

CANADA'S POLICY TOWARDS COMMUNIST CHINA, 1949-1971

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Abstract

The decision of the Canadian government in 1970 to recognize the People's Republic of China, which controlled Mainland China, as the official government of China, as opposed to the Republic of China, which only controlled Taiwan, was the end result of a process lasting more than two decades. In that time frame, Canada's China policy would undergo many different shifts. A close examination shows that these shifts were closely linked to the shifting attitudes of successive Canadian leaders. Four different prime ministers would serve in office during Canada's recognition process, and the inauguration of each prime minister signaled a shift in Canada's China policy. The issue of recognizing the People's Republic of China was intertwined with several other issues that were important to Canada. Among these were the economic potential of China, Canada's need for collective agreements to ensure its security, the desire of the United States to influence Canadian policy, and the desire of Canadian officials to demonstrate the independence of Canadian policy. Of the four prime ministers, three – Louis St. Laurent, Lester Pearson, and Pierre Trudeau – advocated for opening relations with the People's Republic of China and one – John Diefenbaker – opposed it. Of the recognition advocates, St. Laurent and Pearson did little to advance Canada-China relations to any noticeable degree while Diefenbaker made some of the greatest advances in Canada-China relations prior to the recognition of Beijing by the Trudeau government. All of these leaders had publicly advocated specific policies towards Communist China, but their actions frequently contradicted their arguments. Ultimately, practical issues drove the decisions of these prime ministers, and shifts in policy were the result of the different priorities of these leaders regarding the issues they viewed as being most important.

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Introduction: A Practical Issue

Canada currently maintains a strong relationship with the People's Republic of China (PRC), a connection described by the Canadian government as a "vast and dynamic web of cooperative linkages and undertakings" in a range of areas that includes health development, governance, culture, education, and trade.¹ Ottawa's economic relations with Beijing are particularly well developed. Canada exported nearly \$17 billion in merchandise to China in 2011, making the PRC Canada's third-largest export destination behind only the United States and the United Kingdom. China also is Canada's second-largest importer behind the United States, with more than \$48 billion in Chinese goods entering Canada in 2011.

The present vitality of Canada's association with Communist China originated with the formal establishment of diplomatic relations between the two countries in 1970. Before 1970, Canada had struggled to adopt a consistent policy towards China following the creation of the PRC in October 1949. For more than two decades, successive Canadian Liberal and Progressive Conservative governments confronted a Cold War political and economic embargo of China vigorously championed by the United States. Although Canadian politicians and diplomats often shared the anti-Communist outlook of their Washington counterparts, the potential to significantly benefit Canada's economy by expanding trade links with Communist China eventually softened Canadian resistance to diplomatic recognition of Beijing. The 1968 election of Pierre Trudeau as Prime

¹ "Bilateral Relations", Government of Canada
<http://www.canadainternational.gc.ca/china-chine/bilateral_relations_bilaterales/index.aspx?view=d>. Accessed 12 October 2012.

Minister, the gradual loosening of the quarantine imposed on China by the United States, and mounting pressure to recognize the PRC as the official representative of China in the United Nations all coincided to finally allow Canadian and Chinese negotiators to reach the crucial 1970 agreement extending reciprocal recognition.

This thesis will provide a comprehensive analysis of Canada's evolving relationship with Communist China from the end of the Chinese Civil War until the formal establishment of relations between the two countries in 1970. Practical considerations were at the heart of Ottawa's policy towards Beijing during the period of 1949-1971. The Liberal government of Louis St. Laurent largely chose to accommodate the United States' insistence that the West enforce a strict economic and political quarantine around the PRC. Although ideologically predisposed to support Washington's Cold War embargo of China, John Diefenbaker's Progressive Conservative government instead chose to expand trade links with Beijing by aggressively soliciting Chinese orders for significant quantities of Canadian wheat. After the Liberal Party returned to power in 1963, Lester Pearson expanded trade links with China and launched halting attempts to integrate China into the United Nations. Finally, as international opinion continued to move away from supporting the efforts of the United States to isolate China, Pierre Trudeau quickly pursued the opportunity to successfully cement formal ties with Communist China.

Despite the importance of the China file in the minds of Ottawa politicians and bureaucrats in the first decades of the Cold War, historians have largely failed to provide a comprehensive overview of Canada-China relations in this period. General accounts of Canadian foreign policy acknowledge the protracted nature of the recognition debate, but

they frequently downplay the importance of growing Sino-Canadian economic and diplomatic ties leading to recognition in 1970. Scholars have provided useful overviews of Canadian policy towards China conducted by individual prime ministers, but these top-down accounts analyze the approach of successive Canadian governments in isolation. Diplomatic historians have focused on the complex relationship between Washington and Ottawa related to the PRC's recognition, but they usually ignore domestic political events affecting Canadian attitudes towards China. Finally, business historians have identified the importance of economic motives in the thawing of diplomatic relations between Canada and China in select time periods while ignoring political and diplomatic variables involved in the improvement of ties between the two countries.

Robert Bothwell, perhaps the foremost historian of Canadian foreign affairs, has written several general works about Canada's foreign policy during the Cold War era, but these works tend to document the Trudeau initiative to recognize Beijing while ignoring the long-term nature of the recognition debate. In *Alliance and Illusion: Canada and the World, 1945-1984*, for example, Bothwell briefly looks at Canada's efforts to recognize the Communist government of China and acknowledges the importance that Trudeau placed on the issue. However, he is quick to dismiss the value Chinese recognition added to Canadian foreign policy, referring to it as "one of the most inconsequential of Trudeau's foreign policy initiatives."² Bothwell's reasoning is that "recognizing the Communist regime in Beijing was simply to come to grips with the facts on the ground:

² Robert Bothwell, *Alliance and Illusion: Canada and the World, 1945-1984*, (Vancouver: UBC Press, 2008), 308.

China existed and must be dealt with.”³ Bothwell’s statement is true, but at the same time, Canadian officials had come to the same conclusion in 1949, and it still took over two decades to achieve. Knowing what should be done and being able to do it are two very different things.

Other historians have provided detailed portraits of various Liberal governments and their attitudes towards the recognition of Communist China. Stephen Beecroft, in his article “Canadian Policy towards China, 1949-1957: The Recognition Problem”, examines Canada-China relations in the years after the end of the Chinese Civil War. Beecroft shows that the Canadian Cabinet had actually decided in November 1949 to recognize the Communists as the official government of China, but Prime Minister Louis St. Laurent held back because of practical issues.⁴ For Beecroft, it was the limited number of interests in China that resulted in Canada withholding recognition of Communist China. Beecroft shows that the United States had begun to harden its stance towards Communist China, and with Canada risking so much with the United States, and so little with China, St. Laurent decided that holding off on the issue was the best way to go for the time being.

More attention has been paid to the policies towards China adopted by Lester Pearson than those adopted by Louis St. Laurent. John English, Pearson’s noted biographer, describes Pearson’s efforts as being “marked by caution.”⁵ English identifies

³ Ibid., 311.

⁴ Stephen Beecroft, “Canadian Policy towards China, 1949-1957: The Recognition Problem,” In *Reluctant Adversaries: Canada and the People’s Republic of China, 1949-1970*, edited by Paul M. Evans and B. Michael Frolic (Toronto: University of Toronto Press, 1991), 53.

⁵ John English, “Lester Pearson and China”, In *Reluctant Adversaries: Canada and the People’s Republic of China, 1949-1970*, 144.

the reason for Pearson's cautious approach as being his belief that undermining Canada's relationship with the United States was not worth the potential gain that would result from opening relations with Communist China. Other historians share English's evaluation of Pearson's cautious diplomacy. In "Sino-Canadian Relations, 1963-1968: The American Factor", Norman St. Amour argues that when dealing with the issue of seating Communist China in the United Nations, Pearson was focused on the idea of helping to further Canadian security by strengthening the United Nations. St. Amour identifies two main objectives that Pearson had when attempting to seat the Communists. The first was that Pearson was aware that without the Chinese government's participation in the United Nations it would be impossible to make any headway on issues like disarmament, nuclear proliferation, and the continuing crisis in Vietnam.⁶ Opposing this was the desire of Pearson to make sure that the United States did not suffer an actual defeat in the United Nations, fearing that would cause the United States to withdraw from the organization, which would be devastating for Canada and the United Nations. English and St. Amour ultimately agree that Pearson saw the practical value of having Communist China as part of the United Nations, but they argue that he was limited by the reality that seating Communist China during his time in office would have caused problems for the United States. The potential gain, therefore, was not worth the risk.

Most academic attention has been paid to the efforts of Pierre Trudeau to establish diplomatic relations with China. In "Chinese Shadows", Fred Edwards argues that by recognizing China, Trudeau hoped to make Canadian foreign policy "more independent,

⁶ Norman St Amour, "Sino-Canadian Relation, 1963-1968: The American factor", In *Reluctant Adversaries: Canada and the People's Republic of China, 1949-1970*, 123.

more truly global, less Atlanticist.”⁷ Trudeau may have had a personal interest in China, Edwards argues, but it was practical issues that drove him forward. In his analysis of Trudeau’s China initiative, political scientist B. Michael Frolic adopts a more negative tone in his analysis of Trudeau’s decision to recognize China. Specifically, Frolic makes the assertion that Trudeau and other government officials were so focused on opening relations with the Communist government that it caused them to quickly bow to pressure from the Communists.⁸ In Frolic’s opinion, Canada acted too quickly and should have held out longer for a deal that would have required Canada to make fewer concessions regarding the Taiwan government, as the United States and Japan were able to do, after Canada’s recognition. Despite the critical attitude that Frolic displays towards the efforts of Canadian officials to recognize the Communist government of China, he does acknowledge that “at the time it stood out as a Canadian success story by any standard, and it deserves to be recorded in history in those terms.”⁹

Many of these studies examining the policies adopted by Liberal governments mention in passing the influence of the United States in shaping Canadian policies. But the intense diplomatic struggle between officials in Ottawa and Washington over the recognition of China is described most effectively and comprehensively by Angela Graham in her unpublished doctoral dissertation “‘A Colossus and a Conundrum’: Canada, the United States, and Canadian China Policy, 1942-1970”. Graham characterizes Washington’s influence as “the most important and inescapable factor in

⁷ Fred Edwards, “Chinese Shadows”, In *Canada Among Nations 2008: 100 Years of Canadian Foreign Policy*, edited by Robert Bothwell and Jean Daudelin (Montreal and Kingston: McGill-Queen’s University Press, 2009): 302.

⁸ B. Michael Frolic, “The Trudeau Initiative”, In *Reluctant Adversaries: Canada and the People’s Republic of China, 1949-1970*, 210-211.

⁹ *Ibid.*, 210.

Canadian China policy”,¹⁰ and she extensively mines archival sources in the United States to buttress her arguments. Ultimately, Graham concludes, Canadian governments largely bowed to the will of successive administrations in Washington, and Trudeau’s decision to recognize Beijing was simply a foreshadowing of Richard Nixon’s diplomatic approach to Communist China in the early 1970s.

The final strand of scholarship documenting Canada-China relations in the early Cold War focuses on the cementing of economic ties between Ottawa and Beijing. Here, the efforts of John Diefenbaker’s government between 1957 and 1963 to sell significant quantities of wheat to China take centre stage. In “The Limits of Alliance: Cold War Solidarity and Canadian Wheat Exports to China, 1950-1963”, historians Greg Donaghy and Michael D. Stevenson demonstrate that “a narrowly defined national interest easily trumped the ideological pressures of western unity.”¹¹ These authors identify the primary reason that Diefenbaker was interested in opening trade with Communist China – the United States had begun to give away large amount of wheat, which in turn displaced Canada from its usual markets for selling wheat. Donaghy and Stevenson explain that the actions of the United States forced Diefenbaker to find new markets to make up for those that Canada had lost, and they identify the practical issue of expanding Canadian trade as the driving factor for Diefenbaker to make some of the largest advancements in Canada-China relations that had been achieved before he left office in 1963.

¹⁰ Angela Graham, “A Colossus and a Conundrum: Canada, the United States, and Canadian China Policy, 1942-1970” (PhD thesis: McMaster University, 2007): 16.

¹¹ Greg Donaghy and Michael D. Stevenson, “The Limits of Alliance: Cold War Solidarity and Canadian Wheat Exports to China, 1950-1963”, *Agricultural History* 83 no. 1 (Winter, 2009): 29.

This thesis will provide a comprehensive overview of Canada's policy towards China leading to the recognition of Beijing in 1970 by focusing on the policies adopted by the St. Laurent, Diefenbaker, Pearson, and Trudeau governments. The first chapter will provide background information about Canada's interactions with China before the end of World War II, the Chinese Civil War and the resulting tension between the new Communist government of China and the Western World under the leadership of the United States. It will also examine the efforts of Prime Minister St. Laurent to open relations with Communist China for the practical purposes of Canadian security and economic benefits. The chapter will highlight how St. Laurent wanted to open relations, but was unable to do so without sacrificing much more than Canada would gain.

The second chapter will examine the time of Prime Minister Diefenbaker in office from 1957 to 1963, looking at how he resisted calls to recognize the Communist government of China, but, at the same time, worked to open trade relations with the government. The chapter will show that Diefenbaker's primary focus was on expanding the economy of Canada through trade with foreign nations. It was because of this that he focused his attention on expanding trade with Communist China, while at the same time resisting calls to formalize relations with Communist China as a means of protecting Canadian trade relations with the United States.

The third chapter will examine Prime Minister Pearson's term in office from 1963 to 1968, and it will discuss how he sought to expand on the trade deals that Diefenbaker had started as well as explore several different avenues to attempt to recognize the Communist government of China. The chapter will highlight how Pearson made several attempts to expand trade and recognize the Communist government, but while he was

successful in achieving expanded trade, he was unable to achieve recognition. Though several factors were working against his efforts to open official relations between Canada and China, Pearson never truly embraced the idea, primarily because he was interested in ensuring the survival of the United Nations, which would require the United States remaining a part of that organization. Pearson failed to make an all out effort because he viewed Canadian security as being related to the maintaining of good relations between Canada and the United States, and he was unwilling to push too hard against the status quo that had been in place when he came into office.

The final chapter will deal with Prime Minister Trudeau's first term in office from 1968 to 1971. It will examine the efforts made on Trudeau's part to recognize the Communist government of China as the official government of China and see it seated in the United Nations. It will include a description of the negotiations that took place between Canada and China, as well as Canada's efforts to seat the Communists in the United Nations. The purpose of the chapter will be to show that Trudeau's reason for wanting to open relations between Canada and China was not based on his ideological beliefs, but on the practical issues that Canada was facing.

By building on the works of previous historians and the examination of primary documents, it will become clear that while the various Prime Ministers no doubt had their own beliefs about Communist China, they were not the motivating factor. The practical issues that the Prime Ministers faced needed to be addressed, and the reasoning they used regarding what took priority was what truly determined the development of Canada's China policy.

Chapter One

The Beginning of the Recognition Process: Sino-Canadian Relations to 1957

Since Canada first began to develop its own foreign policy, successive governments in Ottawa had an eye on China for the potential that it represented. Since Canadian foreign policy aims were limited before the end of World War II, however, nothing substantial became of this interest. It would not be until the end of the Chinese Civil War and the establishment of a Chinese Communist government that Canadian officials began to give serious thought to developing Canada's China policy. Once the Communist government was established in 1949, Canadian officials examined the issue of diplomatic recognition several times, but Ottawa would always back down when meeting resistance from the United States. Prime Minister Louis St. Laurent would ultimately be unwilling to push back against this pressure because doing so would work against the primary concern that he was working to address – increasing Canadian security by building relations with more powerful nations like the United States.

Canada's Involvement in China before 1949

When Canada first began to open relations with other countries, the government sought out opportunities of national benefit; as a result, Canada did not put any real effort into establishing relations with China until World War II. Canada's lack of presence in China can be attributed to a number of reasons, the main reason being that Canada could not practically assert its presence in the Pacific before the Second World War. The reality at the time was that while "Canadians hoped for peace in the Pacific, few considered it an

objective they could influence”.¹² Canada did not have the military and economic means to project influence on the opinions or actions of other nations, nor even the diplomatic capabilities to carry out such actions if it had wanted to. Canada’s limitations caused Canadian officials to ignore areas like Asia in favour of more traditionally friendly powers like the United States and some European nations. The only exception to Canada’s policy was Japan, where Canada opened its third overseas legation in Tokyo in 1929. In 1939, the highest Canadian government official present in China was the Trade Commissioner, M. T. Stewart, and the government had estimated, as no official records existed, that there were only 75 or 100 Canadians present in Shanghai,¹³ the most important Chinese treaty port that had “one of the greatest concentrations of Canadians abroad.”¹⁴ That the Canadian presence in Shanghai was so small highlights that the Canadian government may have had interest in China, but there did not appear to be any strong motivator to increase Canada-China relations from the point of view of the Canadian government.

With no practical opportunity or real desire to assert itself in the Pacific, the Canadian government simply allowed missionaries from different parts of Canada to take the lead in building relations with the Chinese government and people. According to historian Peter M. Mitchell, “From the late 1880s through much of the early twentieth century, the Canadian missionary community in China was Canada’s most organized

¹² Peter M. Mitchell, “The Missionary Connection”, In *Reluctant Adversaries: Canada and the People’s Republic of China, 1949-1970*, 19.

¹³ “The Shanghai Situation”, In *Documents on Canadian External Relations 1939-1941, Part II, Volume 8*, ed. David R. Murray (Ottawa: Printing and Publishing Supply and Services Canada, 1976), 1128.

¹⁴ John Meehan, *Chasing the Dragon in Shanghai: Canada’s Early Relations with China, 1858-1952* (Vancouver: UBC Press, 2011), 7.

overseas presence, with the exception of wartime military expeditions.”¹⁵ The majority of Canadian missionaries were Protestant, with Presbyterian, Methodist, and Anglican organizations actively recruiting in Canada for Chinese service; Canadian Catholics also had a strong presence in China.¹⁶ Missionaries provided much of the information that ordinary Canadian citizens learned about the situation in China, thus influencing public opinion in Canada regarding foreign affairs. Missionaries often wrote letters home, detailing their experiences and opinions while in China, and they were read during weekly church services, an activity at that time in which the whole family took part, causing people to learn about China and develop opinions about the country based on the missionaries’ writings.¹⁷

It was also during the last decades of the nineteenth century that the issue of immigration first began to take on a degree of importance that endured to the second half of the twentieth century. Many people want to immigrant to countries or locations where jobs are present and workers are in demand. Canada was one such nation after 1860 as a result of the gold rush and railroad boom, which attracted approximately twenty thousand Chinese labourers to Canada seeking employment.¹⁸ The huge increase in foreigners settling in Canada worried the Canadian government, especially when it considered what would occur after the demand for workers decreased. The end result was the creation of the Chinese Immigration Act in 1885, which was designed specifically to stem the flow

¹⁵ Mitchell, “The Missionary Connection”, 17.

¹⁶ Meehan, *Chasing the Dragon in Shanghai*, 18.

¹⁷ Mitchell, “The Missionary Connection”, 20-21.

¹⁸ Meehan, *Chasing the Dragon in Shanghai*, 24.

of Chinese immigrants into Canada by placing a head tax on them, originally set at \$50 but increased two more times until it became \$500 in 1904.¹⁹

The Chinese Immigration Act proved to be a point of contention between the Canadian and Chinese governments from the moment it was enacted, due mainly to the fact that neither side could agree on a replacement idea that would address the concerns of the other. The main problem from the point of view of Canada was that “the difference in the standard of living between Orientals and the people of the North American continent formed an important element in the competition of the labouring classes” forcing the government of Canada to take action to address the problem.²⁰ The only other option to handling the immigration problem was to have China enact a policy that would reduce the emigration of its population to Canada. Canada had already made deals of this sort with other Asian nations such as India and Japan; however, the Chinese government was either unable or unwilling to enact a similar policy, resulting in the Canadian government keeping the Chinese Immigration Act in place.²¹

It was during the Second World War that official diplomatic relations between Canada and the Republic of China (ROC) began to take the first major steps forward. On 31 July 1941, the Canadian Cabinet, led by Prime Minister William Lyon Mackenzie King, approved the opening of a legation in Chungking, the capital of unoccupied China during the time.²² The person chosen to become the Chinese Minister to Canada was Dr.

