the head of the Economic Division be cut in half, minimizing the possibility of another export blunder:

³⁰ “Control Over the Export of Military Equipment,” 22 March 1956, RG20 v.1952, file 20-27 p.2, LAC.

³¹ As A.E. Ritchie wrote in December, “With the Minister’s concurrence...the submission of this memorandum was delayed until the case of the F-86s for Israel should have passed from the Cabinet agenda.” “Control of the Export of Arms,” 14 December 1956, RG2 v.7581, file 11044-40 p.5.2, LAC.

Table 6.1. USSEA Authority to Approve Military Exports by Value and Destination³²

Equipment Type	May 1954 Delegation	Verbal 1956 Delegation
Group 8 Items Intended Solely for Civilian Use	All eligible exports (to non-sensitive destinations)	All eligible exports (regardless of destination)
Group 8 Items Intended for Military Use in Non-Sensitive Areas	Weapons and ammunition up to \$50,000. All other items up to \$100,000	Weapons and ammunition up to \$25,000. All other items up to \$50,000
Group 8 Items Intended for Military Use in Sensitive Areas	Weapons and ammunition up to \$25,000. All other items up to \$50,000	Weapons and ammunition up to \$12,500. All other items up to \$25,000

Both the value limits and the sensitive/non-sensitive designation were, as Ritchie admitted, “somewhat arbitrary.” Yet both had become key issues during the House debates in the winter after the government chose to defend its “restrictive” policies by citing the value of military equipment exported to sensitive areas. Amazingly, the 1954 review had created the sensitive list without establishing any mechanism for adding or removing countries as political circumstances changed. This created both confusion and opportunity for departmental officials, who switched between the formal (yet obsolete) 1954 list and an informal (yet accurate) revised list as convenient.

The disparity between these two lists was not insignificant. The 1956 draft policy included the updated list of 40 countries – which still didn’t include a single Latin American country. When this exclusion was raised by a concerned official within the American Division, Economic responded that several countries in the region were treated like sensitive areas despite not being explicitly on the list.³³ There seems to have been some commercial incentive to exclude Latin American countries given the government’s interest in marketing F-86s and other aircraft to the region. For example, de Havilland was allowed to sell 20 ski-equipped Beaver

³² A.E. Ritchie, “Control of the Export of Arms,” 14 December 1956.

³³ American Division to Economic Division, 16 April 1956, RG2 v.7581, file 11044-40 p.5, LAC

aircraft in 1955 as part of a package that included Canadian training of Argentine pilots.³⁴ Additionally, nearly \$1.3 million in aircraft parts would flow from Canada to South America between 1955 and 1957, including almost \$200,000 to the Argentine military.³⁵ This number does not include the value of the completed F-86 sale to Colombia, or a potential F-86 sale to Argentina which collapsed at the last moment in January 1957.³⁶

Canadian attempts to ignore the political instability and latent conflict in certain parts of Latin America led to some Strangelovian situations. In May 1956, Jules Léger would argue that it was perfectly reasonable for Canada to simultaneously market F-86s to regional rivals Argentina and Brazil since the real danger to both countries was domestic revolution, and fighter planes were “quite useless” to revolutionaries.³⁷ Within a few weeks of the Argentine government violently suppressing an actual revolution in June, EA recommended approval of a shipment of 100 tank engines.³⁸ According to Léger, the order was not related to “recent disturbances,” and constituted “normal replacement” of government holdings. Later in the year, EA approved a request from CAL to quote the government of Nicaragua on 20,000 rounds of .38 ammunition, albeit with some hesitation.³⁹ The country’s president had been assassinated by a .38 bullet only a few weeks before.

Military exports to the Middle East, by contrast, remained strictly controlled due to international scrutiny over the region and steadily increasing conflict. In October, Canada was

³⁴ Marchant, “The (Im)Polite World of Diplomacy,” 56.

³⁵ Marchant, “The (Im)Polite World of Diplomacy,” 68.

³⁶ Marchant, “The (Im)Polite World of Diplomacy,” 67.

³⁷ “Export of F-86s to Argentina and Brazil,” 29 May 1956, RG25 v.4077, file 11044-K-40 p.1, LAC.

³⁸ Jules Léger, “Export of Tank Engines to Argentina,” 26 June 1956, RG25 v.4077, file 11044-K-40 p.1, LAC.

³⁹ A.E. Ritchie to K.J. McLaughlin, 12 October 1956, RG25 v.4077, file 11044-N-40 p.1, LAC.

dragged into a messy arms trafficking dispute after French authorities discovered Canadian-made rifles and mortars aboard a decommissioned Canadian minesweeper bound for North Africa.⁴⁰ Although a subsequent investigation by DND discredited the French findings, the government only narrowly avoided Canada being named in a Security Council report on the incident.⁴¹ Open warfare in the fall finally forced the UN General Assembly to impose an arms embargo on the region in November.⁴² The Canadian government, which had already privately imposed a suspension on all military exports at the end of October, endorsed the embargo.⁴³

The Suez Crisis is often seen as a watershed moment in Canadian foreign policy regarding the Middle East. At least one scholar has written that “the bitter experience” of the F-86 debacle and the Suez Crisis led to a “radical change” in Canadian military export policy to the region.⁴⁴ Hereafter, he continues, Canada maintained a “strictly neutral stance, refusing to sell arms to either Israel or the Arabs.” While there is some truth to this statement, it relies on a feeble definition of “radical,” and a narrow definition of “arms.” In fact, the comprehensive embargo lasted only a few months before more selective controls in Washington, London, and Paris caused a loosening of Canadian restrictions as well.⁴⁵ In December Cabinet began

⁴⁰ Paris Embassy to Ottawa, “SS Athos: Armaments for North African Rebels,” 22 October 1956 & Press Office to Economic Division, “S.S. Athos,” 23 October 1956, RG25 v.7582, file 11044-A-1-40, p.1, LAC.

⁴¹ It was eventually discovered that neither the vessel nor the arms were Canadian-made. UN Delegation to Ottawa, “Algeria,” 8 February 1957, RG25 v.7582, file 11044-A-1-40, p.1, LAC.

⁴² Resolution 997 (ES-1), 2 November 1956, UN General Assembly, Dag Hammarskjöld Library.

⁴³ “Cabinet Decisions – Minutes of October 31, 1956: International Situation; Israeli Invasion of Egypt; United Kingdom and French Ultimatum to Israel and Egypt; Suspension of Arms Shipments to the Middle East,” 8 November 1956, RG25 v.2182, file 50000-B-40 p.15, LAC.

⁴⁴ Michael Oren, “Canada, the Great Powers, and the Middle Eastern Arms Race, 1950-1960,” 300.

⁴⁵ Jules Léger, “Controls on Arms to Middle Eastern Countries,” 3 January 1957, in *DCER*, v.23 p.2, 53-55.

approving the export of “civilian” aircraft and spares to US-controlled companies in the region.⁴⁶ By January Pearson had reopened the pipeline for military export applications to all Middle Eastern countries and continued to categorically prohibit only exports of “weapons, ammunition or implements of war” to Egypt, Israel, or Syria.⁴⁷ This change coincided with T&C’s long-awaited amendment to the ECL removing “civilian” aircraft and parts from Group 8, as well as general commercial pressure to once again reduce delays in export permit evaluations.⁴⁸ While the department continued to restrict Middle East exports more vigorously than it had in previous years, this shift was neither “radical” nor did it constitute a true embargo.

Similarly, the government’s changes to Canadian military export policy in general were also complex and did not create a uniform increase in restrictiveness. While significant authority was returned to the ministers of EA and T&C (and Cabinet) from its previous delegation to non-elected officials, the actual outcomes of the system were only temporarily impacted. Even the review appointed by Pearson quickly evolved to eliminate the possibility of major revisions and instead focused on minor changes at the periphery of Canadian controls. Ironically, this confirmed the fundamental adequacy of Canadian military export control in the minds of departmental officials. While the government understood the need to tweak the rules of the game, it saw no reason to stop playing entirely.

⁴⁶ Cabinet Conclusions, “Export of Aircraft to Libya and Saudi Arabia,” 13 December 1956, RG2 v.5775, PCO.

⁴⁷ Jules Léger, “Controls on Arms to Middle Eastern Countries,” 3 January 1957.

⁴⁸ Exports of such goods would no longer require inter-departmental consultation, even when destined for sensitive areas. This change also removed the specific exclusion of sporting weapons and ammunition from Group 8, and therefore the implication that the Canadian government considered them to potentially be of military use. Denis Harvey to USSEA & Denis Harvey to J.G. MacKinnon, 8 January 1957, RG20 v.1957, file 20-27 p.2, LAC.

By the end of 1956, a certain level of equilibrium had been restored to Canadian military export policy. While the government treated military exports to the Middle East with a greater level of alacrity, it was exploring other markets with renewed interest, especially in South America. Still, an even greater challenge to the established order was on the horizon. After twenty-two years in opposition, the Progressive Conservative party, under the leadership of the fiery orator John G. Diefenbaker, was about to topple the government. The Conservatives had found great success hammering the Liberals over Canadian arms trading in 1956; yet there was no guarantee that righteous anger would translate into a change in policy.

The Diefenbaker Bottleneck

It is no secret that Diefenbaker and External Affairs did not have the same harmonious relationship the department had enjoyed under Pearson. Whether this was the Chief's fault, or that of the "Pearsonalities" in EA is a matter of some debate, but there seems to be enough blame to go around.⁴⁹ Diefenbaker was an orthodox Cold Warrior and anglophile, yet coupled these traditional instincts to a novel commitment to human rights in the domestic and international spheres.⁵⁰ His innate suspicion of both nuclear weapons and the arms trade was encouraged by his second SSEA, Howard Green, and leveraged in pragmatic pursuit of the domestic disarmament movements.⁵¹ Diefenbaker also presided over a difficult period in the bilateral

⁴⁹ Asa McKercher "No, Prime Minister: Revisiting Diefenbaker and the 'Pearsonalities,'" *Canadian Journal of History* 52, no. 2 (Autumn 2017).

⁵⁰ Bothwell, *Alliance and Illusion: Canada and the World, 1945-1984*, 135. Kevin Spooner, "The Diefenbaker Government and Foreign Policy in Africa," in *Reassessing the Rogue Tory: Canadian Foreign Relations in the Diefenbaker Era*, ed. Janice Clavell and Ryan M. Touhey, (Vancouver: UBC Press, 2018).

⁵¹ Michael D. Stevenson, "Sydney Smith, Howard Green, and the Conduct of Canadian Foreign Policy During the Diefenbaker Government, 1957-63" & Nicole Marion, "'I Would Rather Be Right:' Diefenbaker and Canadian Disarmament Movements," in *Reassessing the Rogue Tory*:

American-Canadian relationship which indicated a divergence of foreign policy interests and Cold War perspectives, as well as the difficulties of Diefenbaker's rancorous personality.⁵² Most importantly, Diefenbaker believed in centralizing Canadian foreign policy under his personal control.⁵³ This instinct would have direct consequences for his government's military export policy.

The election of Diefenbaker and the Progressive Conservatives in June 1957 put External Affairs at a crossroads. Most officials within the department had never served under a party other than the Liberals – indeed many had never served under a minister other than Pearson. To make matters more interesting, Diefenbaker had appointed himself Acting SSEA and would continue to serve in the role until the appointment of Sydney Smith in September. The department was therefore obligated to submit military export permit recommendations to a man that, only the previous year, had been one of the most vociferous critics of their policy, principles, and practice. Basil Robinson, then head of the Middle Eastern Division, wrote of a “general frustration” within the department that Diefenbaker was returning it to the dual-hatted days of Mackenzie King.⁵⁴ For his part, Under-Secretary Jules Léger famously wrote that he didn't understand how Diefenbaker's mind worked.⁵⁵

Assistant Under-Secretary John Holmes, by nature of his supervision of the Commonwealth Division, was the first to broach the topic of military exports with the new

Canadian Foreign Relations in the Diefenbaker Era.

⁵² Asa McKercher, *Camelot and Canada: Canadian-American Relations in the Kennedy Era* (New York: Oxford University Press, 2016).

⁵³ Nelson Michaud, "The Prime Minister, PMO, and PCO: Makers of Canadian Foreign Policy?" in *Handbook of Canadian Foreign Policy*, ed. Patrick James, Nelson Michaud, and Marc J. O'Reilly (Lanham [Maryland]: Lexington Books, 2006).

⁵⁴ McKercher, "No, Prime Minister: Revisiting Diefenbaker and the 'Pearsonalities,'" 273.

⁵⁵ Basil Robinson, *Diefenbaker's World: A Populist in Foreign Affairs* (Toronto: University of Toronto Press, 1989), 8.

government.⁵⁶ The department had received an application to export \$10,000 in Harvard aircraft parts to the Indian Ministry of Defence, and Holmes seized the opportunity to provide a test case to the new administration. While the permit could have been approved by Léger under existing authority, Holmes used a lengthy memo to both summarize Canada's military export controls and the department's system of authority delegation. Perhaps naively, Holmes asked the Acting Minister to agree to allowing the department to continue approving military exports under the current system until such time as Diefenbaker and the new Cabinet had reviewed the existing policy.

Diefenbaker had little faith in the current department and little time to review niche considerations like military export policy. Instead, the Acting Minister decided to freeze all applications requiring ministerial approval pending a government review.⁵⁷ Routine requests could still be authorized, but given the change in government and ensuing political uncertainty, many formerly "routine" requests were frozen as well. For example, after being asked by Economic about the possibility of approving two shipments of tank parts to Austria, Léger ordered the division to freeze all shipments to sensitive areas, even those that could previously have been approved at the divisional or Under-Secretary level.⁵⁸ In response, Economic asked if he meant the formal sensitive list of 34 countries decided upon in 1954, or the informal sensitive list maintained by the division of around 12 countries with "real instability or political

⁵⁶ It is not altogether clear who Holmes thought he was addressing, since he refers to the Prime Minister in the third person. J.W. Holmes, "Control of the Export of Arms," 3 July 1957, RG2 v.7581, file 11044-40 p.6, LAC

⁵⁷ L.E. Couillard, "Control of the Export of Arms," 16 July 1957, RG2 v.7581, file 11044-40 p.6, LAC

⁵⁸ L.E. Couillard to USSEA, "Control of the Export of Arms – Sensitive Areas," 22 July 1956, RG2 v.7581, file 11044-40 p.6, LAC.

uncertainty.” If the former, then Léger had already violated his own directive by approving exports to the “sensitive” areas of India, Pakistan, and Japan.⁵⁹

Léger was emphatic that he meant all sensitive areas as defined by the 1954 Cabinet document. However, his response thrust Economic Division into a race to obtain a government decision before the frozen applications caused a commercial backlash. Caught between a potentially hostile SSEA and an increasingly lengthy bureaucratic backlog, EA resurrected the military export policy draft that Pearson had shelved in the spring of 1956. If Cabinet approved such a document, the department reasoned, it would provide a mandate for continuing the Liberal system into the Conservative era virtually unchanged.

The revised draft was circulated to T&C and the Chiefs of Staff in early August, and reflected a distinct uncertainty within the department regarding the experience and comprehension of its new political leadership.⁶⁰ Over four pages of introductory material were added to familiarize the fledgling Cabinet with the mechanics of Canadian military export controls, including the EIPA, COCOM, and the inter-departmental consultative framework.⁶¹ The new material heavily stressed the “universally recognized” right of self-defence as guaranteed by the UN Charter, and therefore framed military exports, especially to Canadian allies and other “friendly” nations, as a responsibility of government.⁶² While an export could still be rejected “if

⁵⁹ Couillard was sheepish on this point: “perhaps we were negligent in not drawing this fact to your attention when we submitted the application to you.”

⁶⁰ As Robinson noted about the 1957 transition: “In recent years the department had known the kind of experienced leadership which made it unnecessary to provide detailed background information or to justify the absence of black and white in the design of recommendations. With the sudden change in management, assumptions about policy that could safely have been made before might be worth nothing in the new environment. Every piece of advice must be tested.” Robinson, *Diefenbaker’s World: A Populist in Foreign Affairs*, 8.

⁶¹ “Draft Memorandum for the Cabinet: Control of the Export of Arms – Policy and Procedures,” 7 August 1957, RG2 v.7581, file 11044-40 p.6, LAC.

⁶² This argument paraphrased Pearson’s speech in the House in January 1956. Once again, the

it should not appear desirable on political or strategic grounds,” these four pages obviously shifted the onus to those arguing against a specific arms deal, rather than those arguing for it.

Not all of the geographic divisions were happy with this articulation of Canadian policy. The European Division’s A. J. Pick remarked that the Canadian responsibility to sell arms for defensive purposes could easily be “over-stressed” and might “lead to a foreign country believing we have an obligation to supply it with military equipment.”⁶³ This would require officials to face the “political embarrassment” of actually evaluating another nation’s “legitimate defensive requirements” in a meaningful way. While Pick’s concern was valid, he seems to have (metaphorically) missed the memo. The Canadian government had never seriously intended to conduct extra-territorial assessments of the end-use or military potential of its exports – in fact it had generally avoided doing so at every opportunity. Pearson had announced this requirement in the House in 1956 not as a meaningful criteria for evaluation, but instead as a useful means of justifying military exports to controversial countries. Yet the F-86 debacle had revealed the “legitimate” defense argument to be a double-edged weapon which, to mix metaphors, the government had narrowly avoided falling upon.

A second draft, distributed later in August, attempted to address Pick’s concerns. It included the following caveat to the Canadian obligation to provide for the Charter-guaranteed “right to self defence” of other states: “Nevertheless it is not suggested that such exports (except perhaps in the case of countries to which we have important defence or political obligations, such

use of the Charter’s self-defence clause (Article 51) as a justification for Canadian military exports is ironic considering that, ten years earlier, EA officials thought that the imminent “regulation of armaments” (Article 11) should preclude Canadian arms sales to other countries.

⁶³ A.J. Pick, “Control of the Export of Arms,” 13 August 1957, RG2 v.7581, file 11044-40 p.6, LAC.

as Commonwealth or NATO members) should be frequent or of great military importance.”⁶⁴

Once again, EA officials had trapped themselves in the Pearsonian paradox of 1956. Canadian military exports could either be (a) an essential UN Charter obligation, or (b) infrequent and of small military importance, but not both at the same time. In fact, the presence of both mutually contradictory arguments in the same document suggests their lack of credibility to department officials.

The new draft also included a revised sensitive area list for Cabinet confirmation. As always, it is difficult to determine what the “sensitive” designation was meant to indicate and which countries were given “sensitive” treatment. The 1954 policy stated military exports permits would “not normally be granted” to sensitive areas, which Pearson (in his speech to the House) had defined as “areas of tension or strife.”⁶⁵ However, this definition resulted in a list that was too varied for EA, which sought a more meaningful and exclusive grouping. As John Holmes (then Acting Under-Secretary) would lament in August 1957, “with lists as large as that which has applied in the past, the edge of such a warning tends to be blunted and shipments to so-called ‘sensitive areas’ to take on [sic] a routine character.”⁶⁶ This had indeed been the case with military exports to several sensitive countries, including India and Pakistan.

The previous grouping worked out in 1956 was also criticized within T&C, which resented the consultative burden of such a large list. Following the crises of 1956, T&C had agreed to a request to solicit EA assessments on all shipments of “civilian” aircraft parts to both

⁶⁴ “Draft Memorandum for Cabinet: Control of the Export of Arms – Policy and Procedures,” 22 August 1957, RG20 v.1952, file 20-27 p.2, LAC.

⁶⁵ C.D. Howe, Minister of Trade and Commerce, “Memorandum to the Cabinet: Control over the Export of Military Equipment,” 21 January 1954, document 55-54, RG2 v.242, file C-20-5, LAC; House of Commons Debates, 24 January 1956, 22 Parliament, 3 session: v.1, p.464.

⁶⁶ J.W. Holmes, “Re: Control of the Export of Arms,” 7 August 1957, RG25 v.7581, file 11044-40 p.6, LAC.

Latin America and countries on the sensitive list.⁶⁷ However, the sheer volume of requests coupled with continuing policy ambiguity had created “extensive delays” in permit evaluations, leading to “serious difficulties” for foreign customers and reputational damage for Canadian aircraft manufacturers. After receiving the new sensitive list in late August, T&C Deputy Minister Mitchell Sharp commented that the “reduction from 40 to 27 countries will help considerably to confine the consideration of export movements to those warranting particular examination.”⁶⁸ In short, the military export policy review originally intended to acclimatize the new Conservative government to *existing* controls was now being repurposed to *loosen* them.

The new sensitive list of 27 countries compiled in August 1957 was based upon another round of consultation with the geographic divisions. Economic had managed to convince the divisions to reduce the list by redefining “sensitive” in a remarkably creative way. While the sensitive and non-sensitive categories informed government policy at multiple points (for example, see *Table 6.1*), most of these distinctions were outlined in informal or peripheral systems. In fact, the only formal distinction between the two in the 1954 policy was a requirement for inter-departmental consultation on Group 8 exports to sensitive countries, even when “apparently intended” for civilian use. This consultation requirement did not apply to non-sensitive countries, but instead was intended to provide some level of corroboration on the end-use of military equipment destined for governments that EA considered either too untrustworthy or incompetent to provide their own assurances. Economic therefore instructed the geographic divisions only to recommend inclusions to the sensitive list where EA had “reason to question the good faith of the importing government or its ability to maintain order.”⁶⁹ This selective

⁶⁷ Denis Harvey to USSEA, 8 January 1957.

⁶⁸ Mitchell Sharp to Rodney Grey, 28 August 1957, RG20 v.1952, file 20-27 p.2, LAC.

⁶⁹ Rodney Grey, “Control of the Export of Arms,” 8 August 1957, RG25 v.7581, file 11044-40,

reinterpretation of the inclusion criteria met Economic's immediate goal of reducing the size of the list, but at a significant cost to the credibility of the list and its use more generally in Canadian military export policy.⁷⁰

Despite this manipulation, the inclusion of 27 countries still seems to indicate somewhat of a compromise. The number is significantly higher than Couillard's assessment in July that only a dozen countries were considered truly "sensitive" by the department, but also a significant reduction from the 40 states on the list drafted by the department in 1956 (in contrast to the 35 approved in 1954).⁷¹ Of course, since EA also continued to use a shadow-list of informal sensitive countries, including many in South America, it is clear that the sensitive list remained an amorphous concept in both purpose and composition. It is also hard to avoid the impression that EA and T&C actively conspired in hollowing out the sensitive list in August 1957 to accomplish bureaucratic and commercial objectives.

p.6, LAC.

⁷⁰ Economic Division's actions are made even more curious by the fact that Pearson had added another reference to the "sensitive" list in the 1956 draft policy. As mentioned above, it stipulated that export applications for more than \$50,000 in "combat type" equipment to sensitive areas normally required Cabinet approval. This usage absolutely required a more expansive definition of "sensitive" than the one proposed by Economic.

⁷¹ L.E. Couillard to USSEA, "Control of the Export of Arms – Sensitive Areas," 22 July 1957.

Table 6.2. Sensitive Areas by List Revision, 1954-1957

Region	1954 List (as passed by Cabinet)	March 1956 List (as proposed by EA)	August 1957 List (as proposed by EA)
American Hemisphere	Guatemala		
Europe	Spain, Germany, Austria, Sweden, Finland, Yugoslavia, Free Territories of Trieste	Spain, Austria, Finland, Yugoslavia	Finland, Yugoslavia
Africa and Middle East	Afghanistan, Iran, Iraq, Saudi Arabia, Syria, Jordan, Lebanon, Israel, Egypt, Tunisia, Morocco, Libya	Afghanistan, Iran, Iraq, Saudi Arabia, Jordan, Lebanon, Syria, Egypt, Libya, Sudan, Ethiopia, Israel, Yemen, Tunisia, Algeria, French Morocco, Spanish Morocco, French West Africa	Algeria, Morocco, Tunisia, Egypt, Israel, Jordan, Saudi Arabia, Sudan, Syria, Yemen
South East Asia and Far East	Japan, Korea, Taiwan, Macao, Philippines, Indo-China, Thailand, Malaysia, Indonesia, Burma, Ceylon, Pakistan, India, Nepal, Hong Kong	Japan, Korea, Taiwan, Macao, Hong Kong, Philippines, New Guinea, Indo-China, Thailand, Malaya, Burma, Indonesia, Ceylon, Pakistan, India, Goa, Nepal, Madagascar	Afghanistan, Burma, Cambodia, Goa, Hong Kong, India, Indonesia, Laos, Macao, Malaya, Pakistan, South Korea, South Vietnam, Taiwan, West New Guinea

The draft policy was finally approved by Cabinet on September 13, after several more rounds of revision.⁷² In many ways, it was a mixed result for the departments involved. The Conservatives had finally provided an explicit mandate for the continued operation of Canadian military export policy, allowing T&C and EA to clear the backlog of applications which had built up over the spring and summer. However, Diefenbaker had demanded the addition of an article requiring T&C to inform the Prime Minister “of any decision relating to the sale of arms before it

⁷² Cabinet Conclusions, “Control of Export of Arms; Policy and Procedures,” 13 September 1957, RG2 v.1893, LAC.

[was] actually implemented.”⁷³ This obligation was less onerous than it would have been before T&C had managed to remove “civilian” aircraft and parts from Group 8 of the ECL in December, yet it created the most significant bottleneck in the system since the days of Mackenzie King. Additionally, the new policy reintroduced inter-departmental consultations on nearly all military exports to countries outside NATO or the Commonwealth (see Figure 6.3). The departments gained a shorter sensitive list and an explicit acknowledgement that approval authority could be delegated to departmental officials but were forced to shoulder a substantially increased bureaucratic burden.

Table 6.3. Military Export Consultation Requirements by Country Group

Country Group		Exceptions	Consultation Requirement	
	Communist Bloc & Countries under UN arms embargos ⁷⁴	Yugoslavia	Exports Prohibited	
	NATO and Commonwealth Countries	Sensitive Areas	Classified	Unclassified
			T&C, EA, DND	T&C
	Sensitive Areas (27 Countries as listed in <i>Table 6.2</i>)	None	T&C, EA, DND	
	All Other Countries	None	Military Use	Non-Military Use
			T&C, EA, DND	T&C
	*Cabinet Consultation required for cases involving “a new question of policy or an important political consideration,” or cases involving the export of more than \$50,000 in “combat type” equipment to sensitive areas.			

⁷³ SSEA, “Memorandum for the Cabinet: Control of the Export of Arms – Policy and Procedures,” September 1957, RG25 v.7581, file 11044-40, p.7, LAC.

⁷⁴ The UN embargo on arms shipments to the Middle East imposed in November 1956 (and quickly violated by Canada and its allies) necessitated a small shift in language on this point. In 1954, the government had bound itself to prohibiting military exports to countries under UN embargos, yet in 1956 the clause was extended to read “as long as the Government considers that embargo to be in force.”

Later in the fall, newly-appointed SSEA Sydney Smith signed a new delegation of approval authority for EA (*Table 6.4*). This new approval structure, combined with the new military export policy, perpetuated the usual definitional ambiguities with several twists. The three categories of military equipment introduced in 1954 (civilian aircraft parts, weapons and ammunition, and dual-use items) had been reduced to two (“combat type” and “other” equipment) by the elimination of civilian aircraft parts from Group 8. The new delegation structure also slightly altered some of the value thresholds in certain categories, but it continued the tradition of allowing substantial variance in approval authority based upon the military capabilities of the recipient and the intended use of the export. Once again, these distinctions were predicated upon the assumption that the government could accurately determine the “combat potential” and end use of an export, and that a meaningful difference existed between “combat type” and “other” military equipment.

Table 6.4. EA Authority Required for Military Exports by Value and Destination (November 1957)⁷⁵

		Approval Authority	
		Head, Economic Division	USSEA or Deputy USSEA
Equipment / Destination	Group 8 Items “Intended for Civilian Use or consumption in the importing country”	Up to \$50,000	Any Value
	Military Equipment* Adding New Combat Potential	Non-Sensitive Areas: Up to \$10,000	Non-Sensitive Areas: Up to \$50,000
		Sensitive Areas: Up to \$5,000	Sensitive Areas: Up to \$25,000

⁷⁵ “Annex: Applications for Arms Export Permits,” 21 October 1957, RG25 v.7581, file 11044-40, p.7, LAC.

	Other Military Equipment**	Non-Sensitive Areas: Up to \$25,000	Non-Sensitive Areas: Up to \$100,000
		Sensitive Areas: Up to \$15,000	Sensitive Areas: Up to \$50,000
	*Weapons, ammunition, fighting vehicles or aircraft **Non-combat items or spares for maintenance of existing equipment		

Based on the government's historical record, all three of these assumptions were profoundly optimistic. Like "defensive" and "offensive" weapons, "combat type" and "other" equipment constituted fluid categories that shifted on a case-by-case basis. Numerous officials within EA had previously admitted that Canada neither had the capacity to evaluate the military potential and end use of an export, nor the capability to enforce guarantees given by the recipient state. However, previous failure is only a deterrent when one actually wants to succeed, and the Canadian government was not terribly interested in "succeeding" at military export restrictions while other countries continued to accrue commercial gains from such exports. Instead, the government continued to approve policy which included requirements that the departments involved could neither fully articulate nor verify. The drawbacks of such policy are perhaps best symbolized by the government's dealings with Levy Auto Parts during the late 1950s, especially regarding military exports to Israel after 1956.

A Tale of Two Tractors

Levy Auto Parts Limited was founded by Lazarus Levy in Weston, Ontario in the 1930s and, by 1950, was Canada's largest auto-wrecking yard.⁷⁶ It also operated as an international

⁷⁶ Grattan Gray, "There's a Billion Dollars Lying Round in Junk," 15 September, 1950, *Maclean's*, 21, 36-37

wholesaler, importing and exporting automotive parts for both civilian and military use. During the first half of the decade, Levy had exported hundreds of thousands of dollars in military vehicle and tank parts to Pakistan, India, Israel, Argentina, and various European countries, under a series of government export permits approved by T&C after consultation with EA and DND. In fact, Levy was so successful in the international market that by the late 1950s India and Pakistan were “almost entirely dependent” on the company for spare parts for tanks and military vehicles.⁷⁷ Branches were opened in the United States, United Kingdom, and Japan, and smaller agencies were set up in other countries.⁷⁸ One CIA assessment reported that Levy “probably had more surplus U.S. tank parts than any U.S. distributor,” and was also “cheaper and quicker” than its American competitors.⁷⁹

Yet the Levy success story had a dark side. As early as 1953, Canadian officials had expressed concern that spare parts from Levy were making their way from European buyers to the Middle East to evade Canadian export restrictions.⁸⁰ This suspicion was borne out in 1956, when a British crackdown on military exports blocked Levy’s attempt to transfer UK-made military vehicle parts and other equipment from its British subsidiary to Toronto.⁸¹ The Canadian Commercial Secretary in London, T. M. Burns, appealed to the British Export Licensing Branch, arguing that Levy was “in good standing” with the Canadian government, and that Ottawa would

⁷⁷ G. Hampson to Economic Division, “Thoughts on Canadian Arms Export Policies,” 13 April 1959, RG25 v.7581, file 11044-40 p.7, LAC.

⁷⁸ Rodney Grey to Economic Division I, “Levy Auto Parts – Action by the United States,” 20 July 1959, RG25 v.7581, file 11044-40 p.7, LAC.

⁷⁹ CIA to State Department, “Levy Auto Parts Company, Limited Toronto, Canada,” 14 April 1958, CIA-RDP63-00084A000200130046-1, Internet Archive

⁸⁰ A.E. Ritchie to European Division, “Export of Military Vehicle Parts to ‘Europe on Wheels,’ Holland,” 18 November 1953, RG25 v.4440, file 50000-40 p.1 LAC.

⁸¹ T.M. Burns to Trade Commissioner Service, Ottawa, “U.K. Export Licensing of Military Vehicle Parts,” 27 July 1956, RG25 v.7581, file 11044-40 p.7, LAC.

provide “prior consultation” regarding the re-export of military equipment of British origin.⁸²

Yet by October, British officials informed Canada House that nearly one thousand tons of spares and equipment had been approved for shipment to Levy’s Toronto office – far more than was needed for the domestic Canadian market.⁸³ Additionally, the company had withdrawn an application to ship tank flails to Canada shortly after an application to ship a roughly similar quantity of flails to Israel had been approved. The evidence was circumstantial, but it appeared Canada was being used as a clearing house for British military spares and parts destined for the Middle East.

Levy also ran afoul of US authorities in a series of incidents which culminated in 1959, after it was implicated in a scheme to avoid COCOM regulations on shipments to East Asia.⁸⁴ The company was placed on the US government’s “Debarred Bidders List” which prevented it from bidding for American military equipment being sold by the government. Worrying that further infractions might provide ammunition for new American export controls, EA scrambled to subject future Levy applications to the “most close scrutiny.”⁸⁵ However, it is difficult to avoid the impression that the department was either consistently incompetent in scrutinizing Levy, or it was reluctant to impose consequences on a large and politically connected Canadian exporter.

As mentioned above, the last portion of an Israeli order for tank parts (to be supplied by Levy) had been temporarily frozen during the House debate in early 1956, before being released

⁸² T.M. Burns to R.L. Elkington, 22 August 1956, RG25 v.7581, file 11044-40 p.5.2, LAC.

⁸³ N.A. Roberts to USSEA, “Export of Military Vehicle Parts and Spares of United Kingdom Origin Consigned to Levy Auto Parts Company Limited, Toronto,” 1 October 1956, RG25 v.7581, file 11044-40 p.5.2, LAC.

⁸⁴ CIA to State Department, “Levy Auto Parts Company, Limited Toronto, Canada,” 14 April 1958; USSEA to JIB, 9 March 1959, RG25 v.7581, file 11044-40, p.7, LAC.

⁸⁵ USSEA to JIB, 9 March 1959.

in March. Further applications from Levy to export both dual-use and military spares to the Israeli market were refused due to the UN embargo imposed in November, although often with the caveat that such shipments might be “reconsidered” if Middle Eastern negotiations “should show real prospects of success.”⁸⁶ This view was based on consultation with the British (who acknowledged that small quantities of tank spares constituted a “reasonable maintenance requirement” which could be approved) and the Americans (who initially held stricter views).⁸⁷ EA officials generally rejected these Levy applications as too large and too explicitly military to pass muster in the months after the Suez crisis.

The string of rejections frustrated the Israelis, who became increasingly creative with their orders. In early 1957, T&C rejected a Levy application to ship \$1 million in spare parts for “commercial type vehicles” to the Israeli Ministry of Defence.⁸⁸ When T&C responded that such a large shipment to the Defence Ministry “could scarcely be regarded as intended for commercial use,” Levy withdrew the application and re-submitted it with the consignee changed to the Israeli Department of Public Works. In the words of Jules Léger, “the whole affair was by this time so patently unsatisfactory that Trade and Commerce rejected the application purely on procedural grounds and without seeking a political judgment from [EA].” The application was also the first of several Levy requests for large, round dollar values which lacked lists of specific parts to be exported. The department consequently began to suspect that the company was seeking a “hunting licence” which the Israeli government would then be invited to fill by choosing items

⁸⁶ Jules Léger to Denis Harvey, “Export of Vehicle Parts to Israel,” 22 January 1957, RG25 v.2182, file 50000-B-40 p.15, LAC.