¹⁹ Ibid.

²⁰ “Minister in China to Foreign Secretary,” In *Documents on Canadian External Relations, Volume 1, 1909-1918*, ed. Roger Duhamel (Ottawa: Queen’s Printer and Controller, 1967), 598.

²¹ Ibid.

²² Kim Richard Nossal, “Business as Usual: Canadian Relations with China in the 1940’s”, *Historical Papers* 13, no. 1 (1978), 135.

Liu Shih-shun. His appointment was made official and finalized by February 1942.²³ China moved quickly to establish a diplomatic presence in Canada, but the same was not true in reverse. Canada delayed for a variety of reasons, including “Canadian lassitude and partly because of the difficulty of finding a suitable candidate.”²⁴ Eventually, Major General Victor Wentworth Odlum was selected to fill the post, arriving in Chungking to establish the first Canadian diplomatic presence in China in early 1943. With the establishment of official diplomatic relations between the countries, Canada and China became official allies in the war against the Axis powers, and consideration was given to the best means available to support Chinese resistance to the Japanese invasion and occupation of China.²⁵

During the Second World War, Canada contributed greatly to the war in Europe, but it contributed very little to the war in the Pacific due to the limitations of Canada’s capabilities given the state of Canada, the situation in the Pacific, and the desires of other nations to limit Canada’s influence in Asia. Despite the limitations it faced, Canada did attempt to make some contributions to resisting the Japanese in the Pacific. Canada’s contributions came mainly in the form of providing supplies to the Chinese forces resisting the Japanese, but even this proved difficult for a variety of reasons. To aid the Chinese in their attempts to fight Japanese forces, the government added China to the list of countries that would receive assistance from the Canadian Mutual Aid program, which was overseen by the Canadian Mutual Aid Board (CMAB), composed of various

²³ Angela Graham, “A Colossus and a Conundrum”, 34.

²⁴ Nossal, “Business as Usual”, 135.

²⁵ *Ibid.*, 136.

Canadian ministers.²⁶ The Canadian Mutual Aid program was “a military assistance programme, established in 1943, and designed primarily to help the British war effort.”²⁷

Although providing aid to the Chinese government was in the best interests of defeating Japan, other nations were already looking at what would happen after the war. The United States was one such nation. It began to pursue policies that it felt would be in its best interests for a post-war world. In a 1943 telegram to the Secretary of State for External Affairs, Victor Odlum wrote: “Even Canadian Red Cross in China has been told that it has no right to bring in supplies from Canada when the United States is ready to provide everything that can be carried by available transport.”²⁸ Odlum’s statement clearly indicated a desire on the part of the United States to establish a commanding presence in post-war China by intentionally making China dependent on the United States. Therefore, the United States would have to limit the influence of other foreign powers from Chinese politics. Additionally, Canada lacked any practical means to get the supplies that it had set aside to China. The Japanese had occupied China’s shipping ports and patrolled the waters in the Pacific Ocean, making shipping between Canada and China impossible.²⁹ The only route left open that could be used to provide supplies to the Chinese was by air through the mountains dividing India and China; however, air shipping was under the control of the United States military, resulting in very little Canadian aid reaching China before the end of the war.³⁰

²⁶ Ibid., 137.

²⁷ Ibid.

²⁸ Minister in China to Secretary of State for External Affairs, In *Documents on Canadian External Relations, Volume 9, 1942-1943*, ed. John F. Hilliker (Hull: Canadian Government Publishing Centre Supply and Services Canada, 1980), 413-414.

²⁹ Graham, “A Colossus and a Conundrum”, 44.

³⁰ Ibid.

Despite the fact that Canada was slow in providing practical aid, both in terms of supplies and weapons, and political aid, in the form of appointing a minister to China, many Canadian officials still sought to increase friendly ties with China, knowing the potential that China would have after the war. According to Kim Richard Nossal, the reason that Canada was so willing to help China, despite the lack of interest shown by other allied governments, was “the lure of increased trade with China after the war.”³¹ His theory is supported in much of the official government documents concerning China that were circulating at the time. In a letter to the Prime Minister, the Minister of Mines and Resources, T.A. Crerar, stated that “When the war is over ... China will be one of the countries where great developments take place, in the material sense ... it will be worth much to Canada to have good will in that country.”³² The idea of taking actions that would help to increase the possibility of trade with China is something that was continued by the Canadian government after the end of World War II and into the Chinese Civil War, when fighting between Nationalist Chinese forces and Communist Chinese forces resumed.

After the end of the war, nations like the United States and Britain wanted to ensure the survival or creation of governments friendly to their goals and policies. Canada, on the other hand, had no real interest in the creation of governments, and focused its attention on building trade relations that were beneficial to the Canadian economy, as well as maintaining friendly diplomatic relations with a nation, regardless of its affiliations. Though Canada’s goals were simple in nature, they were greatly

³¹ Nossal, “Business as Usual”, 137.

³² Minister Mines and Resources to Prime Minister, In *Documents on Canadian External Relations, Volume 9, 1942-1943*, 1793.

complicated by the fact that the Canadian government chose to follow the lead of other nations, specifically that of the United States and Britain, when implementing or maintaining its foreign policies. The result was a delicate balancing act between Canada's economic and foreign policy interests and the opinions of the United States and Britain with regards to events unfolding in China. It was for these reasons that Canada chose to maintain a neutral position (or least the pretenses of a neutral position) with regard to the fighting between the Nationalist Chinese and Communist Chinese forces.

Though Canada's position as a weaker nation than the United States or Britain caused problems when attempting to conduct agreements with the Chinese government on a number of issues, it also had a beneficial nature that Canada was aware of after World War II. In 1947, T.C. Davis, who had replaced Odlum as Canada's highest diplomat in China, informed Ottawa that the Chinese government and people viewed Canada in a positive light when compared to the United States and Britain. After meeting with the Chinese Foreign Minister, Dr. Wang Shih-chieh, Davis reported that the Chinese Minister felt that the United States and Britain may have had ulterior motives when dealing with China, given their positions as great powers economically and militarily.³³ Davis essentially reported on a fear in the Chinese government of imperial powers attempting to encroach on China, as had been done in the past. The situation with Canada was different, because China "realized that while we were a powerful nation

³³ Ambassador in China to Secretary of State for External Affairs, In *Documents on Canadian External Relations, Volume 13, 1947*, ed. Norman Hillmer (Ottawa: Canada Communication Group – Publishing, 1993), 1621.

economically, from the military standpoint we were not a great power, and that therefore they had felt freer in relation to Canada than they had to the other powers.”³⁴

Despite the fact that the atmosphere in China was friendly to Canada, it did not play any decisive role in Canadian politics, with the government focused more on practical issues of immediate concern. Canada sought to maintain and increase Chinese goodwill by providing the ROC with aid for reconstruction. In 1946, Canada increased its credit loan to China to \$60 million that would be divided into two categories of \$25 million and \$35 million.³⁵ The first category was to be used for the “purchase of supplies and equipment which had been requested by China from Canada as Mutual Aid.”³⁶ The second category would be “available for purchasing equipment, supplies and services desired by the Government of China in Canada for reconstruction and other post-war purposes.”³⁷ The aid Canada offered did not include military arms, in keeping with the policies of the United States and Britain, who had imposed an arms embargo against China in August 1946.³⁸ Canada’s decision to follow the lead of Britain and the United States gave great power to the Canadian Department of External Affairs (DEA) and its continued arguments against getting involved in the Chinese Civil War. The Canadian Cabinet later agreed in a meeting on 16 April 1947 to “maintain a complete embargo on all exports of arms to China.”³⁹ Nonetheless, Canadian politicians were still open to the

³⁴ Ibid.

³⁵ Ambassador in China to Minister of Finance, In *Documents on Canadian External Relations, Volume 12, 1946*, ed. Donald M. Page (Ottawa: Printing and Publishing Supply and Services Canada, 1977), 1860-1861.

³⁶ Ibid., 1861.

³⁷ Ibid.

³⁸ Graham, “A Colossus and a Conundrum”, 46.

³⁹ Secretary of State for External Affairs to High Commissioner in United Kingdom, In *Documents on Canadian External Relations, Volume 13, 1947*, 1595.

idea of pursuing deals that benefited Canada. After the arms embargo was put into effect, the ROC requested the purchase of 174 Mosquito fighter-bombers, and several other pieces of weaponry and ammunition, that was meant to equip and arm the aircraft being purchased.⁴⁰ In trying to justify the potential sale to British officials, Canadian officials indicated that:

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 involves some 6,000,000 U.S. dollars for Canada.⁴¹

The desire of Canadian officials to sell weaponry to the Chinese government, even though it was fighting a civil war, is perhaps the best example, prior to the establishment of a Communist government in China, of Canada setting aside its ideals in order to see a more practical issue be resolved.

Though the ROC received aid from other countries, it could not make up for other deficiencies. The main problem was the ineffective leadership of the ROC leader, Chiang Kai-shek, who often relied more on foreign aid to win the war as opposed to his own skills. In a report to the Canadian government, T.C. Davis blasted Chiang for “his inability to delegate authority and his tendency to choose leaders for their loyalty to him rather than for their talents.”⁴² Davis reported that Chiang and those in his government that supported him were “counting on more American aid” in order to turn the tide of the war in their favour, and that the Nationalists were losing ground not because of a “shortage of soldiers or equipment, but through a lack of proper command and a loss of

⁴⁰ Nossal, “Business as Usual”, 143.

⁴¹ Secretary of State for External Affairs to High Commissioner in United Kingdom, In *Documents on Canadian External Relations, Volume 13, 1947*, 1626.

⁴² Graham, “A Colossus and a Conundrum”, 48.

morale.”⁴³ The situation in China continued to deteriorate for the Nationalists, until defeat seemed all but inevitable. As a result, Canada began to distance itself from the ROC, and began to discuss options for maintaining good relations with Communist China should that side prevail in the Chinese Civil War.

The Question of Recognizing Communist China, 1949-1957

By 1949 the situation in China for the Nationalists had begun to deteriorate to the point that the Western powers contemplated what would happen if the Communists won the war. A steady stream of reports authored by Western officials in China described the continual setbacks the Nationalists suffered and the advances made by the Communists forces. In Ottawa, H.O. Moran informed Secretary of State for External Affairs Lester Pearson that “the military position of the Nationalist Government of China continues to deteriorate rapidly.”⁴⁴ Moran described the large number of casualties suffered by Nationalist troops, the fall of one of the last major government bastions in Mainland China located one hundred miles North of Nanking, the Nationalist capital, as well as his doubts about the Nationalist forces’ ability to hold their newly formed defensive line, in addition to the declining morale of the Nationalists, something that he considered to be “one of the key factors” in the conflict.⁴⁵ Just over three months after Moran’s depressing account of the Nationalist situation, the Communists captured Nanking after the government abandoned the city.⁴⁶ At the same time, the Communists were also

⁴³ Ibid., 48-49.

⁴⁴ Moran to Pearson, 28 January 1949 In *Documents on Canadian External Relations Volume 15, 1949*, ed. Hector Mackenzie, (Ottawa: Canada Communication Group, 1995), 1759.

⁴⁵ Ibid.

⁴⁶ Memorandum by American and Far Eastern Divisions, 25 April 1949, In Ibid., 1761.

moving in an attempt to cut off three hundred thousand Nationalist troops, who were in Shanghai, from escaping south towards areas that were still in Nationalist hands.⁴⁷

As a result of the fall of Nanking, many Western governments began to consider whether or not they should recognize the Communists as the official government of China, once they met the prerequisites necessary for being an official government. The issue was much simpler at the time because many governments believed that the ROC would, if not conquered by the Communist forces, fall apart given the hopelessness of their situation and the incompetence of the Nationalist leadership under Chiang Kai-shek. In June 1949, the Under-Secretary of State for External Affairs, A.D.P. Heeney, informed Pearson that “It is very doubtful whether the Nationalist government can maintain itself as an entity in South China.”⁴⁸ Given Heeney’s conclusion that there was little chance the Nationalist government would survive, leaving the Communists as the sole governmental authority in China, the issue of recognition of the Communists was forced on the Canadian government.

After the Nationalists had lost their capital at Nanking, several ambassadors who were still in the city were told to remain in the city for a variety of reasons. The Canadian ambassador was told to stay put because Ottawa believed that would be the best way to safeguard the “interests and welfare of Canadians in China.”⁴⁹ Despite leaving the ambassador in Nanking, however, Canadian officials noted that “a national capital which has been captured by insurgent forces, does not, by the tenets of international law,

⁴⁷ Ibid.

⁴⁸ Heeney to Pearson, 3 June 1949, In Ibid, 1768.

⁴⁹ Ibid., 1767

constitute recognition of the new authorities as being the proper government of China.”⁵⁰ Even if the Canadian government had wanted to recognize the Communists, it would not have been possible to do so, in A.D.P. Heeney’s view, until “the Communists have established some form of central government.”⁵¹ Although Western governments such as Canada were neither willing nor able to recognize the Communists as the leaders of China at that point, they did begin to take steps that signaled their willingness to open lines of communication with the Communists. Having their ambassadors remain in Nanking, in Heeney’s opinion, gave “prestige to the Communists while emphasizing the lack of confidence felt in the Nationalist government.”⁵²

On 1 October 1949, the Central Government of the People’s Republic of China (PRC) was established in Peking with Mao Zedong as President and Chou En-lai as Premier and Foreign Minister. With the creation of a new central government in China, the idea of recognition took on a more immediate and serious tone. It also had the effect of creating new problems for the Canadian DEA. The creation of the PRC caused Canada’s allies to become divided over the issue of recognizing the new government, with some nations advocating recognition and others wanting to put the issue off for as long as possible, with Canada caught in the middle. The nations whose opinions were of greatest interest to Canada were the United States and Britain. Canada was interested in their opinions because Canada had a long history of following the lead of Britain and the United States had become Canada’s most important economic trading partner. Each

⁵⁰ Ibid., 1767-1768.

⁵¹ Ibid., 1768.

⁵² Ibid.

nation had a set of priorities quite different from one another, which dictated how they responded to the creation of a centralized Communist government in China.

The reasoning behind the United States' approach was that by refusing to recognize the Communist regime in China, the PRC would be forced to look to the Soviet Union for the critical economic aid needed to repair the country from the civil war.⁵³ In forcing the Soviet Union to look after the PRC, the United States believed that relations between the Soviet Union and China would become strained, as well as putting more pressure on the Communists to control the people of China, possibly to the point that their hold would break. The British approach to the situation was the opposite of the American policy. The British favoured a "foot in the door" policy that held that "an official western presence in China could possibly counteract Soviet influences and exploit cracks in the relations between the USSR and China."⁵⁴

Though there were many reasons why the United States and Britain came to support such different policies to achieve the same goal, one of the main reasons was the different level of economic value that the two nations placed on China. Britain had a long history of economic relations with China, and, thus, had much more capital and business holdings invested in the country. The United States had some economic investments in China, but not nearly as much as Britain. Britain sought to protect its economic interests by supporting a policy that would not cut off all contact between the Western world and China, while the United States had far less to lose in China and sought to destroy the Communist regime by crippling the Chinese economy.

⁵³ Graham, "A Colossus and a Conundrum", 66.

⁵⁴ Ibid.

Canada eventually sided with Britain's "foot in the door" policy because Canada's foreign policy planners disagreed with the reasoning behind the United States' approach to China and found Britain's policy to be sound theoretically. Despite Canada having decided to side with Britain, it held back for number of reasons. Canada had less economic interest in China than either the United States or Britain, removing any incentive for Canada to move quickly in establishing friendly relations with China. At the same time, Canada, had comprehensive economic ties with the United States which were critical to the welfare of the Canadian economy, giving influence to those who sought to delay recognition of the PRC in order not to upset relations between Canada and the United States. A.D.P. Heeney summed up the Canadian position toward the PRC by noting that "Canadian interests in China are not extensive. It would not be appropriate therefore, for Canada to take the initiative with regard to relations with Communist China."⁵⁵

The issue of recognition was the primary concern of Canadian officials when examining Canada's China policy, but it was not the only issue that they considered. The PRC controlled Mainland China and for all practical purposes had become the government of China, but the ROC still existed and also claimed that title. Any action that Canada took in favour of the PRC could also be viewed as an action against the ROC, and Canada still had some interest in the continuing friendship of the ROC government. The ROC still existed on the island of Formosa (Taiwan) and Canadian officials feared that the ROC would not honour the loan Canada had provided to it during the Chinese Civil War. The issue of repayment became irrelevant when, in 1950, the

⁵⁵ Heeney to Pearson, 4 November 1949, In *Documents on Canadian External Relations Volume 15, 1949*, 1798.

ROC defaulted on the remaining portion – fifty million dollars – of the sixty million dollar loan and interest plan that Canada had given it in 1945.⁵⁶ The only remaining option for the Canadian government to try and reclaim some portion of the loan was to attempt to negotiate with the PRC to have them repay part of the non-military portion of the loan, which would not happen while the Canadian government did not recognize the PRC's claim to be the official government of China. Arguments that supported recognition were tempered, however, by fear of disapproval not only by foreign governments but also the Canadian public. One of the primary worries that politicians had while discussing the issue of conferring Canadian recognition on the PRC was the way that the Canadian public would interpret the action. Lester B. Pearson, Canada's Secretary of State for External Affairs, wrote to Cabinet stating that there was a distinct possibility that "sections of Canadian public opinion might regard recognition of the Chinese Communist regime as signifying approval."⁵⁷

By the time that the Chinese Civil War had ended, Louis St. Laurent had replaced Mackenzie King as the new prime minister of Canada. With the establishment of the PRC and the default of the ROC, it became highly desirable for Canada to open relations with the Communist government in order to try and salvage some of Canada's investments, both economic and goodwill, in China. Prime Minister St. Laurent most likely saw the benefits that would come with recognizing the PRC as the official government of China, but the practical realities of the situation would prove to be a firm deterrent. Facing pressure from members of his own government, important allies like the United States,

⁵⁶ Pearson to Cabinet, Cabinet Document 55-30, 17 February 1950, In *Documents on Canadian External Relations Volume 16, 1950*, ed. Greg Donaghy, (Ottawa: Canada Communication Group, 1996), 1781.

⁵⁷ *Ibid.*, 1782.

and possibly members of the Canadian public, St. Laurent's opinion on what was right was meaningless against the combined weight of those who opposed recognition.

In November 1949, the Canadian Cabinet approved the idea of extending recognition to the PRC in principle, but deferred the decision of when the actual action of recognition might take place.⁵⁸ By approving the idea but delaying the action, the Canadian government was able to address the reality of the situation in China without offending its allies or citizens. The idea of postponing the decision of when to recognize the PRC was one that the Canadian government would continue to follow with the outbreak of the Korean War in June 1950. The Korean War changed things by sharpening the attitudes of many western governments. The Canadian public opposed the spread of communism to the point that any action taken that did not challenge communism was seen as supporting communism. With the mood of the Canadian public as it was, the Canadian government could not afford to proceed with its plans to recognize the PRC without severe domestic and foreign repercussions. Heeney informed Pearson in July 1950 that it would be necessary to delay the question of officially recognizing the PRC until the "immediate crisis in Korea is over" or "Communist China's attitude towards the Korean action becomes clearer."⁵⁹ The delaying of recognition was extended even further once Canadian troops, as part of the United Nations force, began fighting Chinese troops in the Korean War.

Canada's refusal to recognize the PRC also played out in the United Nations, where annual debates occurred about who was the lawful holder of the Chinese seat.

⁵⁸ "China; Recognition of New Government", In *Documents on Canadian External Relations Volume 15, 1949*, 1802.

⁵⁹ "Relations with Peking Government", In *Documents on Canadian External Relations Volume 16, 1950*, 1796.