⁸⁷ Tom Aston to G.G. Riddell, 23 October 1956 & Washington Embassy to External, “USA Export Control on Goods to Israel,” 15 November 1956, RG25 v.2182, file 50000-B-40 p.15, LAC.

⁸⁸ Jules Léger, “Export of Arms to Israel,” 29 March 1957, RG25 v.2182, file 50000-B-40 p.16, LAC.

from Levy holdings. When these applications were denied, Levy submitted several more for “relatively insignificant quantities of spare parts,” or what EA called “test cases” which would be followed by larger requests if approved.⁸⁹ Once again, both the Israelis and Levy were attempting to sound out the parameters of Canada’s military export policy and identify a formula for guaranteeing approvals.

Both parties also engaged in traditional lobbying through substantial contacts with both T&C and EA. The Israeli Embassy in Ottawa frequently consulted EA regarding the outstanding order of Browning machine guns which had been suspended in 1956, as well as other orders as they arose. For example, in late May, Basil Robinson (Middle Eastern Division) reported that the Israeli Charge d’Affaires in Ottawa had asked him whether several recently rejected applications, including one for \$750,000 in Sherman tank parts, might be reconsidered if the consignee was changed from the Ministry of Defence to one “with less military connotation.”⁹⁰ The official claimed that the Israeli Ministry was simply acting as a “central depot” for tank parts being used in a wide variety of civil projects, and the parts would only be diverted to military use if needed. A few weeks earlier, one of the four Levy brothers (the sons of the founder, Lazarus) had called T&C to press for the approval of a permit to export ten tractors and trailers to Israel worth \$100,000, arguing that the dual-use vehicles were commonly used in civil construction.⁹¹ While the manufacturer had declared that the vehicles were built as tank transporters, Levy pointed out that the same model was currently in use on the St. Lawrence Seaway project in Canada. Pearson

⁸⁹ H.B. Robinson to Economic Division, “Export of Truck Spares to Israel,” 26 April 1957, RG25 v.2182, file 50000-B-40 p.16, LAC.

⁹⁰ Middle Eastern Division to Economic Division, “Export of Military Equipment to Israel,” 22 May 1957, RG25 v.2182, file 50000-B-40 p.16, LAC.

⁹¹ L.E. Couillard to USSEA, “Export of Tractors and Trailers to Israel,” 9 May 1957, RG25 v.2182, file 50000-B-40 p.16, LAC.

later approved this export despite the potential military capability, although the larger order of Sherman tank parts remained untouchable.⁹²

Obviously, both the Israelis and Levy Auto Parts were exhibiting a rather fluid interpretation of both consignees and the civil/military divide. Yet EA officials remained, once again, as innocent as doves regarding the claims made by both parties about potential military exports. Levy's next application would request a permit for \$350,000 in "spare parts for civilian vehicles" to the "Government of Israel," despite the attached list consisting of parts for various tanks and self-propelled artillery.⁹³ While the application was quickly withdrawn because of a financing complication, it had already been approved by DND and was awaiting further consultation. Later in the year, an application from Levy for the same amount was submitted with an accompanying statement from the Governor of the Israel Supply Mission in New York. This statement contended that since the spare parts were for civilian vehicles they were not technically under Canadian controls and didn't require an export permit at all, yet the mission was still presenting an application "to prevent any misunderstanding."⁹⁴

This was a blatant attempt to beat the departments at their own game of intentional mis-categorization. Somewhat bemused, T&C forwarded the application to EA's Economic Division to ask for advice. T&C suggested that the spare parts in question could fall under ECL Group 8 (military equipment), Group 9 (goods originating outside of Canada), or Group 5 (spare parts for four-wheel drive vehicles).⁹⁵ It was obviously not to the government's advantage to allow Levy

⁹² Jules Léger, "Proposed Export of Tractor and Trailers to Israel," 13 May 1957, RG25 v.2182, file 50000-B-40 p.16, LAC.

⁹³ Robert P. Rothschild to USSEA, "Export Permit Application – Israel," 10 June 1957, RG25 v.2182, file 50000-B-40 p.16, LAC.

⁹⁴ G.S. Hall, "Export Control," 6 December 1957, RG25 v.2182, file 50000-B-40 p.17, LAC.

⁹⁵ G.S. Hall, "Export Control," 6 December 1957.

to define dual-use items as “civilian,” but officials were also reluctant to explicitly categorize such items as “military” and therefore falling under the UN arms embargo. After some discussion with EA, T&C requested that Levy resubmit the application with a specific list of parts so that they could determine which goods were Group 8 items.⁹⁶ The government had rejected the Israeli premise that tank parts, if intended for civilian use, did not require an export permit, but it was also indicating a desire to approve at least part of the list in question.

Understanding why Canadian officials were so eager to jump into bed with Levy Auto Parts and its Israeli clients, especially considering both were rather obviously operating in bad faith, requires some explanation of the geopolitical changes since November 1956. For more than a year, T&C had expressed continual frustration with EA’s inability to provide prompt decisions on military exports to the Middle East, hinting that Canadian companies were conceding the market to other, less-scrupulous suppliers.⁹⁷ Basil Robinson, of the Middle Eastern Division, was painfully aware that the French specifically were benefitting from Canada’s restraint. In his words:

Assuming France should supply these [military goods] as a result of a Canadian failure to permit export, we would be contributing to the recent and, in some respects, undesirable reliance of the Israeli government on the French connection. In a more general sense, a Canadian failure to supply these items would tend to shift Israeli orders to other countries and we should then have less opportunity for observing Israeli strategic requirements, which are, of course, of considerable interest to us now and for the foreseeable future.⁹⁸

Theoretically, Diefenbaker and the Conservatives were fully committed to the UN embargo of November 1956 asking member states to “refrain from introducing military goods in the area of

⁹⁶ L.E. Couillard, “Export Control,” 10 December 1957, RG25 v.2182, file 50000-B-40 p.17, LAC.

⁹⁷ G.S. Hall, “Export Control,” 6 December 1957.

⁹⁸ H.B. Robinson to Economic Division, “Export of Truck Spares to Israel,” 26 April 1957, RG25 v.2182, file 50000-B-40 p.16, LAC.

hostilities.” In November, St. Laurent had questioned the government on the subject in the House, asking “whether consideration has been given...to the removal of the prohibition on the export of defence equipment from Canada to Israel.”⁹⁹ Sydney Smith had replied by stating that the government position continued to be based upon the UN embargo and Canadian participation in the United Nations Emergency Force in the Sinai, and therefore hadn’t changed.¹⁰⁰ Yet Smith’s answer retroactively interpreted Canada’s prohibition to apply only to “significant military equipment,” a coded acknowledgement that Canada was continuing to sell certain military goods to countries in the Middle East in (potential) violation of the embargo.

This more nuanced position aligned Canadian policy closely with that of London and Washington. EA continued to receive frequent reports on American military exports to the Middle East and was aware the Americans were gradually reopening the flow of munitions into the region.¹⁰¹ Similarly, in September 1957, the UK informed Ottawa that it had begun authorizing the sale of spare parts to Israel for British-built military equipment, with the alleged intention “to maintain Israel’s defensive strength at the existing level.”¹⁰² Smith would later claim in the House that “the Canadian decision to observe the spirit of the UN recommendation [was] not determined by the example of others,” but the reality was that such examples had heavily influenced the Canadian position.¹⁰³

The key question, then, regarding the potential export by Levy Auto of \$350,000 in

⁹⁹ House of Commons Debates, 14 November 1957, 23 Parliament, 1 Session: v.2, 1109.

¹⁰⁰ House of Commons Debates, 19 November 1957, 23 Parliament, 1 Session: v.2, 1280.

¹⁰¹ The Americans had approved the export of \$500,000 in tank and half-track spare parts during the summer of 1957, a decision which presumably weighed heavily on EA’s calculus in the fall. Robert N. Margrave (Office of Munitions Control) to Canada Embassy, 19 September 1957, RG25 v.2182, file 50000-B-40 p.16, LAC.

¹⁰² “Israel’s Order for 600 Browning Machine Guns,” 13 November 1957, RG25 v.2182, file 50000-B-40 p.17, LAC.

¹⁰³ House of Commons Debates, 26 November 1957, 23 Parliament, 1 Session: v.2, 1506.

“civilian” automotive parts, was whether such a transfer constituted “significant military equipment.” It obviously had during the majority of 1957, but by early 1958 American and British policy had Canadian officials making some definitional corrections. In January Smith approved a new application from Levy Auto for \$185,000 in spare parts – one that included a comprehensive list of included goods.¹⁰⁴ While the JIB assessment acknowledged that some of the parts could be used in tanks, it also asserted that “their primary use is probably in the Shervic Tractors which are used by Israel as agricultural equipment.”¹⁰⁵ Jules Léger, who wrote the memo recommending Smith’s approval, argued that “there is no evidence to suggest that these items are for any purpose other than declared.” This was a remarkable conclusion given the track record of both the Israelis and Levy Auto, but also one that conveniently harmonized with the actions of Canada’s allies, the tenacity of the Israeli Embassy, and the political influence of Levy Auto. After all, EA had been notified only three days prior that the British had approved the release of three Meteor jet fighters and three Bofors guns to Israel – a decision which directly contradicted the UN embargo.¹⁰⁶

Having received the good news, Levy immediately filed another application for permission to export 50 Shervic tractors to Israel, a transaction worth \$300,000.¹⁰⁷ The request for another substantial transfer, this time of complete vehicles, created a dilemma within EA. DND expressed “misgivings” over the possibility that the tractors could either be used as a source of spare parts for Israeli armour, or reconverted into actual tanks. Léger’s attempt to

¹⁰⁴ Jules Léger, “Export of Vehicle Spares to Israel,” 6 January 1958 in *DCER*, v.25, 543-544.

¹⁰⁵ Shervic Tractors, JIB explained, were “de-turreted” Sherman, Ram and Grizzly tanks.

¹⁰⁶ The British claimed that the release was an exception rather than a change in policy. UK High Commissioner, “Equipment for Israel,” 3 January 1958, RG25 v.2182, file 50000-B-40 p.17, LAC.

¹⁰⁷ Robert P. Rothschild to USSEA, 30 January 1958, RG25 v.2182, file 50000-B-40 p.17, LAC.

balance these risks with the commercial and political considerations gives some insight into the department's thinking:

The firm, Levy Auto Parts of Toronto, is naturally most anxious to obtain approval for the export; on the basis of past experience with this firm we may expect that a refusal will be followed promptly by representations to officials of this Department and to myself by the firm's legal advisor. Against these considerations must be weighed the misgivings expressed by National Defence, and the fact that if the shipment were to become a matter of public knowledge the vehicles could accurately be described as tanks, demilitarized it is true but capable of being refitted for combat use.¹⁰⁸

Léger eventually advised against the release, but only after warning the Minister that a refusal might lead to political backlash from Levy's supporters (including Members of Parliament) and would most likely lead to the loss of the order to the UK since the British didn't classify Shervics as military equipment. In obedience to the military export policy passed in September, Smith forwarded the memo to Diefenbaker, who settled the issue by rejecting the application.¹⁰⁹

The Israelis took the lesson to heart. Applications for "tank parts" or complete vehicles would be rejected, while applications for "tractor parts" would be approved. Between June 1957 and May 1959 T&C approved almost a million dollars in tractor part exports from Levy to Israel, while rejecting another \$1.5 million in tank parts.¹¹⁰ For a short period after July 1958, T&C no longer even bothered referring applications for tractor part exports to EA, since they had been designated a "non-military" commodity.¹¹¹ The basic reality that Sherman tank parts and Shervic tractor parts were identical seems to have been entirely forgotten by both T&C and EA for nearly

¹⁰⁸ Sydney Smith to PM, "Proposed Export of Shervic Tractors to Israel," 12 February 1958, in *DCER*, v.25, 547-48.

¹⁰⁹ Jules Léger, "Proposed Export of Shervic Tractors to Israel," 12 February 1958, in *DCER*, v.25, 546.

¹¹⁰ This total counts the June 1957 request for \$350,000 in tractor parts as "approved," despite it being withdrawn by Levy before final assessment. N.A. Robertson, "Export of Military Equipment to Israel," 10 September 1959, RG25 v.7581, file 11044-40 p.7, LAC.

¹¹¹ N.A. Robertson, "Export of Military Equipment to Israel," 10 September 1959.

two years, much to the benefit of Levy and the Israelis.

The departmental amnesia was finally shattered in 1959 by three developments. First, as mentioned above, EA was informed that Levy was under American investigation in March. Second, early in 1959, EA “learned” that Israel possessed a tank rebuilding plant capable of converting Shervic tractors back into Sherman tanks.¹¹² Third, in May Levy manipulated Under-Secretary N. A. Robertson into signing an export permit worth \$100,000 under false pretenses, galvanizing the department into rejecting all further applications from the company for exports to Israel.¹¹³

This last development is strange, even under further scrutiny. In March 1959, Levy had applied for a permit to export \$105,230 in Shervic tractor spares to Israel.¹¹⁴ Despite the department being aware of Israel’s conversion facility, the issue was brought to the Prime Minister for decision. Diefenbaker provided an ambiguous recommendation that “he would concur in the issuance of permits” if the Under-Secretary judged it wouldn’t increase tension in the Middle East, but also that, “where possible,” Canada should “not become involved in this sort of arms business.” Yet before the application could be formally approved, Levy approached the department with the news that it had lost the order. Despite this setback, Levy indicated to Robertson that it “would still appreciate receiving a permit which [it] could show the Israeli authorities as evidence of the Company’s good standing with the Canadian government.”¹¹⁵ It is

¹¹² The department had actually been informed of this plant in the spring of 1958, but it had only requested that T&C return “tractor” parts to Group 8 (and therefore inter-departmental assessment) in 1959. Israel Embassy to USSEA, “Arms to the Middle East,” 6 May 1958, RG25 v.2182, file 50000-B-40 p.17, LAC; N.A. Robertson, “Export of Military Equipment to Israel,” 10 September 1959.

¹¹³ N.A. Robertson, “Export of Arms to Israel,” 18 September 1959, RG25 v.7581, file 11044-40 p.7, LAC.

¹¹⁴ N.A. Robertson, “Export of Military Equipment to Israel,” 10 September 1959.

¹¹⁵ N.A. Robertson, “Export of Military Equipment to Israel,” 10 September 1959.

unclear why a permit specifically was needed as evidence, nor why Robertson agreed to issue one, nor why he made it valid for the full \$105,230, but of only two months in duration.

Two months later Levy shocked the department by requesting an extension of its ostensibly symbolic permit, having already used it to export \$60,000 in Shervic tractor spares.¹¹⁶ This time, however, EA refused to be pushed into playing ball. With Smith's agreement, Robertson refused the extension, as well as several other applications for Shervic spares later in the summer. Levy responded by mobilizing significant political pressure from the Israeli Ambassador, members of the Toronto business community, and even the Speaker of the House of Commons.¹¹⁷ The fact that Levy never faced significant consequences for its actions – and indeed continued to receive permits for military exports to other countries – indicates the extent of its political connections and the strength of this pressure.

Ultimately, Levy Auto Parts was one of several companies, including the infamous InterArm Co, which exploited loopholes in Canadian military export policy to engage in grey area arms trading.¹¹⁸ The activities of these firms, which generally included buying and sell foreign-made military goods from Canadian soil, as well as brokering deals between second and third parties, were both politically embarrassing and irrelevant to the Canadian DIB. Cabinet had justified military exports in 1948 as a means of supporting Canadian military producers and subsidizing defence spending, yet the flipping of foreign-made military equipment by private firms did not meet either criteria. Indeed, in 1960, T&C and EA specifically cited the activities

¹¹⁶ N.A. Robertson, "Export of Arms to Israel," 18 September 1959

¹¹⁷ N.A. Robertson, "Export of Arms to Israel," 18 September 1959.

¹¹⁸ For more on InterArm Co., see Anthony Sampson, *The Arms Bazaar* (New York: Viking Press, 1977). For more on the Montreal-based International Firearm Corporation Limited, which transhipped arms being imported into Canada to new destinations, see RG25 v.6608, file 11044-40 p. 4.1, LAC.

of Levy as a reason to increase the restrictiveness of Canadian policy and eliminate brokering.¹¹⁹

The government had little desire to allow Canada to be used as a “base of operations” for international arms dealers, especially considering the risk of blowback from the American State Department.

As far as scandals go, the Levy Tractor debacle wasn’t exactly Iran-Contra. The transfers were small by international standards, and the parts dual-use in nature. Even the Americans weren’t quite sure if Levy was simply an “innocent dupe” in a rough neighborhood, or an active violator of COCOM and state controls.¹²⁰ The company was actually removed from the American “Debarred Bidders List” in July 1959 after discussions with US officials.¹²¹ Yet it is obvious from Canadian records that Levy was a willing accomplice in foreign attempts to violate Canadian export controls. Less than a year later, Canadian intelligence would discover that Levy had brokered a deal to export a large number of tanks from South Africa to an “unspecified destination” in Europe.¹²² In fact, Levy would continue to happily operate in the shady world of arms dealing well into the latter half of the twentieth century, and would facilitate illegal shipments of military equipment to South Africa in the 1970s and 1980s.¹²³

The more important lesson of the Levy saga was the complete inability of EA, T&C, and

¹¹⁹ One reference to Levy on page 2 is redacted in the full file. It can be found in the original in an envelope (T-20-739) within the same box. Denis Harvey to James Roberts, “Export Control of Arms Problem,” 22 March 1960, RG20 v.1952, file 20-27 p.2, LAC.

¹²⁰ Although the CIA did suspect that the number of instances Levy had been a supplier in an illegal transaction “would indicate that they are not entirely unaware of the destinations of their sales.” CIA to State Department, “Levy Auto Parts Company, Limited Toronto, Canada,” 14 April 1958.