While it was true that the PRC did not control Taiwan, it was equally true that there was no chance that the ROC would be able to defeat the PRC and regain control of the Chinese Mainland. The basic problem that resulted in the challenges to recognizing an official government of China was that there were two governments that both claimed to be the official government of China and it appeared that neither government would disappear in the near future. With the Korean War still being waged between Communist and United Nations forces, the issue of recognition of the PRC was dealt a severe blow. While the idea of recognizing the PRC was losing momentum due to the increasing tension between Communist and non-Communist governments, the issue of Chinese representation in the United Nations took on a more immediate and important tone.

Canada had traditionally supported the ROC's claim to the United Nations seat, and Heeney advised Pearson in June 1951 that Canada should not alter its policy on "voting on the question of Chinese representation in the United Nations" even if the government did decide to eventually change its policy about recognizing the Nationalist government as being the legitimate government of China.⁶⁰ Heeney's advice continued to be the official Canadian position even after the Korean War ended. In the instructions for the Canadian delegation to the 8th meeting of the United Nations General Assembly (UNGA), occurring in 1953, Pearson instructed the delegation that any proposal that would "admit Communist China to the United Nations should be opposed."⁶¹ Though Canada did not play any sort of decisive part in this session of the UNGA, the issue was

⁶⁰ Heeney to Pearson, 9 June 1951, In *Documents on Canadian External Relations Volume 17, 1951*, ed. Greg Donaghy, (Ottawa: Canada Communication Group, 1996), 1797.

⁶¹ Pearson to Cabinet, n.d., In *Documents on Canadian External Relations Volume 19, 1953*, ed. Donald Barry (Ottawa: Canada Communication Group, 1991), 338.

once again taken up in 1954. At the 9th meeting of the UNGA Pearson instructed the Canadian delegation to postpone the issue, citing “the failure of efforts to reach a final peace settlement in Korea in accordance with the principles laid down by the United Nations.”⁶²

Prime Minister St. Laurent was aware of the benefits that would result from the PRC joining the United Nations, but the benefits that would be gained would come with a cost. Tensions between East and West had become strained with the outbreak of the Korean War, as the United States took the lead in opposing the entrance of the PRC into the United Nations with many other countries supporting it. Canada relied on international organizations for its security and having the PRC join the United Nations would have greatly increased the power of the organization. During the 9th meeting of the United Nations the representative of the Soviet Union used the same argument in an attempt to seat the PRC. The Soviet representative pointed to the Geneva Conference, where the “Chinese People’s Republic had taken its rightful place among the great powers”, and noted that the inclusion of the PRC had “done much to relax international tensions.”⁶³

The argument of the Soviet representative was a good one, but the practical realities of the international situation after the Korean War stopped Canada from supporting it. Other nations also agreed that with the current tension between the PRC and United Nations forces stationed in Korea the time would not be right to consider

⁶² Pearson to Cabinet, Cabinet Document 187-54, 7 September 1954, In *Documents on Canadian External Relations Volume 20, 1954*, ed. Greg Donaghy (Ottawa: Canada Communication Group, 1997), 184.

⁶³ United Nations, “The Representation of China in the United Nations”, in *Yearbook of the United Nations: 1954*, (New York: Department of Public Information United Nations, 1955), 50.

seating the PRC. The representatives of the United Kingdom, which recognized the PRC as the official government of China, and Australia, which did not recognize the PRC, both spoke out against seating the PRC in the United Nations during its 9th meeting.⁶⁴

Canada's China policy did not advance any further in the last years of the government of Prime Minister St. Laurent. When examining the issue of recognition, it is important to understand that there are two different types of recognition, according to international law, that can be given to a government from a foreign power. The first type of recognition is *de facto* recognition that does little more than acknowledges that a government has control over a territory.⁶⁵ The second type of recognition is *de jure*, which is much more difficult to qualify for and has a number of set conditions that must be met. In order to be given *de jure* recognition, a government must have "effective control of the national territory, obedience of the bulk of the population and a reasonable prospect of permanency."⁶⁶ By 1951 the PRC had met all the conditions of being given *de jure* recognition, while the ROC had not, but the Korean War delayed further progress on the issue.

In March 1954 Prime Minister St. Laurent was attending a press conference in Seoul, when he responded to a question by saying that "some day Canada would have to be realistic and admit that the government of China was the government its people wanted."⁶⁷ Immediately after St. Laurent's statement, the Progressive Conservative Opposition in Canada attacked him for it and criticized him by saying that "the people of

⁶⁴ Ibid., 51.

⁶⁵ Heeney to Pearson, 9 June 1951, In *Documents on Canadian External Relations Volume 17, 1951*, 1798-1799.

⁶⁶ Ibid., 1798.

⁶⁷ Graham, "A Colossus and a Conundrum", 134.

China really had no chance to express their opinions on the form of government they wanted.”⁶⁸ The Prime Minister’s comments also resulted in a wave of condemnation from ordinary people and organizations that did not have a personal stake in seeing the Liberal government suffer.

The list of St. Laurent’s critics included the Superior General of the Scarborough Foreign Mission Society and the Catholic Women’s League of Canada,⁶⁹ who expressed their public outrage over what they viewed as approval of the Communist regime despite what many people viewed as aggression on the part of the Communists. While many people spoke out against St. Laurent, some people spoke out in favour of the Prime Minister’s comments because they viewed his actions as being done by Canadians and being independent of the influences of other nations like the United States. Still, it was clear that many Canadians opposed the idea of recognizing the PRC. With such strong opposition at home, and such small support for recognition, it would have been politically difficult for Prime Minister St. Laurent to move forward with recognition at that time.

Domestic opposition was not the only reason for the Canadian government wanting to delay the issue of seating the PRC in the United Nations. It can also be argued that Canada wanted to strengthen this international organization. Canada has never been a great military power, at least compared to other military powers in the world, so by the 1950s Canada had come to rely on international organizations such as the United Nations for its security. Prime Minister St. Laurent and the Canadian government may have wanted to bring the PRC into the United Nations, as they had considered doing before the

⁶⁸ Ibid., 134-135.

⁶⁹ Ibid., 135.

Korean War, but the practical issues of the United Nations prevented them from voicing their approval.

St. Laurent was also keenly aware that the United States had staked out a position firmly opposed to recognizing the PRC as the official government of China. At the London meeting of the Commonwealth Prime Ministers in July 1956, St. Laurent informed his colleagues that, in his opinion, there was little that could be done about the issue of supporting the PRC. Although he “recognized the incongruity of having the vast majority of Chinese represented by the Nationalist Government,” the Canadian Prime Minister noted that the United States had threatened to withdraw from the United Nations if the Nationalist government was removed from its seat in New York.⁷⁰ It was hoped that the United States’ attitude “would not persist indefinitely”, but St. Laurent did not anticipate any progress being made on the issue until after the 1956 presidential elections in the United States. The Liberal Party would eventually leave office in June 1957 without advancing the issue of recognizing Communist China any further.

Export Controls on Trade with Communist China, 1949-1957

Economic warfare has long been seen as an effective alternative to standard military warfare. The problem with economic warfare in the modern world, specifically when dealing with a nation like Communist China, is that no one nation can cripple the economy of its opponent; rather, it takes the efforts of many nations working together to do any real harm. The need for many different nations to work together to wage an

⁷⁰ “Fifth Meeting, Commonwealth Prime Ministers’ Conference, Relations with China”, in *Documents on Canadian External Relations, Volume 22, 1956-1957, Part 1*, ed. Greg Donaghy (Ottawa: Canadian Government Publishing, 2001), 1198.

effective economic campaign against the PRC was evident at the start of the Korean War and would remain so for much of the 1950s.

The United States wanted to limit China's ability to pursue aggressive policies in Asia and decided to pursue a policy of economic warfare against China. The United States, however, could not wage an effective economic war on its own and needed the other nations of the Western world to join with them. Many nations agreed to go along with the American plan, but there was a great deal of tension among Western governments over how extreme the policy should be. The United States wanted the most extreme course of action while other nations, like Britain, wanted a less extreme course. The disagreement over economic relations with China made it difficult for the Western world to provide a united front against China. Canada was caught in the middle between the leaders of the two camps. Though problems between the United States and Britain had occurred in the past, the situation for Canada had changed after the end of the Second World War. Canada maintained its traditional ties to Britain and the British Commonwealth, but there could be no doubt that the United States was an important factor in maintaining the prosperity of the Canadian economy.

Canadian officials had long believed that there was economic potential in China that Canada could exploit, and with the expansion of Canadian diplomatic and economic capabilities that occurred after the end of World War II, many Canadian officials believed that the time was right to take advantage of the opportunities that China offered. In September 1949, External Affairs officials in Nanking informed Ottawa that "great possibilities for Canadian trade" existed with China, regardless of the government that

controlled the country.⁷¹ Canada, as a result, should pursue a policy of “ordinary trade on a business basis” with Communist China, even if the United States should decide to cut off trade with Beijing.⁷²

After the fall of the Nationalist government on Mainland China the United States began to look at methods that it could employ to limit the capabilities of the Communists or cause the collapse of their regime. The United States government saw four different methods that it could employ to try and strike a blow against the PRC: cultural, military, political, and economic.⁷³ The defeat of the Nationalist government, which had enjoyed the military support of the United States, by Communist forces had proven that the military option would most likely fail to achieve its goals, except at a cost far greater than the United States was willing to pay. Of the remaining options, United States officials came to the conclusion that the economic course of action was the one most likely to succeed, whether it took the form of “discontinued economic relations – aid, trade, or investment – or imposed economic sanctions against China.”⁷⁴ The policy of using economic warfare to help limit the options of a rival was not something new in U.S. foreign policy, as Washington had been following a policy of “export control aimed at depriving the Soviet Union and its satellites of goods of military strategic importance” since 1947.⁷⁵

⁷¹ Library and Archives Canada (LAC), RG 25 vol. 6297 file 9030-40, Nanking Telegram 145, 13 September 1949.

⁷² Ibid.

⁷³ Shu Guang Zhang, *Economic Cold War: America's Embargo against China and the Sino-Soviet Alliance, 1949-1963* (New York: Stanford University Press, 2001), 20.

⁷⁴ Ibid.

⁷⁵ Ibid, 24.

China, however, was not the same as the Soviet Union. The United States had, in the opinion of several American officials, become an important trading partner to China after World War II, and as a result the degree of “American influence” in China had become stronger and more valuable in influencing the decisions of the Chinese government.⁷⁶ Wanting to maintain the influence that the United States wielded in China, U.S. officials modified their plans from a broad strategy of denying resources to the PRC, to a more narrow and refined strategy of isolating China diplomatically and making it dependent on the United States. In order to achieve their new goals, the United States sought to drive a wedge between Peking and Moscow, thus resulting in China becoming dependent on goods supplied by non-communist countries; however, for the United States’ strategy to work, a total embargo of trade between the West and China would have to be abandoned. The final product was a strategy that would “restrict trade in commodities important to security, while permitting other exchanges,” which would allow the United States to utilize both the fear and inducement aspects of economic warfare.⁷⁷ This policy was in place for a very short time before the outbreak of the Korean War in June 1950, and the full entrance of Chinese forces into the war against United Nations forces during the autumn of that year.

The entry of the Chinese into the Korean War hardened attitudes in Washington to the point that it instituted a “total economic embargo against the Beijing regime.”⁷⁸ President Harry Truman also came to the conclusion that the United States would not be able to carry out an embargo against China that had any meaningful effect unless the

⁷⁶ Ibid., 28-29.

⁷⁷ Ibid., 30

⁷⁸ Ibid., 31.

other Western nations that traded with China were willing to cooperate and impose similar embargoes of their own against China.⁷⁹ While many, but not all, nations agreed with the reasoning behind limiting China's ability to acquire strategic resources, the majority of Western nations were hesitant to commit to a total embargo of importing goods from or exporting goods to China.

Given the importance of the United States in the Canadian economy, Canada could not easily dismiss the requests made by the United States to join their efforts to isolate China from the rest of the world. Canadian officials were well aware of the importance of Canadian trade with the United States; however, in order to preserve this trade, Canada would have to adopt similar export controls as the United States, utilizing a system that had been created "during the Second World War to ensure that neither country became an outlet for the other's restricted exports."⁸⁰ Despite the importance of the United States to Canada, the Canadian government remained hesitant about the efforts of the United States to isolate China. Many officials believed that the United States' policies might, in fact, force China and the Soviet Union closer together, which was the opposite of what the United States, and Canada wanted.⁸¹ Canada had "restricted the export of military and strategic goods to Mao's China in 1949"; however, the government was not willing to go much further than that prior to the outbreak of the Korean War.⁸² Once China became involved in the war Canada's support of the policies of the United States regarding China became mandatory, with public opinion in the

⁷⁹ Ibid.

⁸⁰ Donaghy and Stevenson, "The Limits of Alliance", 32.

⁸¹ Ibid., 31-32.

⁸² Ibid., 31.

United States, as well as the U.S. Congress, reaching a fevered pitch that would not permit any opposing views.

During the Korean War, Canada continued its policy against supplying China with strategic materials. It did, however, supply China with goods that “were neither strategic nor in short supply,” and allowed for the importation of goods that were produced in China.⁸³ The United States did not allow for these exceptions; however, it did not make a considerable difference, because the Communist regime in China did not allow for the import of “goods for ordinary civilian consumption.”⁸⁴ The issue of importing goods from China would remain a sore point between the United States and Canada. The United States prohibited “the landing in the United States of merchandise of Chinese or North Korean origin intended for consumption, for immediate exportation, or for transportation and exportation.”⁸⁵ The United States’ policy applied to Chinese-made products that were shipped to the United States with their final destination being for consumption or sale in Canada, thus having a negative effect on the Canadian economy.

While there were some disagreements over the export embargo against China among Western governments, the fact remained that while there was fighting in Korea, no nation was willing to break fully with the United States over the embargo. Once the fighting in Korea stopped, however, the situation with the Western governments changed drastically and quickly. No nation was louder or more consistent in its opposition to the embargo than Britain. The reason for Britain leading the opposition to maintaining the embargo against China was simply that Britain was heavily invested economically in

⁸³ Washington Telegram WA 242, 19 January 1951, In *Documents on Canadian External Relations Volume 17, 1951*, 1793.

⁸⁴ Ibid.

⁸⁵ Plumptre to Heeney, In Ibid, 1794.

China and Hong Kong. Hong Kong, being a British colony and highly dependent on trade with China to maintain its economy, was suffering greatly under the weight of the embargoes that had been placed on China.⁸⁶ The main issue that Britain and other countries had with the United States' export control system was the "China differential," which involved a set of embargoes being placed against China and not the other Communist governments of the world. The "China differential" list was created in 1954, and resulted from the United States and its allies easing the restrictions placed on the Soviet Union and the Eastern European countries. In terms of trade, however, the United States remained adamant on maintaining full restrictions against China. The United States felt that it was important to maintain more pressure on China because they believed that restricting China's ability to acquire resources was important in order to hindered the country's ability to arm itself.

Many allies of the United States, however, saw the "China differential" as being unnecessary after the fighting in Korea had come to an end, and they wanted to begin selling to China in order to help their economies. By 1956 any hope of maintaining the multilateral system of export controls on trade with China was quickly disappearing. The push to dismantle the system was led by the British, who publicly stated that they would unilaterally withdraw from the system if the United States did not agree to meet their requests for a reduction in the system by 15 January 1956. Britain's withdrawal threatened the survival of the entire system. The other nations who participated in the system had also been voicing their opposition to the continuation of the embargoes the system placed on China, and if a leading nation like Britain left, it would cause a chain-

⁸⁶ Zhang, *Economic Cold War*, 125-127.

reaction that would lead to the whole system falling apart. Canada was placed in the uncomfortable position of not wanting to support the system any longer. At the same time, the Liberal government of Prime Minister St. Laurent felt that taking actions that would upset Canada-U.S. relations would be a mistake; Canada, therefore, took a neutral position in the debate and waited to see what happened between Britain and the United States before making its intentions known.⁸⁷

Canadian security had always been one of Prime Minister St. Laurent's primary concerns when he examined Canada's China policy, and he fought more for opening relations with the PRC than he did for other aspects of Canada-China relations. The lack of economic trade between the PRC and the Western world was also an issue that was coming to the forefront of China-Western relations. St. Laurent had examined and pressured for the issue of recognition even when some of Canada's allies had not, but he had held back on the issue of expanding trade with the PRC at the same time that most of Canada's allies were fighting hard for the issue.

Both Britain and the United States were important to Canada, but they were also the leaders of the two opposing camps in debating the differential list. It was for this reason that Canada maintained a neutral policy, with the Canadian government refusing to support "any proposal not acceptable to the two main opponents."⁸⁸ While Canada maintained a neutral position officially, unofficially the government agreed with Britain, believing that there was no point to the "China differential" after the end of the fighting in Korea. Lester Pearson stated in 1957 that the government found it difficult to come up

⁸⁷ Léger to Pearson, 17 April 1957, In *Documents on Canadian External Relations Volume 23, 1956-1957 Part II*, ed. Greg Donaghy (Ottawa: Canadian Government Publishing, 2002), 1348.

⁸⁸ Léger to Wilgress, In *Ibid*, 1363.

with strategic justification for restricting a large number of items that were included on the “China differential” list, and that what was on the list appears to make it resemble a form of “economic warfare rather than one of controlling strategic commodities.”⁸⁹

By mid-1957, there was little hope for a continuation of the system, as many Western nations sought to expand their economies into markets such as China. U.S. President Dwight Eisenhower made one last attempt to save the system, and presented the United States’ allies with a new proposal for the “China differential”. It too eventually failed, as major economic powers such as Britain, France, Japan, and Germany rejected the American compromise plan.⁹⁰ By the end of 1957 the multilateral system had collapsed. Except for the United States, Turkey, and Canada, all other NATO countries refused to adhere to the “China differential” any longer.⁹¹ While it was true that Canada had not officially withdrawn from the system, the election of John Diefenbaker to the office of Prime Minister of Canada in June 1957 effectively ended Canada’s involvement in any practical sense.

Conclusion

Canadian officials have always seen China’s potential and have always been eager to find a way to exploit it for Canada’s benefit, but other nations have also wanted the same thing and took steps to limit Canada’s influence in China. The United States blocked most of Canada’s efforts to establish a relationship with China before the end of World War II and what little progress was made by Canada after the war was erased by the Communist victory in 1949. The creation of the PRC on 1 October 1949 changed the

⁸⁹ Pearson to Robertson, 29 April 1957, In *Ibid.*, 1350.

⁹⁰ Heeney to Wilgress, 24 May 1957, In *Ibid.*, 1358.

⁹¹ LAC, RG 25 vol. 7115 file 9030-40, Léger to Smith, 31 January 1958.

dynamic of relations between Mainland China and the Western world as the United States now tried to isolate the PRC from the international community. When Prime Minister St. Laurent came to power he sought to increase Canadian security by strengthening international organizations such as the United Nations. He hoped to make the United Nations stronger by making the PRC a part of it, but the United States fiercely opposed the entrance of the PRC, preferring that the China seat be occupied by the ROC. St. Laurent made no secret of his desire to recognize the PRC as the official government of China and have it seated in the United Nations, but with the outbreak of the Korean War and the hardening of attitudes in the United States and the Canadian public, he was forced to back down. St. Laurent pushed for issues that would increase Canada's security, but when the other allies of the United States, including members of NATO, were moving forward with expanding trade with the PRC, Canada held back. That St. Laurent pushed for the recognition and seating of the PRC while it was not popular, but not for expanding trade when it was popular, shows how he was more focused on Canadian security than trade. When St. Laurent left office and his Diefenbaker took over, things changed dramatically.