¹²¹ Rodney Grey, “Levy Auto Parts – Action by the United States,” 20 July 1959.

¹²² Denis Harvey to James A. Roberts, “Arms Sale Through Interarmco (Canada) Finland/Morocco,” 29 February 1960, RG20 v.1952, file 20-27 p.2, LAC.

¹²³ Joanne Naiman, Joan Bhaba and Guy Wright, “Relations Between Canada and South Africa,” 8 January 1984, United Nations Centre Against Apartheid, *JSTOR Primary Sources*, 17.

DND to meet the fundamental requirements of Canadian military export policy as articulated in September 1957. Canadian policy assumed that Canadian officials could differentiate between “combat type” and “other” equipment, accurately determine the end use of said goods, and evaluate their “combat potential.” Yet all three departments had failed to properly assess the “type” and “end use” of Levy’s “tractor” parts and, therefore, dramatically under-estimated their potential value to the Israeli army. Officials in all three departments had ignored (a) Israeli admissions that the tractor parts had military application, (b) suspicious actions by both the exporter and recipient state, and (c) intelligence suggesting Israel possessed a tank conversion plant. Instead, the carefully calibrated categories of Canadian policy were subordinated to the unverified assurances of Israel’s Ambassador and the Levy Auto Company. As a result, Canadian officials approved the export of nearly \$1 million dollars in military equipment into a “sensitive” region being patrolled by Canadian peacekeeping forces *during* a UN embargo. Such an outcome, at least according to the policy conveyed to the Canadian public, was a complete and unmitigated disaster.

Conclusion

One of the key lessons of this dissertation is that the general principles of Canadian military export policy were established during a dynamic four-year period after the war. However, this period represented an aberration, rather than a norm, in the evolution of Canadian policy. By 1950, three government departments (External Affairs, Trade & Commerce, and National Defence) had developed a pipeline of internal consultation and a series of formal and informal restrictions which would remain largely intact through to the end of the 1950s. Consequently, for nearly a decade, Canadian military export policy would exist in a relatively

stable equilibrium, despite a rotating cast of characters, domestic and international controversies, and rhetorical frameworks.

Yet this equilibrium would seem to contradict another key conclusion of this work: the gradual drift of Canadian policy towards greater support for riskier military exports to an ever-increasing number of customers. If Canadian military export policy remained “stuck” in an equilibrium, why did Canadian military exports show a clear trajectory towards greater flexibility? Additionally, how can this equilibrium be reconciled with watershed crises like those of 1956, which sharply curtailed Canadian military exports to Israel and Egypt? Wouldn’t those reductions indicate a countervailing trajectory towards greater restrictiveness?

To answer these questions is to once again distinguish Canadian military export controls from the restrictions which ostensibly guided the bureaucratic system, as well as to affirm the discretionary flexibility and categorical ambiguity engineered into its practical operation. The system of applications, consultations, and assessments which constituted Canadian controls underwent spasms of revision during the Korean War and after the House debate in the winter of 1956, but then quickly reverted to the mean. Canadian restrictions on sales of “offensive” weapons, or weapons with destabilizing combat potential, or sales to countries in conflict, were applied with similar fluidity. Only in exceptional cases (such as the UN embargo on military exports to the Middle East) were categorical prohibitions implemented, and only once they had been whittled down to the lowest common denominator between Canadian, American, and British practice. In this sense, Canadian policy consistently reverted to an equilibrium that was pragmatic, opportunistic, yet risk-averse. It is best described by a few sentences ripped from the policy directive approved by Cabinet in September 1957:

The major criterion in determining whether a proposed arms export should be approved must be a judgment as to whether or not the political and strategic

consequences will be consistent with Canada's interests...Particularly in the case of items of real military importance to the recipient area, approval of export should require a determination that on balance the transaction would result in substantial advantage to Canada.¹²⁴

Of all the articulations in all the policy documents drafted between 1946 and 1960, it is this paragraph which comes closest to explaining the rather mercenary calculus at the heart of Canadian military export policy. It can, of course, be interpreted more charitably by assuming that the *realpolitik* of "consequences," "interests," and "advantage" also encompasses the traditional ideals and moral principles of Canadian foreign policy. The historical record, however, suggests otherwise. At a foundational level, the Canadian military export system weighed the potential commercial and strategic advantages of military exports against the potential risks of such exports to Canadian interests. The guiding ideals which Pearson had articulated to the public in 1956 were secondary to this paradigm and were generally used to justify export decisions, rather than to make them.

This is why politicians like Pearson, Howe, and even Diefenbaker generally reacted to scandal with temporary reductions in delegation authority, but not by introducing more restrictive criteria. The potential spectrum of decision on any specific application remained stable (and, in fact, somewhat insulated from the consequences of other decisions by systemic reliance on case-by-case analysis). This is not to imply that military export scandals didn't impose a certain chill on departmental decision-making, especially within EA, but instead that this chill dissipated quickly and was generally geographically limited.

¹²⁴ "Draft Memorandum for Cabinet: Control of the Export of Arms – Policy and Procedures," 22 August 1957, RG20 v.1952, file 20-27 p.2, LAC.

Chapter 7: Conflict and Counterfactuals

The Levy tractor saga highlights an interesting disconnect between John Diefenbaker's desire to reduce Canadian participation in the arms trade and the institutional momentum within the departments preserving that participation. In the first two years of the new Progressive Conservative regime, Diefenbaker did impose significant delays on many military export evaluations, especially those destined for the Middle East, and indicated a degree of caution which exceeded that of Pearson and St. Laurent. However, Sydney Smith proved to be a rather ineffectual SSEA whose attention was rarely fixed on military export policy. By the time of his sudden death in office in March 1959, departmental practice had largely rebounded to the equilibrium of the pre-Conservative era. The government routinely exported military sub-components, parts, and dual-use items to both "sensitive" and non-sensitive areas, and approved complete systems and "combat type" equipment when the commercial incentives vastly outweighed the political risks.

Only the Middle East continued to receive enhanced scrutiny from the Conservative government, and even this scrutiny was often diffused by the creativity of department officials in reinterpreting Canadian policy. Just as a tank part could also be a tractor part, an aircraft spare could be either civilian or military at the discretion of the departments involved. While it is not clear that T&C, DND, and EA ever actively conspired to confuse or distract their Conservative masters after 1957, the three departments were obviously not enthusiastic about reducing both Canadian participation in the arms trade and their discretionary authority over military export applications.

Yet both Canada and the world were evolving in ways which supported Diefenbaker's initial assessment that the arms trade was a risky business. Decolonization movements in Africa

and Asia had increased political instability in both regions (at least from the perspective of Canadian politicians) and created new variables in the calculation of Canadian interests.¹ Late in 1958, Fidel Castro had finally overthrown the Batista regime in Cuba, greatly increasing military tension in Central America and catalyzing a Canadian prohibition on exports of “significant amounts of military equipment” into the region.² After 1948, Canadian officers had served as UN observers in Kashmir, Palestine, and along the Suez, Canadian forces had fought in the Korean War, and Canadian officials had served on the International Control Commissions regarding Indo-China. By the summer of 1960, Canadian peacekeepers would also be deployed in Congo as part of a UN effort to facilitate an orderly transition to independence.³ Canadian success in these roles depended upon the contemporary view that Canada “was a disinterested, non-colonial power without military commitments in the region.”⁴ In an increasingly volatile world, with proliferating international and peacekeeping commitments, arms sales endangered this reputation.

The middle of the 1950s had also been difficult for Canadian military producers for economic reasons. National defence spending had peaked in 1952-53 during the Korean War, before dropping off during the rest of the decade.⁵ Spending on mutual aid to NATO allies had also fallen from a peak of \$289 million in 1953-54 to \$118 million in 1957-58, and had proven

¹ Spooner, “The Diefenbaker Government and Foreign Policy in Africa” & Jill Campbell-Miller, Michael Carroll, and Greg Donaghy, “Tilting the Balance: Diefenbaker in Asia, 1957-63,” in *Reassessing the Rogue Tory: Canadian Foreign Relations in the Diefenbaker Era*.

² H.C. Green, “Export of Military Equipment to the Caribbean Area,” 25 November 1959 in *DCER*, v.26, 966-967.

³ For more on Canada’s role in the conflict see Kevin Spooner, *Canada, the Congo Crisis, and UN Peacekeeping, 1960-64* (Vancouver: UBC Press, 2009).

⁴ J. L. Granatstein and D. Bercuson, “Peacekeeping: The Mid-East and Indo-China,” in *Canadian Military History: Selected Readings*, ed. Marc Milner (Toronto: Copp, Clark, Pitman Ltd., 1993), 342.

⁵ Kilford, “The Other Cold War: Canadian Military Assistance in the Developing World,” 60.

(at any level) unsuited to maintaining Canadian production facilities.⁶ In February 1959, the Conservatives had finally cancelled the oft-delayed and over-budget CF-105 (the “Avro Arrow”), effectively ending Canadian pursuit of an autonomous military aircraft production capacity.⁷ Other programs would soon follow.⁸ In fact, the Arrow cancellation was just one sign that Canada was the first NATO partner to experience “structural disarmament,” or the economic inability to continue the independent development of new weapons systems and military production capacity.⁹

Canada was thus faced with both a dramatic reduction in uncontroversial markets for Canadian military goods, as well as a rude awakening from the dream of an autonomous Canadian military industrial complex. In response, the government once again pursued tighter economic integration with the United States, signing the Defence Production Sharing Agreement (DPSA) in 1959.¹⁰ The DPSA removed various obstacles to Canadian military producers bidding on US defence contracts, effectively incorporating Canadian producers into a continent-spanning military industrial complex.¹¹ Put bluntly, the Diefenbaker government had traded the dream of domestic military production for the promise of secure military industrial development as an American sub-contractor.¹² After 1963, the DPSA would also include an amendment obligating

⁶ Kilford, "The Other Cold War: Canadian Military Assistance in the Developing World," 70-71.

⁷ Aaron Plamondon, *The Politics of Procurement: Military Acquisition in Canada and the Sea King Helicopter* (Vancouver: UBC Press, 2010), 27-28.

⁸ The Army equivalent of the Arrow was the “Bobcat,” an amphibious armoured vehicle project initiated in 1954 and abandoned in the early 1960s. Eayrs, *In Defence of Canada: Peacemaking and Deterrence* (Toronto: University of Toronto Press, 1972), 123.

⁹ Edgar and Haglund, *The Canadian Defence Industry in the New Global Environment*, 63-64.

¹⁰ The Minister of Defence Production specifically referenced both NORAD and the Arrow cancellation as major considerations in DPSA negotiations. Regehr, *Making a Killing* (Toronto: McClelland and Stewart, 1975), 75.

¹¹ Edgar and Haglund, *The Canadian Defence Industry in the New Global Environment*, 64.

¹² Regehr, *Making a Killing*, 28-29.

both sides to maintain a “rough long-term balance in reciprocal defence procurement” – a double-edged sword which guaranteed American investment while siphoning Canadian defence spending to American producers.¹³ Canada’s increased defence industrial integration with the US would compromise the government’s positions on arms control and disarmament for decades.¹⁴

Internal departmental changes also played a role. The sudden death of Sydney Smith in March 1959 left EA once again bereft of an elected minister. In June Diefenbaker transferred Howard Green to the portfolio, providing the department with a very different sort of leader than the academic and indecisive Smith. Green was a political veteran and close confidant of Diefenbaker, as well as a former lawyer with strong convictions and a crusade-like fixation on arms control.¹⁵ Ironically, Green symbolized a Conservative Cabinet that was probably more deeply committed to the importance and prestige of the United Nations than its Liberal predecessors – Diefenbaker once told the General Assembly that supporting the UN was the “cornerstone” of Canadian foreign policy.¹⁶ Yet while the new SSEA was an effective and idealistic leader capable of providing clear mandates, he was also a ruthless political operator. C.D. Howe once accused Green of going “around the Parliament buildings with a smirk on his face, a Bible in his hand, and a stiletto up his sleeve.”¹⁷ Coming from Howe, who had wielded his share of political stilettos, this was high praise indeed.

¹³ Edgar and Haglund, *The Canadian Defence Industry in the New Global Environment*, 64.

¹⁴ A.D. Crosby, "The Relations of Economic Integration in the making of Canadian defence policy," 64-65.

¹⁵ Robinson, *Diefenbaker's World: A Populist in Foreign Affairs*, 103.

¹⁶ Adam Chapnick, "The Department of External Affairs and the United Nations Idea, 1943-1965," in *In the National Interest: Canadian Foreign Policy and the Department of Foreign Affairs and International Trade, 1909-2009*, ed. Greg Donaghy and Michael K. Carroll (Calgary: University of Calgary Press, 2011), 93; 95-96.

¹⁷ Stevenson, "Sydney Smith, Howard Green, and the Conduct of Canadian Foreign Policy During the Diefenbaker Government, 1957-63," 256.

Green is most famous for advancing the cause of nuclear disarmament during the crises over NORAD and the BOMARC missiles in the early 1960s.¹⁸ Green, Minister of Defence Douglas Harkness, and Diefenbaker are often portrayed as three points on an ideological triangle which stalemated the issue and eventually brought down the government.¹⁹ Yet Green was also concerned about conventional disarmament, including Canadian participation in the arms trade. Under his supervision, EA would consider substantial new restrictions on Canadian military exports that both acknowledged the changing international and economic environment and seemed intended to gradually remove Canadian producers from the global arms market.

Green had been appointed during an escalating series of controversies regarding Canadian military sales to Latin America. Early in 1959, Liberal MP Paul Martin had risen in the House to ask the government whether jet fighters and “surplus military aircraft” were being sold to various parties, including the Dominican Republic and an American broker by the name of James H. Defuria.²⁰ The questions seemed calculated to mirror those asked of the St. Laurent government in 1956 and created some interest in the press.²¹ Fortunately, EA had rejected the application to export vampire jet fighters to the Dominican, yet (unfortunately) it wasn’t the only potentially embarrassing deal in the works. In February, Economic Division would discover that Canadair’s Vice President had recently toured the “Far East” to drum up business without telling

¹⁸ Often aided by his Under-Secretary Norman Robertson. McKercher, “A Limited Engagement: Diefenbaker, Canada, and Latin America’s Cold War, 1957-63,” in *Reassessing the Rogue Tory: Canadian Foreign Relations in the Diefenbaker Era*, 124; Michael D. Stevenson, “Howard Green, Disarmament, and Canadian-American Defence Relations, 1959-1963,” in *The Nuclear North*, ed. Susan Colbourn and Timothy Andrews Sayle (Vancouver: UBC Press, 2020).

¹⁹ Bothwell, *Alliance and Illusion: Canada and the World, 1945 - 1984*, 169; Sean M. Maloney, *Learning to Love the Bomb: Canada's Nuclear Weapons During the Cold War* (Washington, D.C.: Potomac Books, 2007), 367-68.

²⁰ House of Commons Debates, 26 January & 4 February 1959, 24 Parliament, 2 Session: v.1, 293, 704.

²¹ “Canada Won’t Export Jets for Dominicans,” 27 January 1959, *The Globe and Mail*, ProQuest.

the department.²² Instead, the corporate executive had informed T&C's Trade Commissioners along the tour route, who both facilitated access to foreign officials and lobbied the Prime Minister (who was on a trip to Australia). Economic had also discovered from press reports that Canadair was negotiating the transfer of 75 Sabre jets to Argentina with the help of a "considerable sales effort" from T&C, and that further overtures had been made to Cuba.²³ When asked about the potential sale to Argentina, T&C provided "evasive replies to [EA's] enquiries," prompting Economic to demand that the department be consulted by all corporate missions attempting to sell military equipment to foreign states. It made little sense to EA officials to deny military export applications that had been encouraged and occasionally orchestrated by T&C, especially considering the potential political backlash and public embarrassment.

The unwelcome commercial activities (at least in the eyes of EA) coincided with review of the sensitive area list, which reintroduced several Latin American countries. Haiti, the Dominican Republic, and Cuba were officially added in the early spring.²⁴ However, EA felt even more restrictive regional controls were justified, especially after the US and UK imposed harsher controls on their own military exports in response to conflict between the Dominican Republic, Cuba, and Nicaragua.²⁵ In July, Green used an export application for the Dominican Republic of \$110,000 in Harvard aircraft parts to suggest that Cabinet prohibit the export of "significant amounts" of military equipment to every country in the "Caribbean area" except Colombia.²⁶ The decision was justified by reference to American and British policy, as well as

²² K.W. McLellan to D.V. Lapan, "Sale of Military Equipment Abroad," 6 February 1959, RG25 v.7581, file 11044-40 p.7, LAC.

²³ K.W. McLellan to D.V. Lapan, "Sale of Military Equipment Abroad"; N.A. Robertson, "Export of Military Equipment," 20 February 1959, RG25 v.7581, file 11044-40 p.7, LAC.

²⁴ USSEA to ADM, T&C, 13 April 1959, RG25 v.7581, file 11044-40 p.7, LAC.

²⁵ H.C. Green, "Export of Military Equipment to the Caribbean Area," 25 November 1959.

²⁶ Cabinet Conclusions, "Export of Military Equipment to the Dominican Republic," 30 July

“the great deal of trouble and criticism” Canadian military exports to the Caribbean could potentially cause.