Chapter 2

Shifting Priorities and Economic Success: Canada's Trade with China and its Relations with the United States, 1957-1963

In June 1957, John Diefenbaker was elected Prime Minister leading a Progressive Conservative minority government. He campaigned on a platform to expand the market for Canadian wheat and help many struggling Prairie wheat farmers and communities find a place to sell their products. Diefenbaker's platform delivered him a win in the western wheat producing provinces and made these areas the power base of his government. The Prairie influence on Conservative trade policy only intensified following the March 1958 general election, in which Conservatives won 47 of 48 ridings in Manitoba, Saskatchewan, and Alberta, contributing to the then-largest majority government in Canadian history. Diefenbaker soon became convinced that the lucrative market for wheat on Mainland China presented a golden opportunity to eliminate Canadian surpluses of wheat, and he vigorously championed expanded trade relations with China before he left office in 1963.

The cementing of closer Sino-Canadian economic ties, of course, set the Conservative government on a collision course with the successive American administrations of Dwight Eisenhower and John F. Kennedy. While the anti-communist Diefenbaker did not seriously consider extending diplomatic recognition to China, his campaign to foster trade agreements with Beijing was fiercely opposed by Washington. As Canada's primary ally and closest trading partner, the United States aggressively – but ultimately unsuccessfully – waged a concerted campaign to undermine Ottawa's efforts to sell wheat to the PRC, a campaign that seriously frayed Canadian-American relations.

Exploring the China Market and Early Sino-Canadian Trade Initiatives 1957-1959

After entering office, Diefenbaker immediately put the issue of recognition of the PRC on the backburner. Instead, he focused his attention on improving trade relations between the two countries, with an emphasis on wheat and grain. The issue of recognition did not disappear from Canadian politics, but the urgency that it was given under the St. Laurent government was diminished greatly. Diefenbaker had long been opposed to recognizing the PRC as the official government of China. He knew it was impossible to say that the PRC would never be recognized as China's official government, but he did feel that the time was not yet right for recognizing the PRC.⁹² Diefenbaker developed a strategy where Canada would gradually come to recognize the PRC through a process of steps involving unofficial contacts, with particular emphasis on trade contacts.⁹³

Diefenbaker's strategy had the double benefit of both appeasing those in the government who wanted to recognize the PRC, and justifying Diefenbaker's desire to expand trade relations with the PRC. Many senior officials within the DEA shared Diefenbaker's opinions. Under-Secretary of State Jules Léger, for example, concluded that trade between Canada and the PRC was so small by early 1958 that no change in the recognition policy was necessary, while Canada could take advantage of China's desire to expand Sino-Canadian trade contacts.⁹⁴

Just as Diefenbaker believed that eventually there would be no choice but to recognize the PRC as the official government of China, the government in Washington

⁹² Memorandum of a Conversation, Prime Minister Diefenbaker's Residence, Ottawa, 28 July, 1957, *Foreign Relations of the United States, 1955-1957, Volume XXVII*, 903-904.

⁹³ Graham, "A Colossus and a Conundrum", 159-160.

⁹⁴ Léger to Smith, 16 May 1958, In *Document on Canadian External Relations Volume 25, 1957-1958 Part II*, ed. Michael D. Stevenson (Ottawa: Canadian Government Publishing, 2004), 920-921.

was also operating under the same assumption, but was hoping to delay the issue for as long as possible. Whether Diefenbaker was hoping that his policy of slowly building relations with the PRC would lead to full recognition or was simply trying to delay the issue for as long as possible, one thing was clear: Diefenbaker was determined to expand economic ties with the PRC. The first major action taken by the Diefenbaker government regarding trade with the PRC was to send a Canadian delegation to China in 1957 for a “fact-finding mission” that would, among other things, acquire information that the Department of Trade and Commerce would use when attempting to expand trade with the PRC.⁹⁵ The delegation arrived in Mainland China in September 1957 and consisted of the Trade Commissioner for Hong Kong, C.M. Forsyth-Smith, and a representative from the DEA, Tom Pope.⁹⁶

The decision to undertake the mission was reached when the Canadian government received reports that the PRC was interested in purchasing wheat from Canada. These reports were later confirmed by the Forsyth-Smith delegation that discovered that the PRC was indeed interested in buying Canadian wheat and grain.⁹⁷ Forsyth-Smith also noted that Chinese officials were “extremely touchy” about the possibility that China might be suffering from agricultural shortfalls.⁹⁸ In his report to the DEA, Pope mentioned that it was difficult to raise and maintain a discussion about trade between Canada and the PRC. The officials they met with, whom they had difficulty

⁹⁵ Graham, “A Colossus and a Conundrum”, 165.

⁹⁶ Donaghy and Stevenson, “The Limits of Alliance”, 34.

⁹⁷ Graham, “A Colossus and a Conundrum”, 165-166.

⁹⁸ Donaghy and Stevenson, “The Limits of Alliance”, 34.

meeting in the first place, continually brought the conversation back to the issue of politics and diplomacy between the two governments.⁹⁹

Pope listed several reasons why he believed that PRC officials were unwilling to discuss the issue of bilateral trade, but the most likely, or most important, was that “they wished to impress us that China was in no way dependent on Canada or any other Western country to meet its import requirements.”¹⁰⁰ Pope’s theory would be in keeping with previous government assertions that the nationalist pride of the officials and people of the PRC would not allow themselves to become dependent on any other foreign power for China’s survival. Nevertheless, PRC officials agreed to “negotiate a small purchase of a thousand tons of wheat as a gesture of bilateral goodwill.”¹⁰¹ Discussions surrounding the consummation of this first wheat agreement floundered, however, as a result of regulations established by the Foreign Assets Control (FAC). Adopted by the Eisenhower administration in 1954 under the provisions of the 1917 Trading with the Enemy Act, FAC rules prevented foreign subsidiaries of U.S. corporations from exporting goods to China. In the case of the Chinese first wheat order, negotiations with the Bunge Corporation, an American-controlled grain company operating in Canada, were terminated when Bunge officials expressed concerns that they were violating American extraterritoriality statutes. Ottawa pushed forward and negotiated four additional contracts for nearly 45,000 tons of wheat, but several contracts originally signed with American-controlled grain companies operating in Canada were transferred

⁹⁹ Pope to Menzies, 2 December 1957, In *Document on Canadian External Relations Volume 25, 1957-1958 Part II*, 914.

¹⁰⁰ *Ibid.*

¹⁰¹ Donaghy and Stevenson, “The Limits of Alliance”, 34.

to domestic Canadian firms due to threats made by the United States government to prosecute U.S. parent corporations under FAC regulations.¹⁰²

Given that the Canadian government was able to find ways around the problems presented to it by the United States, the Canadian public did not become aware of the situation involving the application of FAC laws affecting Canadian grain agreements with China. The situation changed when the Canadian branch of the United Auto Workers reported in 1958 that the Ford Motor Company had prevented its Canadian subsidiary from taking a Chinese order for one thousand cars. The outrage of the Canadian public forced the Diefenbaker government to take immediate action in order to highlight the fact that their decision-making process was independent of the United States, and that they were not simply following the lead of the United States regarding the welfare of the Canadian economy.

The government of Louis St. Laurent had wanted to try and preserve the idea of a united front against the PRC, but Diefenbaker's policy was different, as the situation among the nations of the Western world had changed drastically in the preceding years. After the elimination of the China differential, the idea of showing a unified Western front died, as the needs and desires of the individual countries took priority over Western unity. Canada was no exception, as actions carried out by the United States proved to be increasingly harmful to the Canadian economy. Additionally, it was questionable if the United States' actions even had any measurable effect on the PRC. To counteract the American policies negatively affecting Canada, Diefenbaker used the visit of Dwight Eisenhower to Ottawa in July 1958 to personally lobby for a relaxation of FAC

¹⁰² Ibid., 34-35.

regulations. Eisenhower proved unwilling to completely abandon Washington's policy regarding trade with the PRC, but even he found it difficult to justify many of the actions being taken, just as he had with the China differential in the previous years. One of the defenses that Eisenhower raised when he was discussing trade with Diefenbaker was that he felt it would be a problem to allow the foreign subsidiaries of U.S. companies to conduct trade with the PRC, while at the same time forbidding companies located within the United States, and lacking foreign subsidiaries, from conducting the same trade.¹⁰³ American Secretary of State John Foster Dulles, who accompanied Eisenhower to Ottawa, also informed his Canadian hosts that "If we open the door too wide for subsidiaries we may have to open the door for parents."¹⁰⁴ United States officials did not see any urgency in the matter of trade with the PRC, stating that the PRC had not increased trade after the issue of the China differential was settled. It was also stated that if the PRC had wanted to increase trade, it would have a limited amount of "funds available for foreign purchases."¹⁰⁵

Despite the fact that the United States officials wanted to take it slow and examine the problem before rushing into anything, that was not an option for Diefenbaker. He was under pressure from the Canadian public, which was in a fevered nationalist mood, to stop the United States government from interfering in Canadian trade with the PRC. The end result of the meeting between Diefenbaker and Eisenhower was that a compromise was reached between the two leaders. The United States would allow "Canadian subsidiaries of American firms to fill orders from the PRC for non-strategic goods" when

¹⁰³ Memorandum of Conversation, 8 July 1958, *Foreign Relations of the United States, 1958-1960, Volume VII Part I*, 696.

¹⁰⁴ Memorandum of Conversation, 9 July 1958, *Ibid.*, 707.

¹⁰⁵ *Ibid.*

no Canadian owned firm was capable of meeting such orders and the transactions would “have an ‘appreciable effect’ on the Canadian economy.”¹⁰⁶ While the arrangement was not the solution that Diefenbaker was looking for, it did allow Canada to continue pursuing business dealings with the PRC.

In the aftermath of the Ottawa meetings, the Eisenhower administration loosened – but did not completely dismantle – its policy regarding trade with the PRC, but Washington was not happy about it. John Foster Dulles even went so far as to publicly state that “Beijing often placed orders simply to generate a clash between Washington, DC, and allied government.”¹⁰⁷ Dulles’ statement downplayed the importance of Canadian trade with the PRC and made it appear that once the disputes over trade with the PRC between the United States and its allies ended, the PRC would have no interest in conducting actual trade with the Western world. The opening phase of efforts on the part of Canada to establish trade with the PRC highlights the difference of opinions between the governments of Canada and the United States regarding trade with the PRC. Eisenhower’s unwillingness to adopt the Canadian model as general US policy, instead choosing to grant exceptions to transactions that it felt were necessary for the welfare of its allies’ economies, further highlighted the differences between Ottawa and Washington.¹⁰⁸ It also highlighted the difference of the St. Laurent and Diefenbaker governments, as Diefenbaker was more resilient in his attempts to have Canada pursue an independent course from the policies of the United States. The concessions that Diefenbaker was able to acquire would prove to be a turning point for Canadian trade

¹⁰⁶ Graham, “A Colossus and a Conundrum”, 167.

¹⁰⁷ Donaghy and Stevenson, “The Limits of Alliance”, 37.

¹⁰⁸ Ibid.

with China. The determination of Diefenbaker, and the outrage of the Canadian public over what they viewed as interference by the United States in an internal Canadian matter, highlighted to Eisenhower and other officials in Washington that they would have to adjust their embargo policy regarding the PRC if they wanted to maintain the co-operation of the Canadian government in the future. Diefenbaker had chosen to pursue a different path when addressing the issue of Communist China, which resulted in the Canadian public supporting his China policy to a degree that St. Laurent could never have hoped for. Diefenbaker used his surge of support to the fullest and pressured Washington whenever it attempted to interfere with Canadian trade.

The Opening of the Chinese Wheat Market and the Problem of Extraterritoriality 1959-1961

The loosening of the United States' trading policy regarding the PRC came at a time when Canada was looking to increase its wheat sales and the PRC was looking to increase its purchases. Initial PRC purchases of Canadian wheat in 1957 and 1958 did not qualify as large-scale orders in relation to how much wheat Canada produced and how much wheat China consumed. By 1959, however, the situation in China was changing, and agricultural trade between Canada and China was about to explode. Rumours reached the ears of Canadian officials in the latter half of 1959 that the PRC was looking to begin purchasing large-sale amounts of wheat.¹⁰⁹ The sudden increase in the amount of wheat that the PRC wanted to purchase from Canada could be attributed directly to the "Great Leap Forward" program that was instituted in Mainland China. The Great Leap

¹⁰⁹ Graham, "A Colossus and a Conundrum", 169.

Forward was started in 1958 and would continue until it was abandoned in 1962.¹¹⁰ The program was designed to bring about the rapid industrialization of Mainland China, with Chairman Moa Zedong wanting to see China overtake Britain, then still considered a major industrial power, in the area of steel production.¹¹¹ Mao's attempts to bring about the quick industrialization of China resulted in massive shortfalls in terms of agricultural production, resulting in the PRC being forced to import huge amounts of food from other countries. Further complicating the situation was that the pride felt by the leaders of the PRC would not allow them to buy food from the other socialist countries to which they were allied. The result was the PRC making long-term trading deals with other countries to supply them with grains.

Canadian officials had already seen first-hand how the PRC officials could be sensitive about the ability of the PRC to survive on its own without the aid of foreign governments. Their attitude remained the same even during the Great Leap Forward. Purchasing food from other nations allowed PRC officials to hold their heads up high by conducting ordinary trade transactions that would hide their agricultural shortcomings and prevent them from having to beg for aid from other nations, non-communist and communist alike.¹¹² Once the decision had been made on the part of the PRC to buy wheat from Canada, events moved forward very quickly. The first real indication the Canadian government received about the desire of the PRC to purchase wheat from Canada came in September of 1960, when the China Resources Company (Cireco)

¹¹⁰ Frank Dikotter, *Mao's Great Famine: The History of China's Most Devastating Catastrophe, 1958-1962* (New York: Bloomsbury, 2011), xi.

¹¹¹ *Ibid.*, 14.

¹¹² Graham, "A Colossus and a Conundrum", 171.

informed the Canadian Trade Commissioner in Hong Kong, C.J. Small, that they were interested in purchasing two cargoes of wheat from Canada.¹¹³

After the PRC made it known that they were interested in purchasing wheat from Canada, they quickly set about the process of opening negotiations with Canadian officials. The negotiations for the first large-scale orders of wheat by the PRC from Canada began in November 1960, when two officials from the PRC arrived in a Montreal hotel and asked how they could get in touch with the Canadian Minister of Agriculture, Alvin Hamilton.¹¹⁴ When the time came to discuss a wheat purchase with the Chinese officials, who were acting on behalf of Cireco, the Canadian Wheat Board, represented by W.C. McNamara, the chief commissioner of the board, handled the actual negotiations. While McNamara was the official negotiator, several other departments of the Canadian government also had an interest in seeing the negotiations succeed, including Agriculture, Commerce, and Trade.

One of the matters that complicated the process was that Australia had already completed its own negotiations with the PRC, which had resulted in Beijing purchasing three hundred thousand tons of wheat from them.¹¹⁵ The problem was that the cost of Australia's wheat was almost thirty percent less than Canada's wheat. While it could be argued that Canadian wheat was of a higher quality, the price differential still made closing the deal difficult. Representing the Department of Agriculture, Alvin Hamilton came forward with a proposal that he felt could appease both parties. Hamilton's suggestion was that the Canadian government would give the PRC a gift of wheat worth

¹¹³ Ibid., 171-172.

¹¹⁴ Ibid., 172.

¹¹⁵ Donaghy and Stevenson, "The Limits of Alliance", 38.

\$6.5 million if the PRC would agree to the purchase of one million tons of Canadian wheat.¹¹⁶ Hamilton's reason for making the proposal was twofold. First, by giving away such a large amount of wheat, in addition to the commercial transaction regarding the one million tons of wheat that Canada was proposing to sell to the PRC, the total overall price for the wheat would be lowered by eighteen cents per bushel.¹¹⁷ The second reason was that it would save the Canadian government money from not having to store the wheat. That would compensate for the gift to the PRC, thereby further helping to balance out the cost of giving away so much wheat for free.¹¹⁸ Hamilton's suggestion was a good one, because it allowed Canada to take advantage of new markets in China, while at the same time allowing Canada to still charge a higher rate for its wheat than other countries.

Hamilton's plan also presented certain political challenges that made it difficult to implement. Officials in the DEA viewed the proposal as more trouble than it was worth because, in their opinion, Australia would see it for what it really was – providing a rebate to the PRC in order to move in on a market that Australia was also trying to expand into.¹¹⁹ Hamilton had made his suggestion in the hopes of avoiding a price war with Australia, but the obviousness of Canada's intentions could just as easily trigger the price war that he had hoped to avoid. If it did cause a price war between Canada and Australia, then the PRC would be the only one to benefit from the situation and it would hurt Canada's wheat price worldwide, as other nations who purchased wheat from Canada would undoubtedly demand the same price.

¹¹⁶ LAC, RG 25 vol. 5280 file 9030-40, Robertson to Green, 13 January 1961.

¹¹⁷ Donaghy and Stevenson, "The Limits of Alliance", 38.

¹¹⁸ *Ibid.*, 38-39.

¹¹⁹ LAC, RG 25 vol. 5280 file 9030-40, Robertson to Green, 14 January 1961.

Additionally, the United States had a similar program – the notorious Public Law 480, which saw massive quantities of subsidized US wheat flooding foreign markets – that hurt Canada’s ability to sell wheat to its traditional customers and that had been one of the main reasons Canada sought to sell to the PRC in the first place.¹²⁰ Canada had made frequent vigorous diplomatic representations protesting against Public Law 480, but if Ottawa chose to follow a similar action with regard to trade with the PRC, then the Canadian government would lose the ability to lecture the United States about its own gift program, which, in the opinion of the DEA, was not worth the potential gain to Canada.¹²¹

The matter of how to proceed was eventually brought before Cabinet, which sided with the DEA and decided that the potential benefits to Canada in Hamilton’s plan did not outweigh the potential harm that Canada could suffer from following the plan.¹²² The Cabinet decided that instead of offering the PRC a gift with its purchase, it would instead sell the PRC “a variety of lower quality grains that effectively reduced the overall price of the contract.”¹²³ Hamilton’s plan was full of potential political disasters, yet it was given serious consideration by the Cabinet, which stresses how important the success of the negotiations between Canada and the PRC were to Diefenbaker and many other officials in the Canadian government.¹²⁴

Despite the fact that Canada was not willing to cave in to pressure from the PRC at the negotiation table, the fact remained that the PRC was in desperate need of food. It

¹²⁰ Donaghy and Stevenson, “The Limits of Alliance”, 33.

¹²¹ Graham, “A Colossus and a Conundrum”, 174.

¹²² Ibid.

¹²³ Donaghy and Stevenson, “The Limits of Alliance”, 39.

¹²⁴ Graham, “A Colossus and a Conundrum”, 174.

was because of their great need that the PRC was unwilling to drag out the negotiations with Canadian officials over the issue of the cost of Canadian wheat. Despite the fact that the Canadian government was unwilling to lower the cost of Canadian wheat or subsidize the cost in any way, other than offering lower grade wheat, an agreement was eventually reached between the two parties. On 2 February 1961, Hamilton announced an agreement whereby the PRC would purchase 260,000 tons of barley and 750,000 tons of wheat at a cost of sixty million dollars.¹²⁵ One of the things that the Canadian government was most happy about was that the PRC did not demand that a line of credit be opened for them to purchase the wheat. Instead, they paid for their wheat order in cash at the market level price. Hamilton attributed the PRC paying in cash for their order to the nationalist pride the PRC officials felt and their desire to maintain the image that they did not require aid from other nations to survive. The deal with the PRC had everything that the Canadian government could have hoped for, including the possibility of further orders from the PRC.

The elation felt by Canadian officials, however, subsided quickly after it became apparent that the United States would not let the massive wheat order from China go unchallenged. The agreement between Diefenbaker and Eisenhower regarding FAC regulations and how they affected Canadian subsidiaries of United States parent companies was supposed to settle the issue regarding American interference with Canadian trade with the PRC. However, once President John F. Kennedy was elected to the White House, problems between the two nations began to arise again. The issue at hand was a Canadian subsidiary company, Imperial Oil, which was owned by a United

¹²⁵ Ibid., 174.

States parent company, Standard Oil, had refused to provide bunkering fuel to the ships that had been chartered to carry the wheat that the PRC had purchased to Mainland China.¹²⁶ The company's refusal to provide fuel in a Canadian port not only threatened the deal, but also had the potential to cause major problems for Prime Minister Diefenbaker. Much of Canada's population considered Imperial Oil to be a Canadian company and would have been outraged at the idea of the United States not allowing it to supply ships carrying Canadian wheat with fuel.

Ensuring the ships acquired the fuel they needed became one of the top issues for Diefenbaker when he met with Kennedy for the first time in Washington on 20 February 1961. Ironically, Kennedy was under the same type of pressure as Diefenbaker. Being newly elected to the Presidency, he did not want to appear to be relaxing the embargo placed on the PRC, resulting in him being un-cooperative with Diefenbaker's attempts to find a way for Canadian subsidiaries to act without approval from parent companies located in the United States. In an attempt to find a way around the problem, Kennedy offered Diefenbaker a compromise that would see the United States grant Canadian subsidiaries a permit allowing them to conduct trade with the PRC; however, in order to be granted this permit the Canadian government would have to request it.¹²⁷ Diefenbaker found this compromise to be totally unacceptable because it would not solve the issue of domestic outrage in Canada, since many Canadians would have viewed Kennedy's proposal as a continuation of interference in the Canadian economy.¹²⁸ Kennedy remained adamant that Diefenbaker reconsider his position, since, in Kennedy's view, the

¹²⁶ Donaghy and Stevenson, "The Limits of Alliance", 39.

¹²⁷ Record meeting between Diefenbaker and Kennedy, Washington, 20 February 1961, *Foreign Relations of the United States, 1961-63, Volume XIII*.

¹²⁸ *Ibid.*

compromise he offered was in keeping with the agreement between Diefenbaker and Eisenhower in 1958.¹²⁹ Neither leader proved willing to give ground on the issue, and the Washington meeting ended without a solution to the problem being reached.

Commenting on the results of the Kennedy-Diefenbaker meeting, Canadian Secretary of State for External Affairs Howard Green concluded that the United States would have to remove any impediments to Sino-Canadian trade themselves. The reason was because the actual problem was between the United States government and the parent companies of the Canadian subsidiaries in question, which were also located in the United States.¹³⁰ The result was that while the Canadian government may not be happy about what was happening, all Ottawa could really do was put pressure on one or both parties to change their policies, as Canada had no real say in the matter.

In the aftermath of the Washington meeting, the United States government made several other propositions to the Canadian government, but they all possessed the same problem that Kennedy's original suggestion had, being that they all afforded Washington "some degree of control over cargoes being shipped to China" from Canada.¹³¹ The United States having such a degree of control over Canadian commerce was something that the Canadian public would not stand for, which in turn made it impossible for Diefenbaker to accept the propositions. In the end, the United States decided that the divisions that were occurring with the Canadian government were not worth the benefits of maintaining control over the shipping to Mainland China. Once the United States government was willing to loosen its FAC regulations regarding trade with the PRC,

¹²⁹ Graham, "A Colossus and a Conundrum", 179.

¹³⁰ LAC, RG 25 vol. 7607 file 11280-1-40, Green to Diefenbaker, 23 February 1961.

¹³¹ Graham, "A Colossus and a Conundrum", 180.

Imperial Oil was free to provide the needed fuel to the vessels that would transport the wheat to Mainland China.

Expanding Trade Links with China 1961-1963

As negotiations were taking place between Canada and the United States on a way to ship the wheat from Canada to China, PRC officials were indicating that they were interested in negotiating for additional wheat purchases.¹³² While the Canadian government should have been elated over the possibility of selling even larger amounts of wheat to the PRC, the reality of the situation dampened their spirits. The previous large scale wheat deal that had been negotiated was paid for in cash by the PRC; however, if the new orders were even larger, then it would not be possible for the PRC to pay for them in cash, and would instead require a line of credit in order to handle paying for such a large amount of wheat.

The issue that came before Cabinet in early March 1961, when the PRC announced that they would be interested in “additional sales mounting to some 2-3 million tons ‘if suitable financing could be arranged.’”¹³³ The reason for Canada’s hesitation was simple: the United States had been difficult to deal with when the previous contract had involved a cash payment, and it was unlikely that they would be as accommodating if the Canadian government decided to extend credit to the PRC. The Canadian government also remembered the fact that they had extended loans to the Chinese Nationalist government, as well as several companies that had operated with that government. When the Nationalists had lost the war and been unable to pay, the PRC had refused to honour the debt accumulated by the Nationalists. Despite the fact that the PRC

¹³² Donaghy and Stevenson, “The Limits of Alliance”, 41.

¹³³ Graham, “A Colossus and a Conundrum”, 175.

and the Canadian government had disagreements in the past, and that the United States might object to Canada extending credit to the PRC, the opportunity to sell such a large amount of wheat was too good to pass up.

A deal was quickly finalized between the Canadian Wheat Board and the PRC on 22 April 1961, by which the PRC would purchase “between 3 and 5 million tons of wheat and between 600 000 and 1 million tons of barley ... in addition to approximately 30 000 tons of Canadian flour.”¹³⁴ The wheat and barley were to be delivered to China before the end of 1963 and the PRC would pay 25% cash with the balance due in nine months at 5.5% interest. The Canadian government had been worried about how the United States would respond to Canada extending credit to the PRC for purchasing additional supplies of wheat; however, the initial reaction of the United States was better than the Canadian government had hoped for.

When Alvin Hamilton announced the deal in the House of Commons, the reaction from the Canadian public was also quite positive. Hamilton pointed out that the benefits of the deal would expand beyond the wheat farmers of Canada. He talked about the fact that the increase in the farmers’ income would help benefit local economies by increasing the spending power of the farmers and help maintain the economies of farming communities.¹³⁵ Additionally, other areas of the Canadian economy that were not directly involved in the production of Canadian wheat would also benefit from the deal. As the wheat needed to be shipped to Mainland China from Canadian ports, the wheat needed to be stored and transported to the ports before being shipped. Hamilton specifically

¹³⁴ Ibid., 176.

¹³⁵ Victor Mackie, “Red China Buying Canadian Grain for \$362 Million”, *Winnipeg Free Press*, 2 May 1961, 8.

identified “country and terminal elevator operators, railway and dock workers and others engaged in the domestic handling and export movement of grain and flour” as people and industries that would benefit from the conclusion of the deal.¹³⁶ Several officials who were involved in Canada’s agricultural industry also came out in favour of the deal, including G. L. Harrold, the president of the Alberta Wheat Pool, Alf Gleave, the president of the National Farmers’ Union and the Saskatchewan Farmers’ Union, and Charles Gibbings, the president of the Saskatchewan Wheat Pool.¹³⁷

When the United States government had originally learned about the deal, they reacted with restrained support, stating that removing so much grain from the world market would help with the oversupply of grain in the world market. Washington also deemed that the PRC using up its foreign currency reserves to buy food as opposed to military items to be in its best interests.¹³⁸ However, the positive opinion displayed by the United States quickly changed. In early June the United States Treasury Department decided to stop the exporting of vacuators made in the United States to Canada. Vacuators were special suction devices required to load the grain onto oil tankers for shipment. The Treasury Department stopped the exportation by invoking FAC regulations, as it had in the past, to stop or hinder trade between Canada and the PRC. Surprisingly, the Treasury Secretary, Douglas Dillon, had been unaware of what had been done to stop the export of the vacuators and was adamant that a solution be found before the issue began to disrupt relations between Canada and the United States, particularly after Diefenbaker telephoned John F. Kennedy to demand that the restrictions on the

¹³⁶ Ibid.

¹³⁷ Unknown, “Farmers Welcome New Wheat Deal”, *Winnipeg Free Press*, May 3 1961, 4.

¹³⁸ Donaghy and Stevenson, “The Limits of Alliance”, 41.

export of vacuators to Canada be lifted. Within a matter of days the State Department offered a solution where the equipment in question would be granted “licenses as a special concession to the Canadian government.”¹³⁹ The dispute over the vacuators would be the last major occurrence of interference by the United States, regarding Canada’s right to sell wheat to the PRC.

Though Canada was now able to sell wheat to the PRC without having to worry about direct interference from the United States, the complexities of the Cold War would not make it possible to separate Canada’s wheat deals from the efforts of the United States to isolate China. In somewhat of an ironic twist, Washington now sought to use Canadian wheat deals they had once vigorously opposed as a lever to extend their influence in Asia. The United States first raised the possibility of using Canada’s trade relation with the PRC to provide political and strategic advantages for the Western world in a high-level meeting in Ottawa in January 1962.¹⁴⁰ Washington had requested the meeting because the Kennedy administration took the situation in Vietnam very seriously. The United States intelligence agencies had become convinced that the PRC was the cause of the “aggressive and subversive actions” being perpetrated against South Vietnam by the North Vietnamese.¹⁴¹ The plan proposed by the United States called for Canada to indicate to the PRC that in order for future grain deals to be possible the PRC would have to curtail its actions in Vietnam. The Canadian officials who were present at the meeting expressed their doubts about the proposal and the meeting ended without an agreement, though the two sides did agree to meet at a later date with officials from the

¹³⁹ Graham, “A Colossus and a Conundrum”, 182.

¹⁴⁰ *Ibid.*, 183.

¹⁴¹ *Ibid.*, 183-184.

Australian government included in the meeting. The second meeting did not do much to change Canada's position, and the Australians joined Canada in expressing their doubts about the United States' proposal achieving any realistic goals.¹⁴²

The United States was not the only nation to attempt to use Canada's trade with the PRC for its own benefit. India also approached Canada hoping to receive Canada's aid in dealing with the PRC. In October 1962, a border clash broke out between the PRC and India, which was a member of the British Commonwealth along with Canada. After the PRC invaded the area under dispute, the northeastern region of Ladakh, India demanded that Canada use its influence to punish China.¹⁴³ The request by India was different from the request by the United States because there could be no questioning how involved the PRC was in its border dispute with India. Also, India was a friend and ally of Canada's. While Canada supported India in the dispute, Diefenbaker also highly valued the amount of wheat that the PRC was buying and wanted to protect future sales, as his government relied so much on the political support of the western grain producing provinces.¹⁴⁴ There was no simple way around the problem for the Canadian government, but it tried its best to find a middle ground between the two parties. In the end, Canada decided to "send six military transports to India and suspended all exports to China (without telling anyone, including the Chinese), except wheat."¹⁴⁵

St. Laurent had believed that stability in the international community was essential to Canadian security and wanted to bring the PRC out of isolation to decrease the level of tension in the world. Diefenbaker had the opportunity to try and decrease the

¹⁴² Ibid., 187-188.

¹⁴³ Donaghy and Stevenson, "The Limits of Alliance", 43.

¹⁴⁴ Graham, "A Colossus and a Conundrum", 189.

¹⁴⁵ Donaghy and Stevenson, "The Limits of Alliance", 43.

level of tension between the PRC and a close ally of Canada's, but was unwilling to take action that could potentially hurt Canada's success at selling wheat to the PRC. The conflict between India and the PRC was the clearest example of the differences between Diefenbaker and St. Laurent when it came to their priorities involving the PRC. For St. Laurent it was Canadian security and for Diefenbaker it was Canadian trade.

The wheat that Canada sent to the PRC could not be classified as a purely military product as it was also used for civilian consumption. Some of the other commodities that Canada traded to the PRC, however, could be viewed easily in a military light. An example would be on 23 October 1962, when the Cabinet heard from the Minister of Trade and Commerce, George Hees, about a Canadian company that was hoping to acquire a permit that would allow for the export of 130 car engines to the PRC.¹⁴⁶ The Cabinet denied the request for a permit on the basis of the military potential of the engines. At the same meeting Cabinet decided "no export permits would be granted for goods to China with the exception of grain."¹⁴⁷ Cabinet's decision did little to appease India, as they viewed the wheat being provided to the PRC by Canada as the fuel that powered the PRC war machine, and allowed them to continue their invasion of India.¹⁴⁸

Once it became clear that Canada would not stop its wheat deals with the PRC, the Indian government tried several other approaches to try and reduce the amount of wheat that Canada was sending to the PRC. The Indian government asked Canada to slow down the wheat shipments to the PRC, cancel future wheat deals between the two countries, and, if that was not possible, to conduct future deals on a "cash-and-carry

¹⁴⁶ LAC, RG 2 vol. 6193 series A-5-a, "Trade with China", 23 October 1962, 7.

¹⁴⁷ Ibid.

¹⁴⁸ LAC, RG 25 vol. 5281 file 9030-40, New Delhi Telegram 910, 26 November 1962.

basis” in order to limit the size of future deals.¹⁴⁹ Despite the fact that India had a very justifiable reason to want to stop the wheat shipments to the PRC, Canada did not want to risk the new market it had worked so long and hard to gain access to, as well as one that promised to be so profitable. The conflict between India and the PRC produced trouble for Canada, but the Sino-Indian conflict itself was very brief, lasting until November 1962.¹⁵⁰ Once the conflict was over, the Canadian government then abandoned the export restrictions placed on the PRC, and began looking for ways that they could increase the trade that Canada conducted with the PRC.

Canada had every reason to want to expand trade with the PRC, as the wheat deals had been quite profitable to Canada. The situation changed, however, in that the PRC was no longer interested in simply buying from Canada. Instead, it wanted to supply Chinese goods to the Canadian market. In January 1963, the Canadian government, at the urging of George Hees, began looking at ways to expand its trade with the PRC in new areas. Hees wanted Canada to start shipping metals and pharmaceuticals to the PRC, and asked the Cabinet to give export permits to a number of companies that wanted to sell these goods. Cabinet was willing to grant permits to allow for the sale of pharmaceuticals to the PRC, but the metals, specifically aluminum and stainless steel, were denied, as the DEA argued that their sale would create additional problems between Canada and its allies. When the PRC received word that Canada would be holding back on the sale of the metals, it went on the offensive, and attempted to use its newfound importance to the Canadian economy to its advantage. The PRC made it clear to the Canadian government that if it did not sell stainless steel to the PRC then there would be serious doubts about

¹⁴⁹ Donaghy and Stevenson, “The Limits of Alliance”, 43.

¹⁵⁰ *Ibid.*, 44.

whether or not the PRC would place future wheat orders with Canada. When Hees learned of the veiled threat made by the PRC he demanded that the Cabinet change its position and allow for the export of non-strategic goods to the PRC.¹⁵¹ With the fear of losing future wheat deals that had proven so beneficial to the Canadian economy, the Cabinet quickly reversed its position, and approved “export permits for nearly three tons of stainless steel and twenty-two tons of aluminum ingots.”¹⁵² The Cabinet stated, after the deal was complete, that it had no plans to carry out an actual change of its exporting policy to the PRC; however, the Cabinet had in reality been considering such a change in policy for a number of months before the deal to ship metals to the PRC was actually announced.

The large wheat deal that was concluded between Canada and the PRC in 1961 was set to expire in 1963. The Canadian government was looking to finalize a new deal, but the PRC would not agree to do so unless Canada was willing to open its own market to Chinese goods. The PRC was concerned about the growing trade imbalance between Canada and the PRC, “which saw 126 million dollars in exports to China in 1962 and only 3.2 million dollars of imports from China.”¹⁵³ The main problem that the PRC had with importing goods into Canada lay in the tariff system that Canada employed when calculating the duty of Chinese goods entering the country.¹⁵⁴ The Department of National Revenue was responsible for determining the value of tariffs placed on goods from the PRC, and used high prices from the United States to calculate the duty on

¹⁵¹ Ibid.

¹⁵² Ibid.

¹⁵³ John George Diefenbaker Centre Archives, vol. 532 series XII, Robertson to Diefenbaker, 8 March 1963.

¹⁵⁴ Donaghy and Stevenson, “The Limits of Alliance”, 44.

textiles entering from Mainland China, which were considerably cheaper than textiles from the United States. Cicero, the Chinese state trading company, wanted the duty system changed so that the duty of goods from Mainland China would be more fairly calculated, and be based on the duty rates that Canada employed to the goods coming from Japan and Hong Kong. The PRC saw the entry into Canada of China-made textiles as a means of correcting the trade imbalance between Canada and the PRC. The Canadian government was hesitant to commit to this, fearing it would have severe repercussions on the Canadian textile industry.¹⁵⁵

The hesitance of the Canadian government furthers the argument that Diefenbaker was not looking to use economic contacts with the PRC to slowly build up to recognition, but was interested only in expanding the Canadian economy into China for the benefit of Canada. Diefenbaker fought hard to allow the exporting of goods to the PRC, but did not want to import goods that had the potential to harm domestic Canadian jobs or businesses. Expanding trade with the PRC was only a good thing to Diefenbaker if the balance was in Canada's favour; when it moved to benefit the PRC, and could potentially harm the Canadian economy, Diefenbaker's desire to increase trade between the two governments evaporated.

The PRC's desire to export textiles to Canada was an issue that would weigh heavily on Diefenbaker for the rest of his time in office. Though the PRC had stated that they wished to address the trade imbalance and that future wheat deals would be dependent on righting the imbalance, the PRC still required wheat to help alleviate the famine occurring in China. With the situation as it was, the PRC concluded another wheat

¹⁵⁵ LAC, RG 25 vol. 5281 file 9030-40, Robertson to Green, 3 December 1962.

deal with Canada on 14 December 1962, for thirty-nine million bushels of wheat valued at sixty-five million dollars.¹⁵⁶ The new deal had terms of “25 percent down and the balance on a twelve month credit cycle.”¹⁵⁷ The Canadian government had hoped to extend the credit for only nine months, but was forced to offer a longer credit cycle, because France had recently concluded a treaty with the PRC for selling them wheat on credit and had given the PRC a credit period of eighteen months.¹⁵⁸ Australia was also hinting that they would be open to extending favourable terms to the PRC in future wheat deals.¹⁵⁹

With a new wheat deal secured, Diefenbaker turned his attention to the issue of the textile trade with the PRC. In order to try and find a resolution, the Canadian government sent the issue to the Interdepartmental Committee on Low Cost Imports to evaluate the situation. The Committee decided that opening the Canadian market to textiles from the PRC would alienate Japan, another important Asian ally of Canada’s, who had been selling low-cost textiles to Canada and who had voluntarily curbed the amount of textiles it shipped into the Canadian market. Though the committee had come to the conclusion that opening the Canadian market to more goods from the PRC, especially textiles, would cause problems for Canadian industries, the matter did not end there. Some of the senior ministers took the work of the committee and expanded on it, coming to the conclusion that they wanted the Cabinet to “permit more Chinese non-sensitive goods to enter Canada and establish an import quota of three million dollars for

¹⁵⁶ John George Diefenbaker Centre Archives, vol. 62 series XII, Hamilton to Diefenbaker, 14 December 1962.

¹⁵⁷ Ibid.

¹⁵⁸ LAC, RG 25 vol. 5281 file 9030-40, McNamara to Hamilton, 24 October 1962.

¹⁵⁹ Ibid.

sensitive goods.”¹⁶⁰ Other officials, such as the deputy minister of foreign affairs, Norman Robertson, believed that opening Canadian markets to Chinese textiles would not improve the odds of greater wheat sales to the PRC, and urged Diefenbaker to oppose the issue. Diefenbaker ultimately decided to veto the motion, as it was an election year and the opening of the Canadian market to large quantities of Chinese textiles would have hurt his chances of being re-elected. In the end, it did not matter what Diefenbaker did, as he lost the April 1963 election to a Liberal minority government led by Lester B. Pearson.

Conclusion

Diefenbaker opposed recognition of the PRC as the official government of China, yet his administration did more to move the issue forward through indirect means than the St. Laurent administration. Diefenbaker built links with the PRC through the use of trade agreements that increased in size over time and helped to bring official relations between the two countries closer together. He also moved Canada farther away from the position of the United States, in regards to isolating the PRC, by building official agreements between the PRC and Canada, though he was careful not to hurt Canada’s economic relationship with the United States. Finally, Diefenbaker took a firmer stance in doing what he considered best for the welfare of Canada, even if it was at the expense of Western unity. Diefenbaker’s primary concern regarding China was expanding trade with Mainland China to the point that it eclipsed all other China related matters. St. Laurent had hoped to decrease the level of tension in the international community, but Diefenbaker was willing to let the tension level increase rather than risk hurting Canada’s

¹⁶⁰ Donaghy and Stevenson, “The Limits of Alliance”, 45.

newly formed trade relationship with the PRC. St. Laurent and Diefenbaker moved in opposite directions when they began developing their China policies and their actions clearly reflected the different priorities that they had when dealing with the PRC.