Unlike in the case of previous restrictions on military exports, Cabinet took this prohibition extremely seriously. The minutes of the 30 July meeting reveal that other ministers wished the embargo to be extended to all “sensitive” areas, and were perturbed that Colombia had been inexplicably excluded. Green himself frustrated his department by subsequently interpreting the decision as a “total embargo” on all military exports into the region.²⁷ For example, he later denied a potential sale of \$1,805 in Staghound armoured car spares from Levy Auto to Nicaragua, despite the application being recommended for approval by Under-Secretary Norman Robertson.²⁸ Similarly, an application for the sale of \$180,400 in truck and tank spares from Levy Auto to the Venezuelan military was delayed due to the “doubtful reliability” of the applicant and the possibility of creating a precedent.²⁹ Wrapped up in the discussions over the Venezuela sale was a larger debate over potentially restricting Canadian arms sales to NATO and Commonwealth countries. It was only in late September that Green finally amended his position by admitting to Cabinet that such a restrictive policy “was not the right one and would lead to difficulties with otherwise friendly nations.”³⁰

Even then, other Cabinet members were reluctant to accept the SSEA’s decision, citing

1959, RG2 v.2745, PCO.

²⁷ Ross Campbell to Economic Division, “Export of Military Equipment to the Caribbean,” 11 September 1959, RG25 v.4077, file 11044-N-40 p.1, LAC.

²⁸ N.A. Robertson, “Export of Military Equipment to the Caribbean,” 10 September 1959 & M.A. Crowe to J.G. MacKinnon, 15 September 1959, RG25 v.4077, file 11044-N-40 p.1, LAC.

²⁹ Cabinet Conclusions, “Export of Military Equipment to Venezuela,” 2 September 1959, RG2 volume 2745, LAC.

³⁰ Cabinet Conclusions, “Export of Military Equipment to Venezuela,” 28 September 1959, RG2 v.2745, LAC.

the Conservative party's stand in Parliament in early 1956.³¹ While Green's reversal dealt with the immediate problem by enabling the sale to Venezuela, it failed to solve the contradiction between the position the PC's had taken on military exports when in opposition and the one practiced in government. The sale did not, therefore, lead to a substantial relaxation of Canadian policy. Even after Washington moderated its regional arms embargo in October, Cabinet continued to prohibit basically all military exports to Cuba, Nicaragua, and the Dominican Republic by continuing the policy of refusing applications of "significant amounts" of military equipment to the region.³² This policy caused significant bewilderment within EA, since Cabinet rejections included requests for equipment (such as Beaver aircraft) which T&C classified as civilian, and which had previously been removed from Group 8 of the ECL.³³

This is not to say that the department was uniformly against the possibility of increasing restrictions on military exports. While Economic Division and officials abroad tended to be more mercenary in their pursuit of political influence and economic power, the department's geographic divisions had reason to be wary. In April 1959, even before Green had been appointed as SSEA, the geographic divisions met to review policy options regarding military exports to Indonesia.³⁴ The resulting eight-page summary, written by Commonwealth Division's G. Hampson, seems to have been the result of division officials reading back through the department's 11044-40 file (Export Controls of Arms from Canada to Various Countries) and

³¹ Cabinet Conclusions, "Export of Military Equipment to Venezuela," 28 September 1959.

³² USSEA to Deputy Minister, T&C, "Export of Arms to Caribbean Area," 2 December 1959, RG25 v.7582, file 11044-I-40 p.1.1, LAC; H.C. Green, "Export of Military Equipment to the Caribbean Area," 25 November 1959 in *DCER*.

³³ Ambassador in Cuba to USSEA, "Export of Beaver Aircraft to Cuba," 6 January 1960, in *DCER*, v.26, 968-69.

³⁴ G. Hampson, "Thoughts on Canadian Arms Exports Policies," 13 April 1959, RG25 v.7581, file 11044-40 p.7, LAC.

attempting to draw conclusions from government practice rather than solely from the documents approved by Cabinet. Ironically, Hampson records that the officials almost immediately found issues with the categories of “offensive” and “defensive” weapons, the privileging of Commonwealth customers, and the government’s balancing of political, commercial, and strategic considerations. At one point, he teeters on the edge of accusing his own department of hypocrisy:

One of the difficulties we face is the question of apparently paradoxical decisions. We take, for example, a pretty stiff line on exports to Indonesia, and a comparatively liberal approach towards exports to India and Pakistan. The reason advanced publicly are that India and Pakistan are in the Commonwealth, whereas Indonesia is not. This of course could be argued by the Indonesians who could point out that the Kashmir dispute between India and Pakistan is before the United Nations, and that the Indian sub-continent is as sensitive an area as the East Indies.³⁵

Hampson also recommended that the department reduce the categorical ambiguity of its restrictions by using a lethal/non-lethal dichotomy instead of offensive/defensive to evaluate the military potential of exports. Ultimately, however, he returned to the well-established principle of discretionary flexibility, admitting that “it seems hardly possible to attempt to draft any new general policy about arms exports.” C. Hardy of the American Division would later confirm this decision and the resulting necessity of continued “ad hoc” decision-making.³⁶ Consequently, Hampson’s concerns and suggestions received no further exploration within the department.

The Churchill Challenge

In 1960, Diefenbaker’s Progressive Conservative government would fundamentally challenge the commercial and strategic wisdom of Canadian military exports. In fact, they would

³⁵ G. Hampson, “Thoughts on Canadian Arms Exports Policies,” 13 April 1959.

³⁶ American Division to Commonwealth Division, “Canadian Arms Exports,” 15 May 1959, RG25 v.7581, file 11044-40 p.7, LAC.

come the closest of any Canadian government during the Cold War to reversing the gradual erosion of Canadian military export restrictions and limiting sales to politically uncontroversial destinations. Yet neither Howard Green, nor the department of External Affairs, acted as the primary driver of Cabinet's restrictive impulses during this period. While both provided indications of general dissatisfaction with Canadian military exports, they were quickly overtaken by a larger ideological shift stemming from a surprising source: the Minister of Trade and Commerce. After his appointment to Cabinet in 1957, Gordon Churchill had joined Diefenbaker in periodically expressing interest in re-evaluating Canadian policy and increasing the restrictiveness of departmental practice.³⁷ By spring 1960, both the minister and his Commodities Branch Director, Denis Harvey, were taking a long, hard look at the "real advantages or disadvantages" of Canadian military exports in light of events in Latin America.³⁸ According to Economic Division, Churchill informed his officials that he believed "Canada should get out of the arms export business entirely."³⁹ This position had been influenced by three significant events earlier in the preceding months:

First, Trans-Canada Air Lines had decided to offload most of its piston-driven aircraft fleet by sending one Captain R. E. Hadfield on a sales tour through Europe, the Middle East, Africa, and Southeast Asia.⁴⁰ While the Super Constellation, North Star, and Douglas DC-3

³⁷ It is possible that Churchill, not Green, was the driving force behind the embargo on sales to Central America in 1959, as well as the attempt to restrict Canadian military exports to NATO and certain Commonwealth countries. Unfortunately, the Cabinet Conclusions do not record which specific minister made each argument, and Green does not elaborate on the source of his policy in departmental records.

³⁸ Denis Harvey to USSEA, 25 March 1960.

³⁹ H.D. Burwash, "Cabinet Review of Arms Export Policy and Practice," 6 April 1960, RG25 v.7582, file 11044-I-40 p.1.1, LAC.

⁴⁰ USSEA to SSEA, "Aircraft Sales Promotional Tour by Trans-Canada Airlines Officials," 11 January 1960, RG25 v.7582, file 11044-I-40 p.1.1, LAC.

aircraft were not explicitly military, the question of how much official help to provide, as well as where to sell, had created substantial headaches.⁴¹

Second, T&C had discovered the extent of the brokering being facilitated from Canadian soil by Levy Auto and Interarmco, and was now vigorously advocating to close that loophole in the EIPA.⁴² The department had been outraged to discover, upon checking the address listed as the headquarters of Interarmco Canada Limited, that no actual office existed, nor were there any locatable executives or employees. “It would therefore appear that,” wrote one rueful official, “although this company is registered in Canada, there are no Canadian residents involved.”⁴³

Third, while T&C had become somewhat more restrictive in its sales practices as a response to EA criticism in early 1959, the Crown Assets Disposal Corporation (CADC) had apparently not received the memo. In December, Harvey had discovered a CADC attempt to sell 10 F-86 Sabres to Cuba, a deal which would have obviously been rejected by officials within EA.⁴⁴ The fear that surplus military equipment was being “offered indiscriminately” by CADC to sensitive destinations lit a fire under T&C officials.⁴⁵ In January, Churchill requested (and received) confirmation from the Minister of Defence Production that the CADC would begin stipulating that all sales of surplus military equipment were for disposal within Canada and subject to Canadian military export regulations.⁴⁶

⁴¹ Hadfield was unsuccessful in his task. However, the possibility of selling dual-use aircraft to Poland, Czechoslovakia, or a host of other controversial destinations had set officials in both EA and T&C scrambling. For example, see American Division to Economic Division, “Proposed Sale of TCA Fleet,” 29 January 1960, RG25 v.7582, file 11044-I-40 p.1.1, LAC.

⁴² Denis Harvey, “Memorandum to Cabinet: Control of Trade in Arms,” 1 March 1960, RG20 v.1952, file 20-27 p.2, LAC.

⁴³ G.L. Tighe to USSEA, 10 December 1959, RG25 v.7582, file 11044-I-40 p.1.1, LAC.

⁴⁴ Denis Harvey to James A. Roberts, “Surplus Military Aircraft,” 9 December 1959, RG20 v.1952, file 20-27 p.2, LAC.

⁴⁵ Denis Harvey to James A. Roberts, “Surplus Military Aircraft,” 9 December 1959.

⁴⁶ Raymond O’Hurley to Churchill, 21 January 1960, RG20 v.1952, file 20-27 p.2, LAC.

Together, these three incidents provided context for Churchill's desire for Canada to exit certain aspects of the arms business *with extreme prejudice* in the spring of 1960. In the following months, he would come within a single Cabinet vote of accomplishing his aim, and thereby dramatically redefining Canadian military export policy. The year 1960 therefore stands as a unique aberration in a general Canadian trajectory towards greater involvement in production and sale of military equipment. For all the rhetorical distaste of arms trading expressed by politicians and EA officials alike between 1946 and 1960, it was only the dysfunctional Diefenbaker government which seriously considered packing up shop and going home.

Within T&C, discussions about the future of Canadian military export policy were remarkably candid. In Harvey's opinion, Canadian policy was being interpreted within EA far more loosely than it had had been defined in 1957.⁴⁷ He suggested that the two departments collaborate in drafting a new policy which would limit potential buyers for Canadian military exports to Canada's "allies," and prohibit both the importing of military equipment by private buyers and the sale of surplus Canadian military equipment into the private market.

Harvey's plan would have created the most restrictive military export policy since 1948 – yet events were already outpacing him. Earlier in the year, Churchill had taken the highly irregular step of rejecting a military export application that had already been approved by both the Minister of Defence and the SSEA, setting up a showdown in Cabinet.⁴⁸ The application, for more than \$63,000 in spare vehicle parts for Yugoslavia, was eventually postponed by a Cabinet

⁴⁷ Denis Harvey, "Export Control of Arms Problem," 22 March 1960, RG20 v.1952, file 20-27 p.2, LAC.

⁴⁸ Economic Division, "Review of Export of Arms Policy," 13 April 1960, RG25 v.7582, file 11044-I-40 p.1.1, LAC.

decision on April 1 that also requested a “comprehensive memorandum” on the “whole question” of military exports to countries other than NATO and Commonwealth members. According to EA officials, it was Churchill’s “very strong views” on the subject which had led to the review.⁴⁹ For the fourth time since 1954 Cabinet had requested a formal revision of Canadian military export policy; yet this time it was the minister of T&C, rather than EA, who was leading the charge for more restrictive controls.

Still, it is fairly evident that both Churchill and Green were dragging their departments into a future that neither institution particularly desired. EA officials were quick to note that Churchill had personally rejected several potential sales of military equipment to Israel and Ecuador without consulting them.⁵⁰ They were skeptical as to whether the Minister actually possessed the required authority to overrule his peers in DND and EA.⁵¹ Additionally, many seemed startled when Green used the occasion of the policy review requested by Cabinet to freeze all military export applications except those “automatically approved” to NATO allies and Commonwealth countries.⁵² While neither department disobeyed the ministers in any tangible sense, the flurry of clarifying questions and marginal annotations in policy documents betray a measure of institutional friction.

Some of this resistance was justified. The departments, faced with a greater complexity of cases than such a general prohibition could account for, hastened to establish exceptions to the

⁴⁹ Economic Division, “Cabinet Review of Military Equipment Export Policy and Practice,” 25 April 1960, RG25 v.7582, file 11044-I-40 p.1.1, LAC.

⁵⁰ N.A. Robertson, “Export of Arms,” 12 April 1960.

⁵¹ E. Reynolds, “Review of Export of Arms Policy,” 13 April 1960, RG25 v.7582, file 11044-I-40 p.1.1, LAC, 6-7.

⁵² N.A. Robertson, “Export of Arms,” 12 April 1960, RG25 v.7582, file 11044-I-40 p.1.1, LAC; Ross Campbell to Economic I Division, “Export of Arms,” 19 April 1960, RG25 v.7582, file 11044-I-40 p.1.1, LAC.

rule. Under-Secretary Robertson informed Green that, while the Cabinet decision excluded all Commonwealth countries from the review, certain Commonwealth countries were also on the “sensitive” list, and exports to those countries should continue to be evaluated on the usual case-by-case basis.⁵³ T&C clarified that certain other exports should also continue to be approved, including shipments to NATO commands in non-NATO countries, foreign facilities for Canadian airlines, Canadian forces outside Canada, and (rather curiously) “parts for World War II trucks which are in civil use in Malaya.”⁵⁴ In this way, department officials worked to mediate the severity of the restrictions imposed by their ministers, preserve the discretionary flexibility of the system, and prevent commercial disruption.

Economic Division was the first to truly grapple with the Cabinet request for a policy review, producing a lengthy memo for Robertson on the subject on 12 April.⁵⁵ Ironically, the document used the illogical nature of the existing country and equipment categorizations as a *defence* against further changes, arguing that a more restrictive system would face even greater inconsistencies. If the government were to begin automatically approving military exports to NATO and Commonwealth nations, Economic speculated, it would limit the policy’s flexibility. How could Canada accept applications for sales to the many Commonwealth nations facing unrest (including the politically inflammatory Union of South Africa) while rejecting applications for traditional “allies” outside the Commonwealth, such as Switzerland, Sweden, and Japan? Additionally, if the government accepted these “allies” as valid destinations for Canadian military exports, would that not harm political relations with other states which had previously been acceptable markets for Canadian military equipment goods, such as Venezuela,

⁵³ USSEA to Deputy Minister, T&C, 21 April 1960, RG20 v.1952, file 20-27 p.2, LAC.

⁵⁴ G.M. Schuthe to G.L. Tighe, 21 April 1960, RG20 v.1952, file 20-27 p.2, LAC.

⁵⁵ E. Reynolds, “Review of Export of Arms Policy,” 13 April 1960.

Mexico, and Yugoslavia? Finally, how could greater restrictions be compatible with the noble principle, written into the 1957 review, of the UN guaranteed right of “legitimate governments” to “self-defence” through the purchase of Canadian military equipment?⁵⁶

Economic also took issue with T&C’s suggestion that Canadian military export be limited to Canadian-produced armaments, albeit because of definitional complications rather than the location of manufacture. The department concurred that the policy was “sound,” but only if it included licenced production of foreign designs (such as the F-86) and was buttressed by T&C’s long-awaited change to the EIPA to eliminate brokering. However, the division foresaw difficulty in determining what goods constituted military equipment, and therefore which exports would be restricted under such a provision. In the words of the memo, “helicopters and small aircraft, for instance, are not normally considered as arms, but in certain under-developed parts of the world their importance as armament increases tremendously.”⁵⁷ While Economic admitted that removing much of the global south from the Canadian arms market (via the state restrictions mentioned above) would reduce this dilemma, the problem would not disappear. For example, the memo noted that the newly independent Commonwealth state of Ghana wished to equip its airforce with De Havilland’s Otter aircraft, which were classified in Canada as civilian planes.

Ultimately, Economic’s memo remained a siren song for the status quo, acknowledging the contradictions of present policy only to argue that changes would further aggravate them. All of the old arguments – the UN guarantee of self-defence, the obligation to match allied policy, and the futility of Canadian restrictions without a multilateral disarmament agreement – were

⁵⁶ The last phrase, obviously, was not explicitly in the 1946 UN Charter.

⁵⁷ There is a certain irony to this acknowledgement considering EA’s historical tendency to re-categorize dual-use aircraft as civilian when politically convenient.

trotted out to defend against T&C's sudden and iconoclastic assault. Yet, after three years in power, the ministers were not as easily obfuscated by departmental rhetoric as they had been in 1957. Neither Green nor Churchill surrendered to the pessimism of their officials.

Admittedly, certain aspects of the policy review were welcomed by EA, especially within the geographic divisions.⁵⁸ The accelerating wave of decolonization across Africa and Asia required significant changes to the "sensitive" list, and the review constituted an opportunity for amendment. Economic put out a call on 6 April asking for both additions and deletions from the list.⁵⁹ As usual, it received far more of the former than the latter. The Commonwealth Division requested that all the independent and semi-independent countries of sub-Saharan Africa be added, including Ghana, Liberia, Guinea, Cameroon, Togoland, Nigeria, Mali, Madagascar, and Congo, as well as (potentially) the Union of South Africa.⁶⁰ The American Division's C. Hardy requested that "the whole of the American hemisphere" be added to the list, with the obvious exception of the United States.⁶¹ As Hardy noted:

In fact, within the limited scope of this division, we would be delighted to see Canada get out of the arms export business (with obvious exceptions). The difference in our trade figures for Latin America would be negligible and we would eliminate in one stroke a great potential source of ill will.

Hardy's position undermined that taken by Economic in its April 12 memo, which had argued that continuing arms exports to Latin America was necessary to pursue closer relationships in the region.⁶² However, it also confirmed that the military export controls implemented in 1957, and

⁵⁸ By 1960, these were the Middle East, Far East, Commonwealth, and American Divisions.

⁵⁹ Economic Division, "Cabinet Review of Arms Export Policy and Practice," 6 April 1960, RG25, v.7582, file 11044-I-40 p.1.1, LAC.

⁶⁰ Commonwealth Division to Economic Division, "Cabinet Review of Arms Export Policy and Practice," 19 April 1960, RG25, v.7582, file 11044-I-40 p.1.1, LAC.

⁶¹ C. Hardy to Economic Division, "Arms Export Policy and Practice," 25 April 1960, RG25 v.7582, file 11044-I-40 p.1.1, LAC.

⁶² E. Reynolds, "Review of Export of Arms Policy," 13 April 1960, 4.

those under consideration in 1960, were already converging in practice. If the department implemented the “sensitive” list additions recommended by the geographic divisions, it would essentially mirror the revised categories suggested by T&C: (a) NATO, certain Commonwealth, and allied nations, (b) Communist bloc nations, and (c) a “sensitive” list of basically every other state in the world. In reality, the number of states in the first category was even smaller than it appeared, since the Commonwealth Division itself “easily sent” military exports to only three states in the entire organization.⁶³ Suddenly, Churchill and EA’s respective positions seemed much closer than they had initially appeared, although not yet congruent.⁶⁴

Yet Canadian officials were keenly aware that increasing military export restrictions, especially through the categorical prohibition of entire countries and types of transaction, was much more difficult than relaxing them. Applications for exports to countries outside NATO and the Commonwealth continued to pile up throughout April, putting pressure on both EA and T&C to finish the review and restart the pipeline. At the end of the month, Green actually directed the department to end the suspension and revert to processing applications according to the 1957 policy until he and the Prime Minister returned from a NATO meeting in Istanbul.⁶⁵ This was a strange reprieve for a department which believed it was formulating a policy “which, with the exception of NATO, Commonwealth and a few other countries, would virtually take [Canada] out of the arms export business,” but it was also a telling retreat.⁶⁶ Green and Churchill were

⁶³ Commonwealth Division, “Cabinet Review of Military Equipment Export Policy and Practice,” 26 April 1960, RG25 v.7582, file 11044-I-40 p.1.1, LAC.

⁶⁴ Churchill wished to prohibit all military exports to states other than those in the “a” group, while even a revised 1957 policy would only prohibit exports to “b” group.

⁶⁵ Ross Campbell to USSEA, “Export of Arms,” 27 April 1960 & Acting USSEA to Deputy Minister, T&C, 3 May 1960, RG20 v.1952, file 20-27 p.2, LAC.

⁶⁶ Economic Division, “Cabinet Review of Military Equipment Export Policy and Practice,” 25 April 1960.

obviously not equally committed to the cause of military export restrictions – a vulnerability that could be used by both departments in moderating the new policies.

Negotiations would continue throughout the spring and into the summer, before culminating in a final document on August 10.⁶⁷ In general, the various drafts indicated both a serious attempt to reinvent Canadian military export policy, as well as a rejection of the fundamental justifications advanced three years before. The 1957 policy document had argued, for example, that military exports were essential to Canadian defence, and “mutually advantageous” to Canada and the recipient nation on strategic and economic grounds. However, a draft of the new policy written in May 1960 quotes the salient passages from the 1957 policy before concluding:

The experience gained in over two and a half years of operations under the Directive has shown that the value of permits issued for exports of military equipment to countries other than NATO and ‘non-sensitive’ Commonwealth countries has been in the neighborhood of \$16 million from October 1, 1957 to March 31, 1960. While of benefit to Canadian firms engaged in the arms traffic, this trade has been of no great value to Canada from an industrial or employment point of view. Many of the transactions which took place did not involve Canadian production. It is questionable whether all of the exports made have contributed to stability in the areas receiving the arms. In certain instances there has been a risk that through the export of arms Canada might become involved in a dangerous political and military situation.

The extent of our sales of military equipment may give the appearance of being inconsistent with our advocacy of progress towards disarmament such as in the Ten Power Committee and at the NATO Foreign Ministers’ Meeting at Istanbul...Lastly, the present regulations conceivably allow the charge to be made that Canadian firms are permitted to engage as middlemen in international traffic in arms which are not of Canadian origin. On balance, therefore, it is considered desirable to reduce the export of military equipment to a minimum and to tighten the controls.⁶⁸

⁶⁷ H.C. Green, “Memorandum to Cabinet: Control of the Export of Military Equipment – Policy and Procedures,” 10 August 1960, RG2 v.5937, file C-20-5, LAC.

⁶⁸ External Affairs, “Memorandum to Cabinet: Control of the Export of Military Equipment – Policy and Procedures,” 12 May 1960, RG20 v.1952, file 20-27 p.2, LAC.

Accordingly, the May draft proposed that Canadian military exports “normally be limited to governments of NATO and Commonwealth countries,” and include only “military equipment produced in Canada either on licence or from Canadian design.”⁶⁹ It required inter-departmental consultation for all exports of military and dual-use equipment outside of NATO and the Commonwealth (including “sensitive” areas within the Commonwealth), and eliminated the ability of ministers to delegate responsibility for export approvals to departmental officials. Additionally, it included requirements for a public statement in the House articulating the new policy, as well as quarterly reports on Canadian military exports from the Minister of T&C to Cabinet. While the draft also included several exceptions and loopholes to permit, for example, the sale of surplus foreign-made military equipment by the Services, it promised a much more restrictive policy than that approved in 1957.

The biggest areas of conflict during ensuing negotiations were over the potential sales of dual-use equipment, the necessity of departmental delegation, and the requirement for public statements on military exports to the House. Because most Canadian aircraft and electronics exports had been removed from Group 8 of the ECL in early 1957, they were not technically included in the definition of “arms and military equipment” to which the new policy applied. Instead, the drafters had added a special section concerning “various items of equipment designed and used for civilian purposes which are in ordinary usage by armed services of all countries in peacetime.”⁷⁰ While the sale of dual-use equipment to “highly sensitive” areas or to military organizations still required inter-departmental consultation with the Minister of National

⁶⁹ The draft also included several case-specific exceptions, including the sale of foreign-made surplus equipment from the Canadian armed forces, as well as spare parts for Canadian-made equipment previously sold to a specific country.

⁷⁰ External Affairs, “Memorandum to Cabinet: Control of the Export of Military Equipment – Policy and Procedures,” 22 June 1960, RG20 v.1952, file 20-27 p.3, LAC, 3.

Defence, it seemed to be excluded from the above-mentioned restrictions on “military” equipment (as defined by the ECL). Churchill resented this attempt to side-step his directives and attempted to have this loophole removed.⁷¹

Similarly, both DND and EA were concerned over the removal of the 1957 article explicitly allowing the delegation of approval authority within departments. L.M. Chesley, Assistant Deputy Minister at DND, complained that requiring the personal attention of the minister for military export applications would create “a very heavy workload” since the department received as many as “100 cases” a month.⁷² EA’s Economic Division subsequently requested revisions allowing for “a minimum delegation of responsibilities” by ministers to their officials.⁷³ Facing a united front, T&C backed off what was, according to all previous experience, a rather unreasonable request. “I suspect,” wrote T&C official G. M. Schuthe, “that Ministers themselves will in fact delegate authority as they see fit and, of course, accept responsibility.”⁷⁴ Whatever reduction in application traffic Churchill expected to achieve through the new procedures, it clearly wasn’t enough to tempt EA and T&C to obligate themselves to direct ministerial approval.

The clauses requiring public statements to Parliament were championed by Churchill, who battled with the other ministers for their inclusion through several drafts.⁷⁵ EA was the biggest opponent of any public announcement pertaining to military export policy and finally

⁷¹ Denis Harvey to ADM, T&C, 21 June 1960, RG20 v.1952, file 20-27 p.3, LAC.

⁷² L.M. Chesley to USSEA, “Control of the Export of Military Equipment – Policy and Procedures,” 13 July 1960, RG20 v.1952, file 20-27 p.3, LAC.

⁷³ Economic Division, “Revisions on Draft to Cabinet on the Control of the Export of Military Equipment from Canada – June 22 Version,” July 1960, RG20 v.1952, file 20-27 p.3, LAC.

⁷⁴ G.M. Schuthe to ADM, T&C, 26 July 1960, RG20 v.1952, file 20-27 p.3, LAC.

⁷⁵ Denis Harvey to James A. Roberts, 5 August 1960, RG20 v.1952, file 20-27 p.3, LAC.

succeeded in having the offending articles removed in mid-August.⁷⁶ It seems likely that EA was hesitant to risk exposing Canadian policy discrimination between members of the Commonwealth, especially in regards to South Africa.⁷⁷ This division, however, was more difficult to overcome than the conflicts over dual-use equipment and approval delegation, and bled into the Cabinet discussion in September.

Ultimately, despite the modifications, the final draft constituted a substantial tightening of military export restrictions. It fundamentally altered the Canadian policy equilibrium which had formed after 1949, and assumed a reduction, rather than increase, in the numbers and destinations of future military export applications. While the final product did not “take [Canada] out of the arms export business,” it did attempt to reduce both the marketing and sale of Canadian military goods to the developing world.⁷⁸ Since most of the growth potential for Canadian producers existed in the developing world, the passage of this policy would have fundamentally altered the trajectory of the Canadian DIB.

However, the story of the 1960 policy review was not yet fully spun. At a Cabinet meeting on 15 September, Green finally presented the “comprehensive” memorandum on military export policy which had been requested by Council on April 1 – a delay of more than five months.⁷⁹ During the ensuing debate, ministers expressed concern over the secrecy of the “sensitive” list and the possibility that Canadian officials might be bribed into revealing details

⁷⁶ USSEA to Deputy Ministers, T&C and DND, 10 August 1960, RG20 v.1952, file 20-27 p.3, LAC.

⁷⁷ Cabinet Conclusions, Control of export of military equipment - Policy and procedures,” 14 September 1960, RG2 v.2747, PCO.

⁷⁸ Economic Division, “Cabinet Review of Military Equipment Export Policy and Practice,” 25 April 1960.

⁷⁹ Cabinet Conclusions, “Control of Export of Military Equipment - Policy and Procedures,” 14 September 1960.

about the system to military producers. Ultimately, despite the document having been pre-approved by the Ministers of EA, T&C, and DND, it was rejected by the larger council. Cabinet “noted” the recommendations of the three Ministers but refused to endorse the new policy. Instead, it created a committee of four ministers (EA, T&C, DND, and DDP) “to approve or reject applications received from time to time for permits to export military equipment.”⁸⁰ Suddenly, the last (and best) attempt of the Conservative government to reduce the political liability of military exports was over, leaving a policy vacuum in its wake.

Aftermath

The immediate dilemma created by the Cabinet decision was its ambiguity. The 1957 procedures had been halted in April, then reinstated on a temporary basis at the end of the month, but only under the expectation that they would be quickly replaced by the result of the ongoing review. The Cabinet decision had neither reinstated the old procedures, nor approved the new ones, but instead proposed something entirely different – a four-minister committee. Yet Cabinet had not indicated whether this committee would need to personally approve all military export applications received by T&C, nor what criteria it should use to evaluate said applications, nor whether the categories (including the “sensitive” list) implemented in 1957 were still salient. In other words, after five months of debating and drafting, officials within EA, T&C, and DND had been rewarded with an almost complete lack of operational clarity.

Since T&C had direct responsibility for processing and approving military export permits, they were the first to attempt to triage the situation. On 22 September, Denis Harvey

⁸⁰ Cabinet Conclusions, “Control of Export of Military Equipment - Policy and Procedures,” 14 September 1960.

wrote to T&C Assistant Deputy Minister with a list of questions to be conveyed to Churchill regarding the four-minister committee.⁸¹ These questions – such as how the minister wished to define “military equipment” – had obviously been answered in the rejected memo but were now open to reinterpretation. Strangely enough, so (it seemed) was the Cabinet decision itself. When Harvey asked Robert Bryce, Secretary to the Cabinet, for greater clarity, Bryce responded:

It was not the intention of Cabinet to establish any new course of policy. The concern was with the definition of ‘sensitive areas’ ... we were seeking a change in procedures rather than a change in policy and a tightening up of the controls.⁸²

Bryce’s recollection of Cabinet’s intention cannot really be reconciled with Churchill’s stated intention to remove Canada from the arms business, nor with outcomes of the policy review anticipated by officials within EA and T&C. However, history is written by the victors, and Churchill had decidedly lost the battle to create meaningful policy change on the military export front. He would be transferred to Veterans Affairs early in October, replaced by the more practical (and therefore amenable) George Hees. Ironically, one of his last acts would be to ask Douglas Harkness to reconsider his department’s rejection of the export of dual-use goods to countries including Burma, Colombia, Iran, and Venezuela, because of the “possible consequences” on “the business position of Canadian manufacturers.”⁸³

At the end of September, T&C circulated a memorandum to EA, DND, and DDP laying out a rudimentary set of procedures for controlling military exports which officials believed could be quickly and easily accepted by all departments.⁸⁴ Unlike the 11-page document rejected by Cabinet, the new policy was only two pages long and provided almost complete discretionary

⁸¹ Denis Harvey to ADM, 22 September 1960, RG20 v.1952, file 20-27 p.3, LAC.

⁸² Denis Harvey to James A. Roberts, 27 September 1960, RG20 v.1952, file 20-27 p.3, LAC.

⁸³ Gordon Churchill to Douglas Harkness, 11 October 1960, RG20 v.1952, file 20-27 p.3, LAC.

⁸⁴ “Memorandum: Control of the Export of Arms – Procedures,” 28 September 1960, RG20 v.1952, file 20-27 p.3, LAC.

flexibility for the departments involved. References to the “sensitive” list, Canadian-produced equipment, periodic reports to Cabinet, and brokering restrictions, had all been removed. The document was quickly accepted by all parties.

Still, just as in 1954 and 1957, policy in paper did not directly translate to policy in practice. EA and DND actually continued to impose more rigorous restrictions on military export applications for some time due to the “new thinking” on arms export control policy introduced earlier in 1960.⁸⁵ In the summer of 1962, T&C officials claimed that the procedures following in the previous two years were “virtually the same as those approved by Cabinet in 1957,” albeit with some exceptions.⁸⁶ The failure of the 1960 review, therefore, did not result in a bonanza of broken restrictions and blockbuster deals, but instead a return to policy equilibrium.

Yet in other ways the result was not so comforting. The four-minister committee created by Cabinet never officially met.⁸⁷ Department officials quickly decided that Cabinet had not intended to require committee approval for all military export applications and instead delegated authority back to the individual ministers, who agreed to consult each other only in rare and exceptional cases.⁸⁸ In fact, the only lasting consequence of the Cabinet decision was the inclusion of the Minister of Defence Production into the military export control pipeline – largely as a counter-balance to the SSEA. By 1962, T&C would implement a parallel process in which DDP and EA were consulted simultaneously, and DDP concerns over the maintenance of the

⁸⁵ Denis Harvey to James Roberts, “Application for Export Permit – Levy Auto Parts Company: 40 Military Rec 2.5 Ton Trucks to Venezuela,” 26 September 1960, RG20 v.1952, file 20-27 p.3, LAC.

⁸⁶ “Memorandum: Control of the Export of Arms, Military Equipment and Dual-Purpose Items,” 11 October 1962, RG20 v.1952, file 20-27 p.3, LAC.

⁸⁷ “Memorandum: Control of the Export of Arms, Military Equipment and Dual-Purpose Items,” 11 October 1962.

⁸⁸ “Memorandum: Control of the Export of Arms – Procedures,” 28 September 1960.

“Canadian defence production base” would be used to offset EA’s strategic and political considerations.⁸⁹ The fact that the Canadian DIB was increasingly filling American defence requirements, not Canadian ones, undermined the foundational premise of this argument but was largely ignored by all parties. By the time the Liberals would return to power in April 1963, they would inherit a military export pipeline which was actively reducing restrictions, especially on aerospace and electronics products, in support of the commercial interests of Canadian military producers. Never again would a Canadian government come so close to exiting the arms trade.

⁸⁹ W.H. Huck to Denis Harvey, 31 July 1962, RG20 v.1952, file 20-27 p.3, LAC.

Conclusion: The “Golden Age” of Military Export Policy?

Once upon a time, it was argued that post-war Canadian foreign policy constituted a golden age of Pearsonian internationalism, middle power diplomacy, and competent and creative functionalism. This narrative, symbolized by Canadian initiatives during the Suez Crisis, explained Canada’s investment in multilateral institutions as a means of balancing American hegemony and preventing a breakdown in superpower relations. Canada, in this story, was given a unique and noble role enabled by its farsighted commitment to pragmatic idealism on the global stage.

Historians have spent several decades pouring broadsides into this narrative, which is now more of a sinking anachronism than a unifying myth.¹ However, it remains true that post-war Canada was more influential economically and politically, more important strategically, and more prominent in international forums than at any other point in Canadian history. Canadian military exports were similarly more important on the global stage, especially between 1946 and 1956. Among Canada’s post-war “functions” were the roles of producer for the American military industrial complex, contributor to the rearmament of western Europe, and alternative supplier for developing countries seeking more arms, or fewer strings attached, than they could obtain in Washington or London.

There is no golden age sheen on Canada’s participation in the arms trade. For most of the post-war period, Canadian military export decisions were relentlessly pragmatic, confusingly inconsistent, and overwhelmingly influenced by American policies. Canadian policymakers

¹ Adam Chapnick, “The Golden Age: A Canadian Foreign Policy Paradox,” *International Journal* 64:1 (Winter 2008).

stumbled their way into the arms trade through a series of ambiguous Cabinet decisions which were retroactively interpreted by departmental officials according to their own needs. The system was reviewed and revised almost annually between 1946 and 1951, and consistently struggled to process and surveil an accelerating number of military export applications. Indeed, between 1946 and 1949, Canadian policy evolved so dramatically that it constituted the biggest erosion of military export restraint during the Cold War period. Within the three departments regularly consulted on potentially sensitive military export deals – External Affairs, Trade & Commerce, and National Defence – a rotating series of ambiguous and unenforceable restrictions were used to justify Canada's transition into an arms merchant and entrance into new markets. It is therefore tempting to understand the Canadian approach to military exports in this period as a series of reactive expedients rather than a coherent policy adhering to clearly articulated principles and long-term goals.