Chapter 3

A Return to Recognition and Postponement: The Pearson Government's Contribution to Canada-China Relations, 1963-1968

The political fortunes of Canada changed in April 1963 with the Progressive Conservative government of John Diefenbaker being defeated in an election by the Liberal Party under the leadership of Lester Pearson. The change in government also signaled a return to the issue of recognizing the PRC as the official government of China, as opposed to the Conservative government's policy of official non-recognition while building trade deals with the PRC. Diefenbaker's strategy had advanced relations between Canada and the PRC and benefited the Canadian economy; however, Pearson decided that the time was right to move forward with the issue of recognizing the PRC. Pearson had proven himself to be a talented diplomat in the United Nations, but his success at being a diplomat did not necessarily translate into good skills as a Prime Minister dealing with foreign affairs. The diplomatic recognition of the PRC would come closer to completion than it had ever before, but it would not be easy, and every time the Canadian government was about to act a new problem would occur to derail its plans.

The Evolution of Canada's China Strategy, 1963-1964

Lester Pearson was perhaps one of the few Prime Ministers who was better known for what he achieved before taking office than for what he did while in office. Pearson's attempts to recognize the PRC were fueled more by domestic pressure to recognize the PRC than an actual desire on his part to do so, but the domestic pressure

was enough that he remained open to the idea, though he did so cautiously.¹⁶¹ By 1963 the attitude of the Canadian public had begun to shift, with Canadians coming to accept the fact that the PRC's control of China was not going to end simply because other countries in the world chose to ignore it. A more important change in attitude, however, was that many Canadians did not want to ignore the PRC.

Although Diefenbaker had left office, that did not mean that trade with the PRC had become any less important to the Canadian economy. Between 1961 and 1966 fifteen percent of Canada's annual wheat exports went to Communist China.¹⁶² With the PRC purchasing such large amounts of wheat from Canada, especially from areas where the Conservative Party continued to find support, the Liberals found themselves presented with a unique opportunity. With trade between Canada and the PRC being so important to the Conservative Party, which formed the Opposition in the House of Commons after the 1963 election, it made it difficult for the Opposition to argue effectively against recognition.

At the same time, Canadians also began to have doubts about the trust-worthiness of the United States and its anti-communist policies. The situation in Vietnam was being used as a prime example of the United States' shortcomings in dealing with the spread of communism around the globe.¹⁶³ With recognition gaining favour, and the United States' policies losing favour, Pearson saw an opportunity to recognize the PRC as the official government of China. The primary problem that Pearson faced was how Canada should carry out the issue of recognition in a way that would be acceptable to both the PRC and

¹⁶¹ St Amour, "Sino-Canadian Relation, 1963-1968: The American Factor", 106-107.

¹⁶² Graham, "A Colossus and a Conundrum", 202-203.

¹⁶³ St Amour, "Sino-Canadian Relation, 1963-1968: The American Factor", 107

the United States. The main issue that hindered the development of Canada's recognition of the PRC was the status of Taiwan. The United States would not allow the PRC to claim control of Taiwan, and the PRC would not relinquish what it viewed to be its rightful claim to Taiwan.¹⁶⁴

Attempting to solve the problem that it faced, the Liberal government developed a new strategy for recognizing the PRC. The idea was similar to John Diefenbaker's idea of building unofficial contacts with the PRC before moving on to creating official contacts with them. The new plan was to recognize the PRC in the United Nations before officially recognizing the government in Peking.¹⁶⁵ One of the key architects of the new Liberal policy was Norman Robertson, the Under Secretary of State for External Affairs. Robertson came to his idea in August 1963 after the DEA completed its own internal review of Canada's China policy, the first major review since 1958. Robertson concluded that recognition of the PRC was inevitable and it only came down to when and how.

Though Robertson was the one who developed the plan, it was championed by the new Secretary of State for External Affairs, Paul Martin, who had opposed Pearson's attempts to seat the PRC in the 1950s, but who was also a firm supporter of universal representation in the United Nations.¹⁶⁶ Martin and Robertson believed that their plan would help to ease the worries of other nations, especially the United States, about Canada's attempts to recognize the PRC. Martin was capable of planning ahead and saw how the world was changing and what that meant for the foreign policy of Canada. In a

¹⁶⁴ Graham, "A Colossus and a Conundrum", 204-205

¹⁶⁵ Ibid., 205-206.

¹⁶⁶ Don Page, "The Representation of China in the United Nations: Canadian Perspectives and Initiatives, 1949-1971", In *Reluctant Adversaries: Canada and the People's Republic of China, 1949-1970*, 89.

January 1964 press conference, Martin talked about the trend of isolating communist countries moving in the other direction, with many nations choosing to recognize communist governments.¹⁶⁷ Furthermore, Martin had begun to see that the world was becoming a smaller place, with the various nations of the world “becoming more dependent on each other in several fields, including trade.”¹⁶⁸

But Prime Minister Pearson, who did not want to raise expectations with the belief that the government would finally be able to come through on the recognition issue, thwarted Martin’s early efforts.¹⁶⁹ Pearson was cautious in his attempt to immediately recognize the PRC, because he did not believe there was a compelling reason to do so with Canada’s trade deals with the PRC secure.¹⁷⁰ He was also cautious because of his concern about the potential actions of the United States.¹⁷¹ With trade money from the PRC already entering the Canadian economy and his fear of the United States, Pearson did not believe the issue had real significance for Canada. Many officials in various levels of the Canadian government, including MPs and Ministers, disagreed with Pearson’s assessment, as they believed that opening lines of communication with the PRC would help to ensure the security of Canada. When dealing with issues involving China, Pearson seems to have been focused on the immediate problems and chose to deal with problems as they arose instead of planning ahead for them.

¹⁶⁷ Unknown “Consider Bureau For China News, Martin Reveals”, *Globe and Mail*, 10 January 1964.

¹⁶⁸ *Ibid.*

¹⁶⁹ Page, “The Representation of China in the United Nations: Canadian Perspectives and Initiatives, 1949-1971”, 89.

¹⁷⁰ St Amour, “Sino-Canadian Relation, 1963-1968: The American Factor”, 107.

¹⁷¹ *Ibid.*

In January 1964, France recognized the PRC as the official government of China, which brought the issue of recognition back to the forefront of international politics.¹⁷² France's recognition of the PRC demanded a response from the United States and caused Washington to once again harden its position regarding the Communist government. As the Vietnam War was going on as France recognized the PRC, the United States government did not want to appear as though it were softening its stance on communism and the PRC. The reaffirming of the United States' position could be attributed to anticipation of the election in November 1964, and President Lyndon Johnson did not think that taking any action that might hint at a change in relations between the PRC and the United States would be wise.¹⁷³ In addition to reaffirming its position, the United States rejected the idea of Canada "exchanging trade or even quasi-diplomatic missions with Peking."¹⁷⁴ The United States also attempted to ensure that Taiwan remained the representative of China in the United Nations. To help secure Taiwan's position in the United Nations, Washington began to put pressure on its NATO allies to remember the "importance Washington attached to a 'favourable' vote on the 'important question' resolution at the General Assembly that autumn."¹⁷⁵ The actions of the United States in the months after France recognized the PRC temporarily put an end to the debate of whether or not the time was right for Canada to continue with its own plans for recognition. That Pearson had given up hope of recognizing the PRC did not mean,

¹⁷² Page, "The Representation of China in the United Nations: Canadian Perspectives and Initiatives, 1949-1971", 89.

¹⁷³ St Amour, "Sino-Canadian Relation, 1963-1968: The American Factor", 109.

¹⁷⁴ Paul Martin, *A Very Public Life Volume II: So Many Worlds* (Toronto: Deneau Publishers, 1983), 511.

¹⁷⁵ *Ibid.*

however, that the Canadian government was not looking at various other strategies for bringing the PRC into the international community.

The United States had often used the argument that conferring recognition on the PRC or granting the PRC a seat in the United Nations would essentially be rewarding it for bad behaviour. The United States pointed to things such as the entry of the PRC into the Korean War, the crisis in the Straits of Taiwan, and the PRC's support of the North Vietnamese in the Vietnam War as reasons why the PRC should continue to be isolated by the other countries of the world.¹⁷⁶ Paul Martin did not agree with the assessment of the situation made by Washington. He viewed the isolation of Mainland China as merely stopping the rest of the world from being able to communicate and interact with its government in a way that would give nations a more effective means of influencing the PRC.¹⁷⁷ Martin's opinion was shared by some members of the Canadian government who also believed that the PRC should be recognized and seated in the United Nations, despite opposition from Washington that would likely not subside for the foreseeable future.

The issue came down to the same fundamental argument that had been going on between the United States and its allies since the PRC won the Chinese Civil War: should the PRC be isolated from the international community to try and force them to modify their policies and behaviour, or should the international community actively engage with the PRC to try and convince them to change? The United States had always been an advocate of the isolationist policy; however, many of its allies did not believe that the policy could succeed. Some, like Britain and France, had actively abandoned the policy and chosen to recognize the PRC as the official government of China.

¹⁷⁶ Graham, "A Colossus and a Conundrum", 212.

¹⁷⁷ *Ibid.*, 213.

Canadian Strategy in the United Nations and U.S. Interference, 1964-1966

With the pathway to full diplomatic recognition blocked, Martin focused on the issue of seating the PRC in the United Nations. Though many of the arguments used by the United States against recognition could also be used against the PRC gaining entry into the United Nations, Martin determined that it was Canada's best option and began to explore how to bring it about. There was more to Martin's new approach to handling the recognition of the PRC than making the best of a bad situation. John Diefenbaker had started with trade agreements because he viewed them as the best way to advance the issue of recognition as much as could be done under the circumstances; the same was true of Martin's efforts to get the PRC into the United Nations. It was Martin's hope to gain enough support among the various members of the United Nations to pass a version of a "two Chinas" plan for the United Nations.¹⁷⁸

Under Martin's plan, the PRC would take over the official position of China and gain the ability to vote for the country; however, Taiwan would also be recognized as having its own "international status and relationship."¹⁷⁹ A solution similar to Martin's was viewed by many Western observers as the best way to settle the issue, and it would be less humiliating for the United States than having the PRC representative replace the ROC representative outright. Just as Diefenbaker had advanced Canada's China policy by creating unofficial contacts, so too did Martin, as he tried to advance the China policy by trying to take small steps towards recognition.

The DEA also did not believe that it would be possible for the United States to hold its position on the PRC, despite the "aggressive, isolationist, and wholly distrustful

¹⁷⁸ Ibid., 207.

¹⁷⁹ Ibid.

attitude of the Chinese.”¹⁸⁰ DEA officials believed the government would find itself in a position where it would have no choice but to recognize the PRC before the end of 1965.¹⁸¹ Martin pressured Pearson to bring his proposal for seating both the ROC and the PRC in the United Nations to Washington in the hope of building support for the resolution.¹⁸² Pearson would bring Martin’s plan to Washington, but given that France’s recognition of the PRC was still fresh in the minds of officials in Washington, Pearson meet with no success.¹⁸³

Though Martin had worked tirelessly to promote his agenda regarding foreign policy, there was also a domestic side to his plans. The DEA had long acknowledged that if Canada had simply chosen to recognize the PRC after the United States it would be a blow against Canadian independence. The Department feared that other nations would view Canada and Canadian policy as nothing more than a puppet of the United States if Canada failed to act before Washington. The Department’s fear made it important that Canada move to recognize the PRC before the United States in order to assert the independence of Canadian foreign policy¹⁸⁴

Despite the fact that Martin viewed seating the PRC in the United Nations as being the best course of action, that did not mean that it was an easy course to follow.

Even the DEA had to admit that the United States’ position was strong enough to

¹⁸⁰ LAC, RG 25 vol. 10056 file 20-1-2 PRC part 2.2, “Draft Section on the Establishment of Diplomatic Relations with Communist China for Inclusion for Memorandum to Cabinet Forecasting Probable Departmental Expansion to the end of 1965”, 23 July 1964. A final document based on this draft was presented in a memorandum before Cabinet.

¹⁸¹ Ibid.

¹⁸² Martin, *A Very Public Life*, 509.

¹⁸³ Ibid.

¹⁸⁴ Page, “The Representation of China in the United Nations: Canadian Perspectives and Initiatives, 1949-1971”, 91.

maintain the status quo during the 1964 session, though they also believed that it was unlikely that the United States would be able to maintain their position the following year.¹⁸⁵ Martin used the 1964 NATO Ministerial meetings, which took place in May 1964, as a means of ascertaining the positions and plans of other nations regarding the vote pertaining to the PRC's admission into the United Nations.¹⁸⁶ Martin came to the conclusion that France and a number of African nations would vote for the admission of the PRC to the United Nations on the basis of a simple majority vote.¹⁸⁷ He was also able to learn that if the vote for the admission of the PRC would require a two-thirds majority to win, then other nations such as Denmark, Britain, and Japan would also be willing to vote in the PRC's favour.¹⁸⁸ With the information gained from other NATO members, DEA officials saw that support for the PRC was growing and it was possible that the PRC could be admitted into the United Nations, though the role of Taiwan was still uncertain.

The most important development had to do with the growing tension between the PRC and the Soviet Union. While the brief border war that had occurred between the PRC and India in 1962 had caused problems for Canada's wheat deals with the PRC, it also had some beneficial aspects for the Canadian government. When the conflict broke out the Soviet Union refused to support the PRC in an event that became known as the "Sino-Soviet split", and many Western observers saw an opportunity to further alienate Peking from Moscow.¹⁸⁹ A despatch dated 16 September 1964 from the Canadian Trade Commissioner in Hong Kong reported that in a recent interview that took place between

¹⁸⁵ *Ibid.*, 90.

¹⁸⁶ LAC, RG 2 vol. 6265 series A-5-a, "United Nations – Canadian position on mainland China", 22 December 1964, 6.

¹⁸⁷ *Ibid.*

¹⁸⁸ *Ibid.*

¹⁸⁹ Graham, "A Colossus and a Conundrum", 203.

Mao Zedong and a group of Socialists from Japan, the PRC leader had struck some “shrewd blows at the USSR.”¹⁹⁰ Mao’s actions were viewed by the Canadian government as an attempt by the PRC to isolate both the United States and the Soviet Union from the rest of the world, while at the same time having the PRC expand its own policies and influence.¹⁹¹ It became clear to the Canadian government that while the PRC might have spoken publicly about the union and cooperation of all communist countries against the capitalist West, the truth was that the PRC was only interested in advancing its own goals and interests. The DEA believed that opening more lines of communication with Mainland China would help further divide Moscow and Peking and hopefully keep them from mending their relationship.

Another major development occurred in October 1964, when the Chinese had managed to detonate a nuclear device.¹⁹² This provoked different reactions in different countries. The United States, along with many of its Pacific allies, viewed the detonation as evidence of the highly aggressive nature of the PRC, and used it to further their argument that the PRC should be kept out of the United Nations.¹⁹³ The United States renewed its claim that the PRC had to “conform to United Nations standards before it could be accepted into membership.”¹⁹⁴ Many other governments disagreed with the assessment made by the United States and its allies. Nations who had been in favour of the PRC joining the United Nations saw the PRC’s actions as further evidence that the

¹⁹⁰ LAC, RG 25 vol. 10056 file 20-1-2 PRC part 2.2, “Draft Section on the Establishment of Diplomatic Relations with Communist China for Inclusion for Memorandum to Cabinet Forecasting Probable Departmental Expansion to the end of 1965”, 23 July 1964.

¹⁹¹ Ibid.

¹⁹² St Amour, “Sino-Canadian Relation, 1963-1968: The American Factor”, 111.

¹⁹³ Page, “The Representation of China in the United Nations: Canadian Perspectives and Initiatives, 1949-1971”, 91.

¹⁹⁴ Ibid.

current situation was not working. Keeping the PRC out of the United Nations would make it more difficult for the organization to move forward with disarmament talks between its various members.¹⁹⁵

Many people in the Canadian government, including Martin, took the PRC's actions as evidence that Mainland China needed to be brought into the United Nations as a means of controlling the PRC.¹⁹⁶ In the end, the issue of Chinese representation in the United Nations was not given a vote in 1964 at the UNGA due to an ongoing dispute between the United States and the Soviet Union. The dispute had to do with the funding of peacekeeping operations, which had resulted in a financial crisis for the United Nations.¹⁹⁷ The adjournment of the nineteenth session of the General Assembly was actually to Canada's benefit because Canadian officials had placed themselves in a difficult position no matter what action they took. In a meeting between the delegations to the United Nations from the United States and Canada, Martin expressed a desire to the United States officials that he would be happy to see the China issue delayed.¹⁹⁸

The postponement was the result of a dispute regarding Article XIX of the United Nations General Assembly Charter, specifically with the section dealing with the financial obligations of the members of the Assembly for the United Nations peacekeeping forces.¹⁹⁹ Martin was not happy with the reason for the postponement, but

¹⁹⁵ United Nations, "The Representation of China in the United Nations". In *Yearbook of the United Nations: 1965*, (New York: Columbia University Press, 1967), 178.

¹⁹⁶ Page, "The Representation of China in the United Nations: Canadian Perspectives and Initiatives, 1949-1971", 91-92.

¹⁹⁷ St Amour, "Sino-Canadian Relation, 1963-1968: The American Factor", 113.

¹⁹⁸ Memorandum of a Conversation, New York, 30 November 1964, *Foreign Relations of the United States, 1964-1968, Volume XXX*, 137.

¹⁹⁹ St Amour, "Sino-Canadian Relation, 1963-1968: The American Factor", 113.

“he would be happy to see a postponement to delay a showdown on the Chinese question.”²⁰⁰

When the General Assembly of the United Nations was in session for the nineteenth meeting Martin addressed the Assembly and spoke about Canada’s commitment to the idea of universal representation in the United Nations.²⁰¹ He also made veiled references to the fact that the PRC was not a part of the United Nations despite the fact it had become a major power of the world and was home to a significant portion of the world’s population. Specifically, he talked about how universal membership must remain the organization’s “ultimate goal so long as any significant segment of the world’s population remains unrepresented in this forum.”²⁰²

While Martin had talked about the desire of Canada for universal representation in the United Nations, the Canadian Cabinet had instead decided that Canada would continue voting for the Important Question and Albanian resolutions as it had in the past. The Albanian resolution had been introduced in 1949, and called for a direct switch regarding Chinese representation in the United Nations; it had failed to win a majority vote in every meeting of the General Assembly since it was first proposed.²⁰³ The Important Question resolution was created in response to the growing movement of nations calling for the PRC to be seated as the representative of China in the United Nations. The Important Question resolution was introduced into the General Assembly in 1961 and declared that the issue of Chinese representation was an important question and

²⁰⁰ Memorandum of a Conversation, New York, 30 November 1964, *Foreign Relations of the United States, 1964-1968, Volume XXX*, 137.

²⁰¹ Martin, *A Very Public Life*, 514.

²⁰² *Ibid.*, 514-515.

²⁰³ Graham, “A Colossus and a Conundrum”, 220.

thus two-thirds of the votes were required for a motion to pass instead of the usually majority.²⁰⁴ The motion was introduced during every meeting of the General Assembly since it was first introduced in 1961 and had been passed each time.

If the Canadian delegation had voted, as it was instructed after Martin had made his comments, it would have been humiliating for Martin personally and diplomatically for the Canadian government. Though Canada had managed to avoid a humiliating situation at the nineteenth meeting of the General Assembly, Martin was determined to continue on in his quest to try and bring the PRC out of isolation. In 1965 Canadian officials believed that a solid front had been created among the members of the United Nations who sought to have the PRC seated in the organization.²⁰⁵ Martin and the DEA believed that it would be possible to make progress on the issue of seating the PRC in the United Nations; however, an unexpected outburst by a PRC official derailed those hopes. Just before the twentieth meeting of the General Assembly took place in 1965, the Foreign Minister of the PRC government, Chen Yi, held a press conference in which he outlined the conditions that would have to be met before the PRC would be willing to join the United Nations.²⁰⁶

According to Chen, before joining the United Nations, the PRC would require “the expulsion of representatives from the Nationalist Republic of China, an apology from the General Assembly for labeling the PRC an aggressor in the Korean War, and the

²⁰⁴ Page, “The Representation of China in the United Nations: Canadian Perspectives and Initiatives, 1949-1971”, 85-86.

²⁰⁵ LAC, RG 2 vol. 6271 series A-5-a, “Admission of Communist China to the United Nations”, 18 October 1965, 7.

²⁰⁶ Graham, “A Colossus and a Conundrum”, 215.

reform of the UN Charter to throw out all ‘imperialist puppets.’”²⁰⁷ Shortly after Chen’s outburst, Prime Minister Pearson remarked to the Canadian Cabinet that “recent developments suggested that the solid front which had been maintained toward the entry of Communist China into the United Nations might be broken.”²⁰⁸ The reaction of the United States to Chen’s statement was swift and decisive, with the Ambassador for the United States, Arthur Goldberg, addressing the United Nations General Assembly. Goldberg told the General Assembly that for the PRC to be allowed entrance into the United Nations after the action of Minister Chen “would be tantamount – in light of Communist China’s belligerent attitudes – to yielding to undisguised blackmail.”²⁰⁹ Pearson had been cautious and hesitant since first taking office whenever the issue of seating the PRC in the United Nations was raised, and with the actions of PRC Minister Chen, the hardening of the United States’ position, and an election in November of that year, he was unwilling to change Canada’s voting position in the United Nations.²¹⁰

Martin could have pushed Pearson on the issue, but he had his own doubts about going forward at the time. His primary concern was that the United States would finally act on their threat of withdrawing from the United Nations if the PRC was seated at the expense of the ROC government.²¹¹ Both Pearson and Martin agreed to let the issue rest for the moment, but they would continue to lobby for the seating of the PRC, except it would be done privately.²¹² The remarks made by Chen had hurt the efforts of those

²⁰⁷ Ibid., 215-216.

²⁰⁸ LAC, RG 2 vol. 6271 series A-5-a, “Admission of Communist China to the United Nations”, 18 October 1965, 7.

²⁰⁹ St Amour, “Sino-Canadian Relation, 1963-1968: The American Factor”, 114.

²¹⁰ Ibid., 114-115.

²¹¹ Martin, *A Very Public Life*, 515.

²¹² Ibid., 516.

supporting the PRC, but it also highlighted a danger that existed by continuing to keep the PRC out of the United Nations. Martin had long feared that if the United States did not compromise on some of the issues that existed between the United States and the PRC, then the end result would be the PRC being seated in the United Nations on its own terms. With the demands being made by Foreign Minister Chen, it appeared that was exactly what the PRC was trying to do.²¹³

With the situation in the United Nations as it was, the vote on the Albanian resolution at the 1965 meeting of the General Assembly was important. The Albanian resolution had never been passed before, but when the vote was held a tie was reached, with 47 countries voting for and against the resolution; there were a further 20 abstentions.²¹⁴ There was no real danger of the PRC being seated as a result of the vote, because prior to the vote on the Albanian resolution, a vote had been taken to decide if the vote to seat the PRC should be declared an important question. The resolution to declare the seating of the PRC to be an important question was put forward by a number of countries, including Australia, Japan, and the United States. The resolution passed with 56 votes in its favour, 49 against it, and 10 abstentions.²¹⁵ With the resolution being passed a two-thirds majority vote would be required in order for the PRC to be declared the Chinese representative in the United Nations, which did not occur.²¹⁶

The real danger for the nations who opposed the seating of the PRC in the United Nations lay in the symbolic damage that could have occurred if the Albanian resolution

²¹³ Graham, "A Colossus and a Conundrum", 213.

²¹⁴ United Nations, "The Representation of China in the United Nations", in *Yearbook of the United Nations: 1965*, 177.

²¹⁵ *Ibid.*

²¹⁶ *Ibid.*

was defeated. For a majority of nations in the General Assembly to vote for a resolution that the United States opposed would be humiliating for the United States, and could potentially erode the remaining support that it had on the issue. While Chen's actions had sabotaged Canada's efforts to seat the PRC, the DEA did not see the setback as being a long-term problem, with the PRC making unreasonable demands and being unwilling to back down on some issues.

The United States was under the impression that the PRC had adopted a hostile attitude as a means of forcing its way into the United Nations; however, Canada and Britain disagreed with that assessment, and believed that the PRC was simply trying to get the most they could out of the situation.²¹⁷ By adopting an aggressive policy, the PRC would be able to use it for propaganda purposes, while at the same time not hurting its prospects for entry into the United Nations, as the United States seemed determined to block their entry, regardless of what actions the PRC took.²¹⁸

Since the Canadian view was that the PRC had not actually changed its long-term strategy for dealing with the United Nations, Martin and the DEA came to the decision to continue examining ways to seat the PRC in the organization.²¹⁹ One of the reasons why the DEA remained so determined to continue pursuing the issue of Chinese recognition and the seating of the PRC was the opinions of Canada citizens. Throughout the 1950s and the first half of the 1960s, the Canadian public had been coming to accept that the PRC was in control of China, and that the Communist government would not simply fall apart because the rest of the world ignored it. Additionally, the Canadian economy had

²¹⁷ Graham, "A Colossus and a Conundrum", 216-217.

²¹⁸ Ibid., 217.

²¹⁹ Ibid.

begun to expand and become stronger once trade was opened up with the PRC. The Canadian public realized that isolating the PRC from the rest of the world would not achieve anything, and that there was much to be gained from working with Peking. The combined force of these factors caused the attitude of the Canadian public towards the entry of the PRC into the United Nations to become more approving.

A Gallup Poll, conducted in April 1966, showed the dramatic increase in support by Canadians for the PRC's entry into the United Nations. In 1956, before Canada concluded any of the large-scale wheat deals, only 28% of the Canadian public supported the entry of the PRC into the United Nations and 44% opposed it, with a further 28% having no opinion on the issue.²²⁰ After the first of the wheat deals was completed, the opinions of Canadians changed greatly, with many of the people who had previously expressed no opinion on the subject taking a side. By 1961, 50% of Canadians polled believed that the PRC should be seated in the United Nations, and only 39% believed that they should not be, with 11% still expressing no opinion on the subject.²²¹ The final year of the poll was 1966, and it saw the continuation of the trend of the previous two polls. In 1966 the percentage of people who supported the PRC rose to 54%, while the percent that opposed seating Peking had fallen to 30%, with 16% having no opinion on the subject.²²²

The most interesting point found in the poll was not that the number of people favouring the measure had risen but that there was no one political party that favoured or opposed the measure. By 1965, 59% of the people who supported the Progressive

²²⁰ LAC, RG 25 vol. 10088 file 20-1-2-CHINA-1 part.1.1, Opinion poll conducted by the Canadian Institute of Public Opinion "There is increasing approval for Red China to be in the U.N.", 30 April 1966.

²²¹ Ibid.

²²² Ibid.

Conservative Party believed that the PRC should be seated with only 29% opposing the idea. Support among members of the Liberal Party was not as high, with 52% of the party supporting the seating of the PRC and 33% opposing the idea.²²³ Support for the measure was strongest among the New Democratic Party (NDP), with 69% of the party showing support and 26% disapproving.²²⁴

The Canadian public supported the improvement of ties with Communist China and the Peking government also had good reasons to cultivate closer ties with Canada. Chief among these was the fact that Canada had become a major supplier of food to the PRC. The Chinese people did not know about the huge wheat deals taking place, but that did not lessen the need of the PRC to import vast amounts of food. The PRC would continue to complete wheat deals with Canada throughout the 1960s. On 25 October 1965, the Canadian Wheat Board had announced that it had completed a new wheat deal with the PRC that would involved the sale of between 122 million and 186.7 million bushels of wheat before 31 July 1969. By November 1968, the PRC had actually bought 235 million bushels.²²⁵ The continuation of the wheat deals showed that the PRC viewed Canada as a reliable external food source for its enormous population.

The issue that had always been foremost in the mind of Canadian officials when considering the issue of Chinese representation was the attitude of the United States. Beginning in 1966, however, the situation had begun to change, and it appeared that the willingness of the United States to resist any change regarding seating or recognizing the PRC was beginning to decline. One of the clearest indications that the United States was

²²³ Ibid.

²²⁴ Ibid.

²²⁵ Peter Thomson, "New Deal: \$100 million wheat sale to China", *Toronto Telegram*, 15 November 1968.

considering changing its position was that “high-ranking American officials began to muse to their Canadian counterparts about the advisability of instituting a form of the two-China solution in the UN.”²²⁶ Canadian officials would learn of the changing attitudes of many officials within the United States government from February to September 1966.²²⁷

The list of officials who were expressing a more open attitude toward seating the PRC included Arthur Goldberg, the permanent United States representative to the United Nations, Averell Harriman, a United States ambassador at large, and Senators Edward Kennedy and George McGovern, among others.²²⁸ Believing that Canada was in a good position to make a move, and not wanting to let the opportunity slip away from him, Martin and the DEA began developing a plan around mid-1966 that they felt would allow them to make some headway in seating the PRC. The plan called for a proposal to be put forward before the General Assembly that would see the seating of both the PRC and the ROC in the United Nations until a permanent resolution to the dispute could be reached.²²⁹ The specifics involved allowing the PRC to represent China in the General Assembly, and as a member of the Security Council, while having the ROC government removed from the Security Council, though allowing them to remain in the General Assembly as a representative of Formosa (Taiwan).²³⁰ Various countries had proposed different versions of the same plan since the end of the Chinese Civil War, but none had

²²⁶ Graham, “A Colossus and a Conundrum”, 219.

²²⁷ Ibid.

²²⁸ Martin, *A Very Public Life*, 517.

²²⁹ United Nations Office of Public Information, “The Representation of China in the United Nations”, in *Yearbook of the United Nations: 1966*, (New York: United Nations Office of Public Information, 1968), 136.

²³⁰ Ottawa Bureau, “‘Near Chaos and Anarchy’: Canada drops pressure for Peking seat at UN”, *Globe and Mail*, 16 August 1967.

ever received very much support, especially from the PRC and the ROC. In the event that Martin's proposal failed, the DEA decided that Canada would abstain from voting for the Albanian resolution.²³¹

At the twenty-first meeting of the General Assembly, a draft of the Albanian resolution was submitted on 16 November 1966, by eleven nations, Canada not among them.²³² When speaking in favour of the Albanian resolution, the delegates reiterated several points that had been made in previous years to justify their position. One of the reasons given was that the PRC had been in control of China, with the exception of Taiwan, for a long time giving it alone the right to claim to represent the Chinese people. Another reason given was that the authority and effectiveness of the United Nations was greatly reduced because of the absence of the representatives of one quarter of the world's population. The argument that may have had the most significance was that it would be impossible for any disarmament measures to be implemented with any measurable effect, without the involvement of the PRC, as it had now become a nuclear power.

Martin had decided now was the time to try and get the PRC into the United Nations because the changing attitude of the United States presented an opportunity that Canada did not have before. When the United Nations General Assembly met, however, DEA officials realized that they had badly misinterpreted the attitude of the United States as it remained as determined as ever to keep the PRC out of the United Nations. The attitudes of many officials within Washington were beginning to soften, but the United

²³¹ Graham, "A Colossus and a Conundrum", 220.

²³² United Nations Office of Public Information, "The Representation of China in the United Nations", in *Yearbook of the United Nations: 1966*, 133.

States government itself felt that allowing the PRC to enter into the United Nations, even if it was with the ROC would not be acceptable at that time. Washington's reasoning for opposing the seating of the PRC was that its officials felt that it might "encourage hardline tendencies in Peking, adversely affect peace prospects in Viet Nam, and create many problems for allies in Asia."²³³

The United States championed the cause of keeping the PRC out of the United Nations, but it also had the support of other prominent nations such as Japan.²³⁴ Some of the arguments against the entrance of the PRC into the United Nations were the same as previous Assemblies. One of the new arguments used by the PRC's opponents was that the PRC "had posed conditions for entry into the United Nations which made it clear that its real desire was not to co-operate in the work of the Organization but to wreck it."²³⁵ The argument clearly refers back to the comments made by PRC Foreign Minister Chen the previous year. The fundamental argument of the PRC's opponents was that to vote for the seating of the People's Republic of China in the United Nations would be "to abet aggression, negate the basic principles of the Charter and undercut the claim of the United Nations to being a moral force in the world."²³⁶

Despite the arguments made against seating the PRC, the DEA still believed that it would be possible to seat the PRC at this meeting of the General Assembly, but things went wrong for Martin and his plan. The DEA had no one to blame but themselves for

²³³ Telegram From the Department of State to the Embassy in the United Kingdom, Washington, 10 November 1966, *Foreign Relations of the United States, 1964-1968, Volume XXX*, 425.

²³⁴ United Nations Office of Public Information, "The Representation of China in the United Nations", in *Yearbook of the United Nations: 1966*, 133.

²³⁵ *Ibid.*

²³⁶ *Ibid.*, 135.

the failure of their efforts, as the view from outside Washington saw the stance of the United States softening; however, this was not the case, as the United States used its influence to draw support away from Martin's proposal. The United States threw its support behind a resolution put forward by six nations including Italy, Brazil, and Belgium. The resolution called for the General Assembly to:

Decide to establish a committee of Member States (number unspecified) to be appointed by the General Assembly, with the mandate of exploring and studying the situation in all its aspects in order to make the appropriate recommendations to the General Assembly at its twenty-second (1967) session for an equitable and practical solution to the question of the representation of China in the United Nations, in keeping with the principles and purposes of the Charter.²³⁷

The United States did not like the idea of a committee examining the issue of Chinese representation saying that “We do not like it and we know that it is an annoyance” to the ROC, but it was necessary.²³⁸

One of the most interesting facts about the six-power resolution was that the ROC had threatened to withdraw from the United Nations if it was passed.²³⁹ The ROC saw the resolution and Canada's proposal as being attempts “obviously designed to pave the way for the eventual admission of Peiping.”²⁴⁰ The truth was that the United States was

²³⁷ Ibid., 134.

²³⁸ Telegram From the Embassy in the Republic of China to the Department of State, Taipei, 23 November 1966, *Foreign Relations of the United States, 1964-1968, Volume XXX*, 447.

²³⁹ Telegram From the Department of State to the Embassy in the Republic of China, Washington, 21 November 1966, *Foreign Relations of the United States, 1964-1968, Volume XXX*, 443.

²⁴⁰ United Nations Office of Public Information, “The Representation of China in the United Nations”, in *Yearbook of the United Nations: 1966*, 136.

supporting the resolution only because it wanted to “cut the ground from under the Canadian resolution, which represented a new danger this year.”²⁴¹

With the United States throwing its support behind the six-power resolution, Martin’s proposal did not find the support needed to be put before the General Assembly. Martin had attempted to have parts of his proposal put into the six-power resolution, specifically the idea of having two Chinas being represented in the General Assembly, but the United States had managed to block his efforts, effectively ending Martin’s attempt bring his proposal into the United Nations.²⁴² The six-power resolution was essentially an attempt to put off the issue of Chinese representation for another year. As in previous years the Assembly had decided that the Albanian resolution would require a two-thirds majority to pass, and a motion was made by the Syrian delegation to see the six-power resolution also require a two-thirds majority.²⁴³ The Syrian motion was passed with a vote of 51 to 37, with 30 abstentions, but it was not necessary, as the Assembly rejected the six-power resolution by a vote of 34 to 62, with 25 abstentions.²⁴⁴

When the Canadian delegation spoke to the Assembly, the speaker, George Ignatieff, said that while Canada did support the six-power resolution, he also stated his belief that the resolution was lacking in specific directives.²⁴⁵ It was at this time that the plan that Martin had developed was announced to the Assembly. Though it had never

²⁴¹ Telegram From the Department of State to the Embassy in the Republic of China, 21 November 1966, *Foreign Relations of the United States, 1964-1968, Volume XXX*, 444.

²⁴² Message From Secretary of State Rusk to the President’s Special Counsel (Jacobson), Washington, undated, *Foreign Relations of the United States, 1964-1968, Volume XXX*, 442.

²⁴³ United Nations Office of Public Information, “The Representation of China in the United Nations”, in *Yearbook of the United Nations: 1966*, 134.

²⁴⁴ *Ibid.*

²⁴⁵ *Ibid.*, 135.

been officially made public many different governments had already known about Martin's proposal as he had been attempting to gain support for it, prior to the vote. As opposed to the six-power resolution, Martin's plan was put forward as an alternate way to solve the problem of Chinese representation for the moment. The Canadian delegation made mention of Martin's proposal, but it was not officially proposed to the Assembly for a vote as it had become clear that too many powers opposed it.

The Assembly was told that both the Republic of China and the People's Republic of China could participate in the Assembly as the representatives of the areas they controlled, though the People's Republic would be given the China seat on the Security Council.²⁴⁶ Unfortunately, Martin's idea to try and create "two Chinas," was rejected for the very reason that Martin thought it could work. The United States opposed Martin's proposal because it would give the impression that there were two Chinese governments while the United States remained a firm advocate, along with the ROC, that there was only one, the Republic of China.

With all hope of seeing his new breakthrough proposal fail, Martin was left with no choice but to abstain on the Albanian resolution.²⁴⁷ By abstaining, Martin caused Canada's China policy to move forward for the first time, with the exception of unofficial contacts, since the PRC was founded in 1949, because for the first time, Canada had not voted as the United States had on the issue.²⁴⁸ In a report from David H. Popper, the U.S. Deputy Assistant Secretary of State for International Organization Affairs, the most striking point of the meeting of the General Assembly was identified as "Canada's

²⁴⁶ Ibid., 136.

²⁴⁷ Graham, "A Colossus and a Conundrum", 220.

²⁴⁸ Ibid., 220-222.

decision to abstain on the Albanian resolution” while still voting for the Important Question and six-power resolution.²⁴⁹ Whereas it could be argued that during the twentieth meeting of the General Assembly Canada’s vote had some importance, as it had helped create a tie that stopped the PRC from winning a symbolic, but important victory, it made no difference during the current vote.

The Albanian resolution was rejected with 57 votes against, 46 in favour, and 17 abstentions.²⁵⁰ The reason that the Albanian resolution was rejected was that the United States had agreed to support the six-power resolution if other nations who were wavering agreed to vote against the Albanian resolution and for the Important Question resolution.²⁵¹ The United States strategy gave the impression that they were considering new options, in order to shore up a majority of support that they felt was becoming unstable.²⁵² The day after the vote was held, Martin had lunch with the United States Secretary of State, Dean Rusk, and was told by Rusk that he “understood why, in the crunch, we must make decision as we saw fit.”²⁵³

Canada’s return to Recognition Strategies, 1967-1968

When Canada chose to abstain on the Albanian resolution it believed that the response from the United States would be severe, given the way that the United States had reacted previously to Canada’s efforts to seat the PRC. But the United States

²⁴⁹ Information Memorandum From the Deputy Assistant Secretary of State for International Organization Affairs (Popper) to Secretary of State Rusk, Washington, 29 November 1966, *Foreign Relations of the United States, 1964-1968, Volume XXX*, 470.

²⁵⁰ United Nations Office of Public Information, “The Representation of China in the United Nations”, In *Yearbook of the United Nations: 1966*, 134.

²⁵¹ Telegram From the Embassy in the Republic of China to the Department of State, Taipei, 23 November 1966, *Foreign Relations of the United States, 1964-1968, Volume XXX*, 446.

²⁵² Ibid.