However, succumbing to this temptation would obscure the fact that Canadian military export policy evolved in reaction to three key external forces. Perhaps because of these forces, it was intentionally limited in its evolution by three internal practices. Together, these forces and practices expose an underlying structure to Canadian policy that remained relatively consistent between 1946 and 1960.

First, the integration of Canadian and American military industrial production during the Second World War handcuffed Canadian military export policy to its American counterpart. Washington, not Ottawa, would increasingly decide where Canadian military exports could be sold, and which military and strategic goods would be controlled by Canadian legislation. This influence is reflected both in the timing and nature of Canadian EIPA revisions, as well as its religious consultations with the US State Department. Both Canadian military producers and

policymakers leaned into the bargain as the years progressed and the global arms market became more competitive. In 1958, the Defence Production Sharing Agreement would accelerate the trajectory of this transformation – incentivizing the Canadian DIB to become a producer of parts and sub-components for its American counterpart, and therefore largely dependent on American, rather than Canadian, military procurement requirements.

This evolution undermined the original mandate used to justify military exports from current production in 1948, which had sought to link arms sales to the development of specific capacities in the Canadian DIB. Instead, the mandate quickly widened to include general strategic and commercial justifications corresponding to Canadian rearmament and NATO obligations during the Korean War. While still draped in the discourses of military industrial preparation, Canadian export controls after 1954 were increasingly shaped by the necessities of competing in the commercial arms market. By the late 1950s, the government was shuttering programs directly tied to Canadian military requirements (like the AVRO Arrow), yet approving transfers from companies like Levy Auto which were neither manufactured in Canada nor contributed to the Canadian DIB. While some complete systems were both produced and used in Canada (like LAVs later in the century), Canadian military production was increasingly viewed as an economic tool with convenient military industrial application. Arms trading, as C. D. Howe might have said, was simply business.

Second, Canada was competing with other military suppliers who also perceived of military exports as a source of economic capital that both improved the balance of trade and subsidized the production of essential materials for national defence. The government was therefore reluctant to reject export applications if the same sale might be subsequently approved by one of Canada's allies. In fact, the perception that Canada was in competition over a sale with

another NATO partner usually resulted in a speedy approval of the required permit. Officials learned to take US and UK opinions on potential Canadian arms transfers with a grain of salt, and to play one against the other. This commercial jealousy within the system acted as a brake on Canadian restraints, dragging them towards the lowest common denominator among the western powers.

Third, Canadian policymakers were particularly fearful of the public backlash and political complications which could result from military exports, especially given Canada's privileged position at the UN. The risk of being labelled a "merchant of death," or accused of war profiteering, played a significant role in official discussions at the departmental and Cabinet levels. This is why, for example, Cabinet refused to allow Canadian military equipment to be shipped directly to Dutch-occupied Indonesia, or French colonial Indochina, but approved substantial exports to South America, Pakistan, and India. Early incidents of public outcry, especially surrounding Canadian arms shipments to Nationalist China, forced ministers and officials to develop systems and strategies for managing public opinion. Yet while Canadians tended to disapprove of arms trading in *general*, they mounted *specific* resistance to only a handful of the exports approved by the Canadian government during the period.

Officials therefore came to see such resistance as a public relations problem to be managed, rather than an indication that the government was overstepping its mandate. They quickly learned that both domestic and international audiences cared far more about arms sales to certain areas than to others and were generally far less concerned about transfers of spare parts and support equipment than jet fighters and munitions. The evolution of the Canadian DIB towards sub-systems and spare parts helped *expand* Canadian participation in the arms market by decreasing the risk of controversy and providing plausible "dual-use" justifications. Additionally,

the cycle of public interest was generally short, meaning that officials could often avoid controversy by simply deferring contracts or declaring temporary embargos rather than cancelling sales outright.

In other words, the fundamental objective of Canadian military export policy was to mirror its American equivalent specifically, and other allied export policies generally. This alignment accomplished four related purposes: maintaining western solidarity and multilateral agreements regarding military exports; using collective action to diffuse the reputational risks of arms dealing; maintaining privileged Canadian access to the American military industrial complex; and allowing Canadian military producers to compete equally in the global market. Canadian policy needed to remain flexible and reactive enough to exploit new commercial opportunities in the developing world, yet risk-averse enough to allow the US (and UK) to bear the backlash of opening those markets to western military suppliers.

Admittedly, the Canadian system did not always acquiesce to the wishes of the State Department in Washington. The American (and British) tendency to forget to inform their Canadian counterparts of changes in military export policy frustrated Ottawa, which suspected its allies were using export consultations to discourage Canadian competition. These affronts to Canadian commercial interests motivated a few rare cases of policy independence in which certain limited exports were approved despite American and British criticism. In other cases, such as the F-86 debacle in 1956, Canadian officials were pressured to deviate from American policy by Washington itself as a convenient political subterfuge. Yet this sort of responsibility was only reluctantly borne and quickly discarded. In general, Canadian policymakers preferred to cite alliance commitments as justifications for the approval or denial of specific exports, while also claiming that Canadian sales had little impact on the military potential of the recipient and

the regional balance of power. The “Pearsonian paradox” was used throughout the Cold War to provide essentially commercial transactions with a strategic veneer.

Perhaps the most fascinating aspect of Canadian military export policy during the 1945-1960 period is how it obscured a fundamental transformation in Canadian arms sales. Nearly every mechanism, restriction, control, and procedure incorporated in the Canadian military export system was engineered to be flexible, and many (like the “sensitive” list) became a tool of public propaganda and bureaucratic deception. There are three specific practices that were used throughout the period to cultivate policy ambiguity within the government and deflect external scrutiny as necessary.

First, it is hard to overestimate the fundamentally reactive nature of government decision-making regarding military exports. Throughout the 1940s, Cabinet continually resisted pleas from Canadian officials for a comprehensive military export policy, instead preferring to decide cases according to the requirements of the moment. The sale of several hundred Mosquito bombers to China in 1947, for example, was an obvious violation of Canadian policy that Cabinet approved because of the immediate economic benefits. Such sales became precedents that, in the absence of clear policy directives, justified further relaxation of Canadian restrictions. This trend was magnified by the nature of Canadian controls, which required export permit applications to be reviewed on a case-by-case basis rather than collectively. Reactive policymaking allowed the government to evade the larger implications of Canadian arms dealing, as well as the larger trajectory of Canadian policy, and focus on benefits and risks of specific sales. Since the risks at a case level were often more intangible than the benefits, this created a general incentive to approve military export applications. In other words, the drift in Canadian military export policy was not the result of an intentional government plan or pivot, but instead

the product of a system which allowed case-specific decisions, often in reaction to contemporary events, to substitute for general policy.

Viewing military export policy as an expedient means of achieving immediate goals imposed costs upon the system. In both 1946 and 1960, EA was left hanging in the wind by Cabinet directives that failed to answer key questions. In both cases, the decisions were “interpreted” by other officials in surprising ways. Between 1949 and 1954, the departments involved operated somewhat outside of Cabinet authority, or under temporary authority long expired, depending on the angle. Operating in this ambiguous policy environment suited EA in some ways, since it allowed the department to delegate authority to the division level and streamline certain portions of the system. In other ways, it created significant risk. Balls were dropped, applications lost or misdirected, and exports approved without the appropriate signatures. EA, DDP, and T&C would engage in an ongoing turf war over export control authority which would spread to embassy attachés overseas. Eventually, Pearson would face the consequences of this system in the House in 1956 when he was called upon to answer for arms sales neither he nor his department had approved.

Second, Canadian policy included a structural delineation between export *controls* and export *restrictions*. The former represented the scope and structure of the bureaucratic system to manage exports; the latter were the criteria by which specific exports were deemed contrary to the national interest. The series of amendments to Canadian military export policy during the post-war period tended to focus on the structure of export controls while leaving the restrictions only ambiguously defined. Commercial pressure from military producers and (after 1951) the Department of Defence Production incentivized continuous improvements to export controls. In response, officials poured significant time and effort into the creation of reporting and

consultation structures to ensure that export applications were processed efficiently and approved by the appropriate authorities.

Various scandals also catalyzed bureaucratic changes. For example, in the spring of 1956, T&C and EA began collaborating to ensure that both departments knew exactly when military shipments left Canadian ports, a difficult and time-intensive task in an analog world. Yet the department faced little comparable pressure to define policy restrictions and instead relied upon external stimuli. For example, both the ECL and the Canadian prohibition on military exports to communist bloc countries were exceptions to the general ambiguity of Canadian restrictions because they were basically imposed by Washington. Similarly, Canadian prohibitions on arms exports to various regions were generally reactions to American or British policy – independent Canadian actions (such as banning exports to the Middle East in 1956) were usually aimed at a domestic audience and quickly abandoned.

The liberalization of Canadian export restrictions between 1946 and 1949, like the tendency to enforce greater restraint between 1957 and 1960, is therefore difficult to attribute to specific policy changes regarding general controls or restrictions. After all, the Cabinet decision in 1946 that opened the door to Canadian arms sales beyond the British and American markets was framed as a continuation of existing practice since the previous restrictions were a matter of convention rather than formal policy. The basic control mechanism of the Canadian system – government review of all military export applications – was restructured multiple times in the ensuing decade, yet the restrictions governing those reviews was never explicitly specified.² The EIPA, introduced in 1947, amended in 1948, and reworked in 1954, provided the legislative

² The addition of the “politically sensitive” list in 1954, for example, failed to impose any actual restrictions on exports to countries on the list. Its main purpose was to remove the requirement for interdepartmental consultations on exports to countries not on the list.

foundation for economic warfare with the Soviet Union. It increased the spectrum of government controls and authority, while adding and subtracting items from the lists of military and strategic equipment requiring review. It did not, however, indicate how that authority should be used to control military exports to non-communist destinations.

The 1948 Cabinet decision permitting the sale of military equipment from current production can be considered a smoking gun because it mandated the creation of a DIB fueled by military exports. Yet the 1948 decision implemented restrictions on both production and customers that were clearly violated by the early 1950s. At that point, Canada's military export system achieved a strange equilibrium that would be challenged, but not broken, only at the end of the decade. The spasmodic restrictions of 1956 were regional in nature and temporary in duration, although they signaled the increasing reputational risk of selling arms to the Middle East. The most aggressive formal restriction of the period was imposed in 1957, when Diefenbaker demanded that he personally approve every military export permit. Still, this was only an imposition of greater scrutiny, not greater restraint. Green and Churchill imposed temporary embargos on military exports to specific regions or country groups, but their advocacy never resulted in a formal Cabinet directive. Ultimately, the increasingly complex systems used by Canadian officials to regulate military exports in the post-war decade never truly restricted the discretionary flexibility of Canadian policymakers to approve or reject individual exports. It was this flexibility at the case level which allowed Canada to reshape the trajectory of government reviews without explicitly changing government policy

Third, the internal criteria (or restrictions) by which Canadian officials evaluated military export applications tended to be subjective, ill-defined, and subordinated to the three above-mentioned external forces. In practice, they were treated as flexible guidelines to be reinterpreted

or ignored in reaction to case-specific necessities. Much of the hypocrisy evident in Canadian military export policy during the period is the result of a tendency to emphasize these restrictions in statements to the public, while minimizing their importance during actual case reviews.

There were four main restrictive frameworks which contributed to Canadian military export restraint in the post-war decade. First, the Canadian government decided, in accordance with the UN Charter, that the international arms trade needed to be limited to the minimum requirements necessary for each nation's defence. After the UN Security Council failed to fulfill its Article 26 obligation to establish "a system for the regulation of armaments," the Canadian government assumed the responsibility, in consultation with its allies, of deciding if a potential sale exceeded the legitimate defence requirements of the customer. Second, the government decided that military equipment was a uniquely sensitive export commodity which could only be sold to other governments after high-level review – provided the sale and end-use of the equipment was in the national interest. Third, the government wished to avoid selling military equipment to countries in conflict, in imminent danger of conflict, or under UN embargo because of the reputational risks. Fourth, the government recognized the existence of different categories of military and strategic goods, and acknowledged that some of these categories, like offensive weapons, required greater levels of export restraint.

In practice, these restrictive frameworks were often appropriated by Canadian officials as *justifications* for specific military export deals, often through the construction of simplistic binaries. By classifying Canadian military equipment as either "x" or "not x", officials could claim to be maintaining an important policy restriction while significantly limiting the pool of potential Canadian exports to which it applied. This dichotomous nature of these categories

created further opportunities for abuse by both obscuring their fundamental subjectivity and eliminating the complexity of marginal cases.

For example, Canadian sales of demilitarized and dual-use equipment in the immediate post-war years were enabled by the fact that the Canadian categories for military equipment and non-military equipment were mutually exclusive. Demilitarized frigates and Catalina aircraft, simply because they failed to meet the various criteria required of military equipment, were deemed non-military equipment by default. This definitional wizardry allowed the government to exclude these goods from the requirements of Canadian military export policy, expediting their transfer to dictatorships in Latin America.

Although American pressure forced the government to add many dual-use items, including all aircraft and aircraft parts, to the ECL in 1947, officials continued to treat them as a special case. Since aircraft and aircraft parts sales constituted a significant portion of total Canadian military exports between 1946 and 1960, there are numerous examples of inconsistency.³ Trainer aircraft were sold through a UN arms embargo to Egypt in 1948, yet treated as military equipment when sold to the Chinese Nationalists the following year. From 1949 onward, delegation structures within EA allowed officials to approve greater quantities of aircraft and aircraft parts (including the ambiguous category of “civilian” parts) than any other military export. Canadian-made aircraft were often justified within the department as essentially civilian goods, yet marketed to potential buyers for both their civilian and military uses. The government would eventually run into trouble for selling Harvard trainers to Egypt in 1955

³ It is important to note that the evolution of aviation technologies during this period created an increasingly obvious distinction between military and civilian aircraft in the developed world. However, this distinction continued to hold less validity in the developing world due to the scarcity of jet aircraft.

despite Pearson's attempts to depict the planes as essentially non-military. However, the government would continue to reinterpret dual-use equipment as convenient (including spare tank and aircraft parts) to the end of the decade.

The same techniques were also used to reinterpret other restrictions. Canadian policymakers never rigorously defined the difference between offensive or defensive weapons in the post-war period, possibly because no satisfactory definition existed. While some potential sales were rejected because of the offensive nature of the equipment, the dichotomy was most useful as a means of justifying Canadian entry into controversial new markets. The first Canadian military exports to Pakistan and India in 1948 were approved in part because the equipment wasn't offensive, and therefore could be considered a legitimate defence requirement of each country. This definitional synergy between defensive equipment and defence requirements allowed officials to argue that Canada had a moral obligation, under the UN Charter, to export arms to countries like Pakistan and Israel, even if they were in conflict or in imminent danger of conflict. This apparent constraint was therefore used in practice to ignore two other restrictions: the limiting of arms exports to the legitimate defence requirements of a state, and a general reluctance to export military equipment to states in conflict or in danger of imminent conflict. Since the category of defensive equipment contained everything that wasn't explicitly categorized as offensive, and officials generally recategorized offensive equipment as needed, the distinction largely served a political purpose rather than a functional one.

Similar casuistry was used to justify the sale of military equipment to war-torn China despite a national embargo in 1947, and the export of dual-use equipment to Egypt and Israel during UN embargos in 1949 and 1956. Some of this incongruity can be explained by inter-departmental conflict, especially between External Affairs and Trade & Commerce, but it is hard

to avoid the impression that Canadian policymakers were far more committed to the *idea* of export restrictions, primarily as a form of public relations, than their actual implementation. During the parliamentary debate in January 1956, for example, Pearson greatly exaggerated the rigor of Canadian restrictions, while also asserting that actual prohibitions on military exports to specific countries would be in violation of their rights under the UN charter. Pearson also routinely claimed that Canada shipped only defensive arms to participants in the Arab-Israeli conflict, so as not to upset the balance of power in the region.⁴ This was both factually untrue (Cabinet had been approving the export of military equipment acknowledged to be “offensive” to Israel since 1951), and in contradiction to his statements in the House. Canadian military exports could not be simultaneously both irrelevant to the balance of power in the Middle East, and an essential tool in its restoration.

Some may argue that this is all a bit unfair. No policy is an island unto itself, and Canadian military export policy during the post-war decade is no exception. The political and economic turbulence of the period combined with the sudden polarization of international relations to create significant pressure to relax Canada’s military export restrictions, which, even so, remained among the most restrictive of its allies. Canadian military exports were relatively small in comparison to American and British transfers, and the majority went south of the border, rather than to “sensitive” countries. Internal government memos and Cabinet documents show that the restrictive frameworks were consistently used in evaluations of potential military export sales, and significant effort was expended in both intra-departmental and international

⁴ George Bain, "Ottawa Letter," 18 January 1956, *The Globe and Mail*, ProQuest.

consultations to assess risks. Overall, Canadian officials claimed to be on the side of the angels, or at least as close to the angels as states peddling in military equipment can ever be.

Yet, this work has not attempted to evaluate Canadian export policy in comparison to that of its allies, or even that of other states which claimed to impose similar restrictions. Instead, it has attempted to scrutinize the evolution of Canadian policy during the immediate post-war and illuminate the remarkable gap between Canadian policy *in theory* and Canadian policy *in practice*. It therefore disputes the claim that Canada implemented a rigorous system of military export controls after the war that constituted a sort of “golden age” of military export policy, evidenced by selective examples of rejected sales. In reality, Canadian military export policy was a pragmatic attempt to balance the commercial benefits of the arms trade with the risk of political embarrassment, glossed with a performative commitment to restraint. To loosely paraphrase the architect of Canada’s golden age, Lester Pearson, it was a bicycle-mounted Bren gun, masquerading as a tank.

Epilogue: Selling to the Saudis

Let me ask a question of the member of the New Democratic Party, who professes to be standing for the working people...I want to ask what he is going to tell the workers in those plants, not only in London, but across this country, who depend on these jobs. You know, 10 or 15 years from now, who knows if the world can get its act together...If it can, that is fine. But what is he going to tell those men and women on the plant floor that need these jobs? We have 1.5 million unemployed in this country and our industries are going down the tubes.

– Joe Fontana, MP (London, Ontario)⁵

The first deal to export Canadian-made LAVs to Saudi Arabia was approved by the Canadian government in 1991, more than thirty years after the events covered in the preceding chapters. While the country was once again governed by a Progressive Conservative Prime Minister (Brian Mulroney), the geopolitical environment and strategic environments were being transformed by the collapse of the Soviet Union. Canadian defence spending was also falling, and the Canadian DIB had shrunk into a largely foreign-owned producer of sub-systems and components for the American market.⁶ A rights “revolution” had transformed Canadian politics, and rights terminology had even been publicly embedded in Canadian military export restrictions in 1986.⁷ Four years later, SSEA Joe Clark had committed to export transparency before the UN General Assembly by promising to publish an annual report on Canadian military transfers.⁸ To

⁵ House of Commons Debates, 30 May 1991, 34 Parliament, 3 Session: v.1, 797.

⁶ Lynne M. Pepall and D.M. Shapiro, "The Military-Industrial Complex in Canada," *Canadian Public Policy / Analyse de Politiques* XV, no. 3 (1989); Alistair Edgar and David G. Haglund, *The Canadian Defence Industry in the New Global Environment* (Montreal & Kingston: McGill-Queen's University Press, 1995), 76.

⁷ See Introduction. Also, Dominique Clement, *Human Rights: A History* (Waterloo: Wilfrid Laurier University Press, 2016).

⁸ UN General Assembly, "Provisional Verbatim Record of the 9th Meeting, Held at Headquarters, New York," 26 September 1990, 45 Session, A/45/PV.9, 30.

summarize, Canada had fewer reasons to export military equipment, and better reasons to restrict exports, than it had possessed at nearly any point since 1945.

The Canadian government had even greater incentives to exercise restraint on military exports to the Middle East in general and Saudi Arabia specifically. First, several of the LAV variants requested by the Saudis included automatic weapons in an attached turret. Since the Canadian Criminal Code was amended to outlaw the manufacture and export of automatic weapons by private corporations in 1977, a new amendment was required in 1991 to allow for the export of armed LAVs to Saudi Arabia. This meant that the potential deal necessitated a government-sponsored bill that was debated openly in the House of Commons, rather than the usual private export permit application process within the Department of External Affairs.

Second, Saudi Arabia remained a controversial destination for Canadian military exports. From 1948 onward, the kingdom had been involved in a relentless series of conflicts which merited its inclusion on the “sensitive” list in 1954, the regional ban on “significant” Canadian military exports in 1956, and other control mechanisms throughout the 1970s and 1980s. By 1991, Saudi Arabia was arguably in violation of at least two of the four guidelines that Clark had previously announced as prerequisites for close control of Canadian military exports.⁹ Government officials would openly admit that military exports to Saudi Arabia were “closely controlled” because the state was under “imminent threat of hostilities.”¹⁰ In the House, Liberal MP Warren Allmand wondered how Saudi Arabia, “in a region where [they] have had 26 wars since 1945,” and accused of “very extreme human rights violations” by Amnesty International,

⁹ It was both involved in and under threat of imminent hostilities, and its government had a persistent record of serious human rights violations. See *Introduction*.

¹⁰ D, Arcy Thorpe (Export Controls Division) to Ken Epps, 18 January 1991, Project Ploughshares Archives.

could be a destination for Canadian arms.¹¹ After all, Clark had assured Canadians in 1986 that exports to countries “under imminent threat of hostilities” would “generally be refused,” and that military exports to states with a “persistent record of serious violations of the human rights of their citizens” would be prohibited.¹²

Third, contract negotiations over the deal required that the Bill (C-6) be introduced to the House in spring 1991. This was only a few months after the conclusion of the First Gulf War, in which a coalition of states defeated a military dictatorship in Iraq that had been armed largely by members of the UN Security Council.¹³ Even worse, both Mulroney and SSEA Joe Clark had spent much of the winter condemning the role of the global arms trade in arming Saddam Hussein and perpetuating violence in the Middle East. On 8 February, Mulroney had proclaimed “the danger to us all of the proliferation of both conventional and non-conventional weapons,” and warned that “the world cannot simply return to business as usual.”¹⁴ He later added that Canada “could be big arms merchants. We have chosen not to be, because it is fundamentally inconsistent with our policy, to develop it, peddle it, to finance it, and then to deplore its use.”¹⁵ On 1 March, Clark had told the Calgary Chamber of Commerce that the uncontrolled

¹¹ Warren Allmand, House of Commons Debates, 34 Parliament, 3 Session: v.1, 836; Amnesty International, *Annual Report 1991*, (London: Amnesty International Publications), 195-98

¹² Department of External Affairs, “Communiqué: Export Controls Policy,” 10 September 1986, Jules Léger Library.

¹³ In the preceding 10 years, 80% of major Iraqi military imports had been purchased from the USSR, France, and China. SIPRI, *Year Book 1991* (New York: Oxford University Press, 1991), 201.

¹⁴ “Notes for an Address by Prime Minister Brian Mulroney on the Situation in the Persian Gulf,” R11547 v.55, Weapons – Bill C-6 p.2, LAC.

¹⁵ Mulroney, “The President's News Conference With Prime Minister Brian Mulroney of Canada in Ottawa,” 13 March 1991, Public Papers, George H.W. Bush Presidential Library.

proliferation of arms into the Middle East was “insane. It must end. If it does not — if the world continues to treat this region as an auction block and not a tinderbox, we will have failed.”¹⁶

These were not the words of men positioned to publicly defend a massive arms sale to the Middle East only a few months later. Yet, as this work has shown again and again, Canadian military export policy as preached to the public is rarely aligned with that practiced by those in power. Bill C-6 passed on the final day of the Parliament session in late June.¹⁷ Between 1992 and 2015, the government would approve the export of nearly 3000 LAVs to Saudi Arabia, before facilitating an even more lucrative deal in 2014.¹⁸

The moves used to justify this breathtaking hypocrisy could have been ripped from the pages of this dissertation. In 1981, when negotiations over a potential LAV sale had been initiated by a letter from Saudi Prince Abdullah Bin Abdulaziz, the transaction had faced formidable structural challenges.¹⁹ Under the most recent military export control system approved in 1978, LAVs were classified as Category I (offensive military equipment) while Saudi Arabia was a restricted Group B destination.²⁰ Canadian exports of offensive weapons to Group B countries – defined as “Nations potentially hostile to Canada or which are involved in continuing conflict or which are subject to U.N. embargoes” – were essentially prohibited.²¹ The

¹⁶ “Notes for a Speech by the Secretary of State for External Affairs, The Right Honourable Joe Clark, At a Luncheon Hosted by the Calgary Chamber of Commerce,” R11547 v.55, Weapons – Bill C-6 p.2, LAC.

¹⁷ Geoffrey York, “Ottawa Halts Arms Sales to Mideast: Commons Pact Reached to Approve Saudi Deal,” 20 June 1991, *The Globe and Mail*, ProQuest.

¹⁸ Amnesty International Canada & Project Ploughshares, “*No Credible Evidence: Canada’s Flawed Analysis of Arms Exports to Saudi Arabia*, August 2021, 8.

¹⁹ Jedda Consulate to ITC, 12 Jan 1981, RG25 v.16821, file 37-22-1-SAUDI p.4, LAC.

²⁰ H.D. Peel to Africa and Middle East Division, 17 April 1980, RG25 v.16821, file 37-22-1-SAUDI p.4, LAC; Lamb, “The Quiet Erosion of an Ideal,” 295; “Discussion Paper: Policy for the Export of Military Equipment – Annex A,” 26 April 1977, no. ITC-8-77DP, LAC (ATIP Request).

²¹ A.E.G. “Memorandum for the Minister: Proposed Export of Defence Vehicles to Saudi

government had also announced a human rights consideration in the House in 1976, promising it would not supply military equipment “to regimes pursuing policies contrary to Canadian standards and practices.”²² Yet Prince Abdullah’s letter worked miracles on the Canadian bureaucracy and its system of military export controls. Within a few months, Saudi Arabia had been recategorized as a neutral Group C country, and LAVs redefined as “defensive in nature and of little strategic impact.”²³ The government simply ignored the kingdom’s human rights record in all internal correspondence regarding the sale of LAVs to Saudi Arabia. Instead, Canadian officials focused on trying to hide government involvement from the Canadian public.²⁴

Hesitation on the Saudi side delayed the deal by more than a decade, which is why Bill C-6 was introduced under Brian Mulroney and not Pierre Trudeau. Perhaps this delay also explains the remarkable lengths and reputational sacrifice which the PCs were willing to endure to secure its passage. The discussion over Bill C-6 would become the most comprehensive public debate of Canadian military export policy since 1956 and required the PCs to take positions that were patently absurd. Fortunately for the government, both the Liberal opposition and the NDP caucus were trapped in positions of complicated complicity to both the Conservatives and the bill

Arabia,” 23 January 1981, RG25 v.16821, file 37-22-1-SAUDI p.4, LAC

²² SSEA Don Jamieson would later rephrase this as “regimes considered wholly repugnant to Canadian values.” Monique Bégin, House of Commons Debates, 27 May 1976, 30 Parliament, 1 Session: v.13, 13928; Jamieson, “Notes for an Address by the SSEA...To a Luncheon Co-Sponsored by the Canadian Human Rights Foundation, the Canadian Council of International Law, and the Canadian Section of the International Commission of Jurists,” 26 October 1978, Jules Léger Library.

²³ H.D. Peel to P. Gosselin, “Export of Arms to Saudi Arabia,” 11 February 1981 & M.R. MacGuigan, “Memorandum for the Prime Minister: Export of Armoured Vehicles to Saudi Arabia,” 5 March 1981, RG25 v.16821, file 37-22-1-SAUDI p.4, LAC.

²⁴ For example, in April 1983, EA informed Canadian officials in Jedda that “there is a strong desire to keep visibility of defence export promotion at a low level,” and asked them to review “how DND support can be utilized in the most inconspicuous manner to the public.” External to Jedda Consulate, “Defence and High Technology Market Development – Saudi Arabia,” 21 April 1983, RG25 v.16821, file 37-22-1-SAUDI p.6, LAC.

itself. The Liberals had authorized the pursuit of the contract to sell LAVs to Saudi Arabia in 1981, and therefore largely confined their criticism to the timing and composition of the bill rather than the export contracts it represented. For their part, the NDP relied heavily on unionized voters, and the Canadian Auto Workers (CAW) chapter in London, Ontario (where the LAVs were manufactured) had announced qualified support for the deal.²⁵ Therefore, both parties need the LAV contract to materialize, even if a Conservative majority in the House meant that both could also speak and vote relatively freely.

Bill C-6 itself continued a long Canadian tradition of using short-sighted military export policy as a convenient solution to an immediate dilemma. It also continued a Canadian habit of using new military export restrictions as wooden horses to conceal major revisions in export controls. The bill was introduced into the House by Trade Minister Michael Wilson, who claimed that the purpose of the legislation was to correct an anomaly in the Canadian Criminal Code which put Canadian producers of automatic weapons at “an unnecessary disadvantage” in the global market.²⁶ To ensure that exports of such weapons were properly controlled, the bill would also amend the Export and Import Permit Act (EIPA) to create an Automatic Firearm Country Control List (AFCCL). Wilson claimed that the list would include only close allies and defence partners, and would help the government “encourage restraint” over “excessive build-ups of conventional weapons...particularly in regions of instability and potential conflict.”

Only on the initial commercial argument did Wilson, in the words of one commentator, “come within shouting distances of reality.”²⁷ The rest was pure blarney. The AFCCL actually

²⁵ John Brewin, House of Commons Debates, 30 May 1991, 34 Parliament, 3 Session: v.1, 795

²⁶ Wilson, House of Commons Debates, 30 May 1991, 34 Parliament, 3 Session: v.1, 785.

²⁷ Ernie Regehr, “Besides, We Need the Business,” *This Magazine* (August 1991), 7, Project Ploughshares Archive.

functioned as a significant *reduction* of Canadian controls and was almost entirely intended to provide cover for LAV exports to the “close ally” of Saudi Arabia. During the 1980s, Saudi Arabia and Iraq had been the two largest arms importers in the world, and Saudi Arabian military expenditures specifically had averaged more than 16 percent of its GDP.²⁸ Consequently, instead of *restraining* arms sales to countries engaging in “excessive build-ups” within conflict regions, the AFCCL *enabled* and *encouraged* them. In the following decades, additions to the list would generally occur just before the announcement of a large arms transfer to that country.²⁹

Wilson would also tell the House that LAVs were “lightly armoured” and “not effective in an offensive role.”³⁰ In support, Conservative MP Tom Hockin would (incorrectly) argue that LAVs couldn’t function offensively in the desert because they had wheels, not treads.³¹ Yet Canadian-made LAVs were used in a variety of roles by the US Marine Corps, including the invasion of Iraq during *Operation Desert Storm*.³² In fact, under questioning in a subsequent legislative committee, government officials would prove unable to distinguish “offensive” and “defensive” equipment. Although the distinction had been an important criteria in Canadian military export restrictions since the 1940s, the government claimed to lack a stable definition for either category.³³

²⁸ By contrast, Canadian spending averaged less than 2 percent. SIPRI, *Military Expenditure Database*, accessed 29 September 2022; Mark Kramer, “The Global Arms Trade After the Persian Gulf War,” *Security Studies* 2:2 (1992).

²⁹ Paul Esau, “Customers or Allies? The Dilemma of Canada’s AFCCL,” *The Ploughshares Monitor* 39:3 (2018).

³⁰ Wilson, House of Commons Debates, 30 May 1991, 34 Parliament, 3 Session: v.1, 790.

³¹ Hockin, House of Commons Debates, 30 May 1991, 34 Parliament, 3 Session: v.1, 839.

³² Sheldon Gordon, “Canada: An Arms Merchant for the Third World?” 8 August 1986, *The Globe and Mail*, ProQuest; W.J. Pettipas, “Minutes of Proceedings and Evidence of Legislative Committee E on Bill C-6,” 13 June 1991, n.2, 34 Parliament, 3 Session, 19; Frank Maas, “The Success of the Light Armoured Vehicle,” *Canadian Military History*, 20:2 (2011), 30.

³³ After his testimony, Pierre Gosselin (Director General, Special Trade Relations Bureau) sent a message to the Committee apologizing for claiming “that there was a definition available...In

On human rights, Wilson appealed to a technicality. In his words:

There has been stability in Saudi Arabia for a number of years. I think the human rights violations Amnesty International referred to are matters that relate more to their culture, more to their traditions in the country, rather than by the armed oppression supported by this type of export.³⁴

The difference between the two types of rights violations might be semantics to most Canadians, but it was critically important in the context of the military export restrictions announced in 1986. Joe Clark had promised the public that the government would prohibit arms sales to countries with a “persistent record” of “serious” rights violations, yet this promise had included a significant loophole. Military exports to such regimes could be approved, Clark had noted, if it could “be demonstrated” that there was “no reasonable risk” of use “against the civilian population.”³⁵ Since LAVs were not normally used to conduct the floggings, political detentions, and judicial amputations mentioned in the Amnesty Report, Wilson argued that they met the definition required for Clark’s loophole.³⁶ Subsequent LAV sales to Saudi Arabia have been justified on similar grounds, even as the evidence of internal repression and external aggression has continued to accumulate.³⁷

Obviously, the government took its military export restrictions no more seriously in 1991 than it had during the immediate post-war period. They remained aspirational – useful before

fact, there is no one definition that anyone has been able to agree upon, and [I regret] having indicated that there was one.” “Minutes of Proceedings and Evidence of Legislative Committee E on Bill C-6,” 13 June 1991, n.3, 34 Parliament, 3 Session, 34.

³⁴ Wilson, “Minutes of Proceedings and Evidence of Legislative Committee E on Bill C-6,” 13 June 1991, n.3, 34 Parliament, 3 Session, 43.

³⁵ Department of External Affairs, “Communiqué: Export Controls Policy,” 10 September 1986.

³⁶ This argument echoes Pearson’s circular argument in 1948 that end-use was an important consideration in assessing potential military exports (especially to dictators), yet end-use was impossible for Canada to control (especially by dictators). See Chapter 1.

³⁷ Canadian-made LAVs have been involved on several occasions. Amnesty International Canada & Project Ploughshares, “*No Credible Evidence*”: *Canada’s Flawed Analysis of Arms Exports to Saudi Arabia*, 16-19.

public and international audiences, but quickly subordinated to pragmatic calculations behind closed doors. In order to maintain the *discretionary flexibility* to approve military exports which violated its restrictions, Canadian governments of both major parties engineered significant *categorical ambiguity* into the language and interpretation of policy. Determinations given almost sacred importance in public statements (such as legitimate defence requirements, the offensive/defensive dichotomy, rights considerations, and the risk of conflict) were warped and twisted as convenient. The characters had changed, the Cold War was ending, but the Canadian policy-praxis gap on arms sales endured.

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