²⁵³ Martin, *A Very Public Life*, 526.

surprised officials in the DEA, as the retaliation that they had been anticipating never came.²⁵⁴ The policies of the United States had been challenged by its allies in the past, but the issue of recognizing the PRC was one that had met with resistance for almost twenty years. In that time, many of the United States' allies had simply abandoned the policy altogether. Britain and France, two of the United States most important allies, had already recognized the PRC as the official government of China, and Canada had long been indicating that it would like to follow the same course of action.

It would not have been unreasonable for the United States to believe that Canada, being unable to make any kind of progress in the United Nations, would favour a simple bilateral recognition of the PRC.²⁵⁵ In 1966, prior to the twenty-first meeting of the United Nations General Assembly, Martin had publicly suggested that if Canada could not make progress through the United Nations, Canada might have no choice other than to recognize the PRC on its own.²⁵⁶ Though Martin made the statement, it was not confirmed as policy at the time. The United States was concerned about the possibility of Canadian recognition of the PRC because it would have far less control over the situation than it had in the United Nations debates.

The concerns of the United States were well founded, because bilateral recognition was the course of action that Martin and his colleagues in the DEA were considering. The DEA had come to the conclusion that bilateral recognition would be the best option for them to make any headway in their quest to advance relations with the

²⁵⁴ Graham, "A Colossus and a Conundrum", 222.

²⁵⁵ *Ibid.*, 223.

²⁵⁶ Ottawa Bureau, "Near Chaos and Anarchy".

PRC.²⁵⁷ The United States learned of Canada's return to the issue of recognizing the PRC on its own in December 1966; however, the Canadian government was slow to make any move of significance.²⁵⁸

The reason that Canada was slow to move forward with the idea of recognition was because while the DEA wanted to move forward with it, others did not believe that it was a good idea. After the twenty-first meeting of the United Nations General Assembly, Martin decided that recognition was the best way forward and began to seek the opinions of other Canadian officials regarding recognition. Ralph Collins, who had been appointed by Martin to the DEA's China study group, had believed that it would not be possible to recognize the PRC unless Canada was willing to abandon Taiwan.²⁵⁹ Collins found it unlikely that other members of the Canadian government would be willing to abandon Taiwan at the current time, but he also urged Martin to "seek immediate cabinet approval to consider the question of recognition."²⁶⁰

Collins had been correct, however, and Martin found little support within other areas of the government. A member of Cabinet, Arthur Laing, who served as the Minister of Northern Affairs and National Resources until 30 September 1966 when the position was changed and he became the Minister of Indian Affairs and Northern Development, had not been pleased with Martin's decision to abstain on the Albanian resolution.²⁶¹

Pearson was weary of pushing the United States too far regarding Canada's relations with the PRC, and with a member of his own Cabinet opposing the direction that Canada's

²⁵⁷ Graham, "A Colossus and a Conundrum", 223.

²⁵⁸ Ibid., 223-224.

²⁵⁹ Martin, *A Very Public Life*, 518, 526.

²⁶⁰ Ibid., 526.

²⁶¹ Ibid.

foreign policy was taking the situation did not bode well for Pearson taking a bold stance on Canada-China relations. In the end, the pressure from other members of the Canadian government convinced Martin to hold off on the issue of recognition.²⁶² Martin would not approach the issue until the Cultural Revolution broke out in Mainland China, at which time the situation in China had become highly unstable. The instability of the PRC caused Martin to reverse his previous statements and he recommended to Cabinet that Canada “undertake no negotiations for the present,” which Cabinet accepted.²⁶³

The Cultural Revolution breaking out in 1967 caused Canada to change its position regarding the PRC, as the actions taking place in Mainland China could not be justified by the Canadian government. The Great Proletarian Cultural Revolution was an attempt by Mao to bring about a state of “revolutionary purity in a post revolutionary age.”²⁶⁴ The reason that the Cultural Revolution worsened relations between the PRC and the Western World was not the result of the hard-line communist origins of the revolution; rather it was the result of the vigilante style actions and attitude of the members of the Red Guard. The Cultural Revolution turned the major cities of Mainland China into areas of chaos and anarchy, and undermined the idea that the PRC was in control of the country, as the Red Guard, which consisted of millions of young people who were mobilized to combat “revisionism” inside of the Chinese Communist Party, targeted many government leaders, short of Mao himself.²⁶⁵ The end result was the total

²⁶² Ibid., 527.

²⁶³ Ibid.

²⁶⁴ Harry Harding, “The Chinese State in Crisis, 1966-9 Politics of China”, in *The Politics of China: The Eras of Mao and Deng*, 2nd ed., ed. Roderick MacFarquhar (Cambridge: Press Syndicate of the University of Cambridge, 1998), 148.

²⁶⁵ Paul T.K. Lin and Eileen Chen Lin, in *The Eye of the China Storm: A Life Between East & West* (Canada: McGill-Queen’s University Press, 2011), 179.

collapse of the political institutions inside many of the most important cities in Mainland China.²⁶⁶ People living in Canada became aware of the things going on in Mainland China, which in turn made it difficult for the Canadian government to follow through with its plans and desires to recognize the PRC as the official government of China.

With the Canadian public learning of the chaos taking place in Mainland China, and the political situation being so unstable, the Pearson government found itself in a position where it would be impossible to justify giving recognition to the PRC. Canada's argument for recognizing and seating the PRC had been that it was in control of Mainland China, and had established a working government that had effective control over the area it claimed with the exception of Taiwan. Now the Cultural Revolution had made it appear as though that was no longer true. In a press conference, Prime Minister Pearson said that it was difficult to get accurate information about the conditions in Mainland China as well as saying that "some areas appeared to be approaching chaos and anarchy."²⁶⁷

Even Paul Martin, who had been a strong supporter of recognizing the PRC, had been quoted as saying "the situation does not make it desirable to revert to these proposals at this time."²⁶⁸ In his statement, Martin was referring to comments he had made the previous year, when he stated that if Canada could not achieve success in the United Nations then it would move forward with recognition on its own. The chaos in Mainland China that had resulted from the Cultural Revolution had put an end to any immediate hopes that Canadian officials may have had for recognizing the PRC.

²⁶⁶ Harding, "The Chinese State in Crisis", 151.

²⁶⁷ Ottawa Bureau, "Near Chaos and Anarchy".

²⁶⁸ Ibid.

The destabilization of the political system within the PRC also made it very difficult for the DEA to predict how the PRC would react, even if Canada did extend recognition to it. The Canadian government had often feared what a rejection of its effort to recognize the PRC would do to the government's reputation, and did not want to risk the humiliation of being rejected when the situation within the PRC was so chaotic. The fear within the Canadian government, and the unpredictable nature of the PRC, effectively put all attempts at recognition by the Canadian government on hold.²⁶⁹ The government's study regarding possible ways to recognize the PRC in the future was also halted.²⁷⁰ The government's actions show that it was not a momentary stop to the issue of recognizing the PRC, but a complete suspension on the part of the Canadian government, for the foreseeable future. The Canadian government did not return to the United Nations strategy, but returned to Pearson's original position of taking no action at all.

Though Canada had chosen to halt its efforts at building closer relations with the PRC, it still had a decision to make at the meeting of the United Nations General Assembly in 1967. Several nations spoke during the debate in the General Assembly in support of the admittance of the PRC into the United Nations. Among the speakers were representatives for Cambodia, the United Kingdom, and the USSR.²⁷¹ Those who supported the seating of the PRC reiterated several of the points that had been made in previous years. The arguments included that the PRC had effective control over Mainland China, in order to achieve universal representation the PRC would have to be admitted,

²⁶⁹ Graham, "A Colossus and a Conundrum", 229.

²⁷⁰ Ibid.

²⁷¹ United Nations Office of Public Information, "The Representation of China in the United Nations", In *Yearbook of the United Nations: 1967*, (New York: United Nations Office of Public Information, 1969), 135-136.

and it would be impossible to conclude a disarmament treaty without the PRC. They also argued that the ROC was “no more than a rump regime artificially maintained by the presence of United States military forces on the island of Taiwan.”²⁷²

Those who opposed the seating of the PRC were led by the United States, and used many of the arguments that they had used in the past. The Canadian representatives once again talked about their plan to have both the PRC and the ROC represented in the General Assembly as an interim solution to the representation problem. Other nations, while not mentioning Canada or its proposal, had made similar declarations. The representatives of Ghana and Japan had made known their desire to see Taiwan remain in the United Nations, even if the PRC was given China’s seat. The representative of Ghana expressing the opinion that “the restoration of the lawful rights of the People’s Republic of China should not prejudice the claim of Taiwan as a member of the international community.”²⁷³

While having both Chinese governments included in the United Nations may have been the best chance that the ROC had for maintaining a place in the United Nations, the ROC did not agree. The Taiwanese representative indicated that “there was only one China and one legal Chinese Government – the Government of the Republic of China.” He went on to say that “he categorically rejected any proposal that purported to resolve the question of representation through the ‘two-Chinas’ formula.”²⁷⁴ When the vote took place, Canada chose to continue with the decisions that it had made the previous year and

²⁷² Ibid., 135.

²⁷³ Ibid.

²⁷⁴ Ibid., 138.

abstained from voting for the Albanian resolution.²⁷⁵ The Albanian resolution was rejected, with the final tally being 58 against the resolution, 45 in favour of it, and 17 abstaining from the vote.²⁷⁶ The year 1967 appeared early on to be the ideal time to recognize the PRC as the legitimate government of China, but the Cultural Revolution robbed Canada of the opportunity. It became a year where the issue of recognition took a large step back, and any hope of achieving recognition seemed to disappear for the foreseeable future.

The Cultural Revolution would mark the end of Prime Minister Lester Pearson's contribution to relations between the PRC and Canada, as no action of any consequence would be undertaken for the remainder of Pearson's term in office. The Cultural Revolution had rendered the issue dead for the moment, and without knowing how long the chaos that the revolution had caused in Mainland China would last, officials in the Pearson government had to look to more immediate issues. Two elections were to take place in 1968, the first being to decide the new leader of the Liberal Party, as Lester Pearson had decided to leave the office of Prime Minister. The second election would be a federal election to see who would become the new Prime Minister of Canada. The result of the first election was that Pierre Elliot Trudeau replaced Pearson, as leader of the Liberal Party. The second election would see the Liberal Party maintain control of the House of Commons with Trudeau becoming Prime Minister.

Conclusion

²⁷⁵ Martin, *A Very Public Life*, 526.

²⁷⁶ United Nations Office of Public Information, "The Representation of China in the United Nations", In *Yearbook of the United Nations: 1967*, 135.

Lester Pearson's term of office as Prime Minister of Canada saw several attempts on the part of Canadian officials to both recognize and seat the PRC, but in each instance an unexpected event took place that changed the situation. The end result of Martin's and the Department of External Affairs' efforts during Pearson's term in office was that the Canadian government failed to make the breakthrough of actually recognizing the PRC, or being able to find a way to seat them in the United Nations. The Pearson government made several valiant attempts; however, like previous efforts, opposition from the United States or an unexpected event, such as the Cultural Revolution, robbed Canada of the opportunity to take the final step.

Pearson and the officials within the DEA attempted almost every course of action open to them to see a breakthrough in relations between the PRC and Canada, but none succeeded. Whenever they put a new plan into motion circumstances changed and their plans were ruined. They made progress, but they did not make enough. Pearson's lack of success can be attributed to his belief that there was no compelling reason to recognize the PRC as he was able to increase trade between Canada and the PRC without Canada recognizing the PRC as the official government of China. With no compelling reason in mind Pearson did not display the determination that would be necessary to achieve what had been viewed as unachievable for also two decades. Though not all his officials believed the same thing.

Paul Martin, and other members of the DEA, saw how bringing the PRC into the United Nations at that time would help to stabilize the organization as it was inevitable that the PRC would gain entrance, and they could minimize the damage to the prestige of the United States and the ROC by acting now. Furthermore, Martin saw the value of

displaying the independence of Canadian foreign policy by acting before the United States, which could damage Canada's credibility among foreign powers. Though the Liberal Party would win the next federal election, with an increase in the number of seats that they controlled, Pearson would not be the leader of the Party. Pierre Elliot Trudeau would succeed Pearson, and he would be the man to achieve a goal that had been part of Canadian foreign policy for over twenty years.

Chapter 4

The Final Breakthrough: Trudeau and the Final Step, 1968-1971

Prime Minister Lester Pearson tried many different approaches during his time in office to achieve the goal of recognizing the PRC, but his efforts met with failure. The duty now fell to a new government under Pierre Elliot Trudeau. During the term of the Trudeau government an issue that had been facing Canadian foreign policy makers for over two decades would finally be solved. The process, though, would be as difficult as ever. After taking office Trudeau would move quickly to establish a new China policy for Canada, in order to see the Canadian government achieve its long held goal of recognizing the PRC as the official government of China. Once the preparations were complete, the Canadian government would approach the PRC to begin the negotiation process to open official relations between the two governments; however, the negotiations would prove far more difficult than originally anticipated. The final aspect would involve the entrance of the PRC into the United Nations. Though Canada did not directly play a major role in the PRC's admittance, Canadian officials took a stand against the China policy of the United States and the efforts of Canadian officials could be seen, indirectly, on both sides of the debate.

The Trudeau Initiative, 1968-1969

Trudeau was not like the Prime Ministers who had preceded him, many of whom had been mistrustful of the PRC government; he actively embraced the PRC's control of Mainland China. Trudeau had visited China before he was elected as Prime Minister. He had visited China in 1949 just as the Chinese Civil War was ending with a Communist

victory.²⁷⁷ During his 1949 visit to China, “At the edge of chaos and conflict, he saw a society and a polity in the throes of death.”²⁷⁸ Trudeau had also “made a memorable visit” to Mainland China in 1960 at a time that the Great Leap Forward was taking place.²⁷⁹ His trips to China were experiences that made Trudeau a more informed leader than the previous Canadian prime ministers, because he had actually been to Mainland China during some of the greatest developments that had taken place there, since the end of the Chinese Civil War.

There were also political matters that reinforced Trudeau’s belief that Canada should recognize the PRC. Trudeau made mention of his political reasons when he was speaking in Vancouver on 10 March 1968.²⁸⁰ He stated that for Mainland China, which housed a quarter of the world’s population, to remain “diplomatically isolated even from countries with which it is actively trading is obviously unsatisfactory.”²⁸¹ He had promised that during his term in office, the Canadian government would recognize the PRC, and he wasted no time in fulfilling that promise. In the weeks after Trudeau had been elected the leader of the Liberal party, he had approached the DEA asking them to reopen the “consideration of Canadian China policy” that had been halted as a result of the Cultural Revolution.²⁸² Despite the fact that Trudeau had decided to proceed with the

²⁷⁷ John English, *Citizen of the world: the life of Pierre Elliot Trudeau, 1919-1968* (Toronto: Alfred A. Knopf Canada, 2006), 186.

²⁷⁸ *Ibid.*

²⁷⁹ John English, *Just Watch Me: The Life of Pierre Elliot Trudeau: 1968-2000* (Toronto: Alfred A. Knopf Canada, 2009), 164.

²⁸⁰ LAC, RG 25 vol. 10840 file 20-1-2 PRC vol. 12, “Statement Regarding the Government’s Reasons for Recognizing the People’s Republic of China”, 12 February 1971, 2.

²⁸¹ *Ibid.*

²⁸² Graham, “A Colossus and a Conundrum”, 231.

recognition of the PRC as the official government of China, the actual implementation of recognizing the PRC was still a complex issue.

There were three governments that factored into the formulation of Canada's recognition process: the United States, the PRC and the ROC on Taiwan. Both the PRC and the ROC believed themselves to be the sole legitimate government of China, and the United States had been a fierce ally of the ROC against the PRC. In order for Canada to achieve the recognition of the PRC, some form of compromise had to be reached between the two sides. The problem that had always prevented the Canadian government from taking the final step towards recognition was that no side had left any middle ground that could be navigated, making it impossible for a third party to make any sort of move without offending the other side. The unwillingness of both sides to compromise had made it impossible for Canada to achieve its goals. That changed in 1968, when the United States indicated that it was willing to become more flexible on its position regarding recognition of the PRC.

The United States policy about not recognizing the PRC as the legitimate government of China was crumbling, with more of its allies choosing to recognize the PRC. The United States came to fear exactly what Paul Martin had expressed during his time as the Minister of Foreign Affairs for Lester Pearson. Martin had feared that if the United States continued to ignore the PRC, then the PRC would eventually gain access to the United Nations and recognition from the rest of the world, but both would be on the PRC's terms. Martin's view was considered unacceptable, as it would entail other nations recognizing the PRC to have authority over Taiwan and would also be a severe loss of face for the United States and its allies, who were continuing to resist the PRC's attempts

to be recognized. The United States was coming to accept that the ROC could not reclaim control of the Chinese Mainland, which meant that in order to avoid the worst-case scenario from coming true it would need to adjust its China policy as it had in the past.²⁸³

The Canadian government came to realize that if it could “find a way to recognize the PRC without affirming Beijing’s claim to Taiwan, and ideally also without breaking relations with Taipei,” then the United States would not interfere as they had in the past.²⁸⁴ The United States had often said that it was willing to become more flexible with its policy towards the PRC; however, when the time came they would usually change their minds, frustrating Canadian efforts. This was clearly highlighted in 1966 when the DEA misread the attitude of the United States and proposed a plan to seat the PRC in the United Nations, only to see the plan fail when the United States threw its support behind an opposing plan.

Despite the constant shifting of the United States’ position, Trudeau and the DEA were determined to recognize the PRC. Their determination was what caused the DEA to take advantage of the new opening that was being presented. In a meeting between the Canadian Ambassador to the United States, Albert Edgar Ritchie, and the Assistant Secretary of State for Far Eastern Affairs, William Bundy, which took place on 10 June 1968, Bundy implied that “if Canada could find a way to recognize the PRC without affirming Beijing’s claim to Taiwan, and ideally also without breaking relations with Taipei, Washington would not object to recognition.”²⁸⁵ Before that meeting the United States had never given a specific account of what would have to be achieved for it to

²⁸³ Ibid., 232.

²⁸⁴ Ibid., 233.

²⁸⁵ Ibid.

withhold its objections. It was also the middle ground that the DEA had been waiting to take advantage of.²⁸⁶

John Diefenbaker had been the first prime minister to take advantage of the economic potential of the PRC. The other prime ministers who had to deal with the issue of recognition since the administration of St. Laurent had lacked the same determination to achieve a specific goal. With the exception of Diefenbaker's desire to open economic relations with the PRC, the other prime ministers had viewed the risks of dealing with the PRC to not be worth the potential gain. Trudeau saw the benefits of recognizing the PRC as being well worth the risks, especially with the United States saying that it would not object if Canada could meet the condition of recognizing the PRC, without recognizing the PRC's claim to Taiwan. He pursued the establishment of diplomatic relations between the two governments with the same kind of determination that Diefenbaker had shown when he was attempting to open trade between Canada and the PRC.

Trudeau was a realist who was under no misconceptions about the capabilities or strength of Canada, and his beliefs can be seen in his desire to improve relations with the PRC. When Trudeau visited Mainland China in 1973 he explained what had drove him to open relations with the PRC during a banquet he was attending, along with many of the top politicians and officials within the PRC. The headline of an article reporting on Trudeau's visit to China captures Trudeau's sentiment perfectly: "Trudeau in China: We're weak so we must earn your respect." Trudeau was blunt when speaking about the capabilities of Canada stating that "Canada peacefully must earn the respect of other

²⁸⁶ Ibid.

countries because it is incapable of forcing them to respect even its independence.”²⁸⁷ It was the simple truth about Canada’s capabilities that pushed Trudeau to embrace the issue of recognition. Recognition would help to stabilize the international situation, and, in his view, that was important to Canadian security, because it was incapable of embracing any other form of security.

Advancing Canadian security by stabilizing the international situation was an idea that was shared by other members of the Canadian government, most prominently in the DEA. The need to open relations with the PRC extended beyond the issue of maintaining peace within the international community as there were other more practical reasons for the PRC to have an effect on Canadian security. The DEA had long believed that there could be “no lasting peace or stability in the Pacific or in the world without the cooperation and participation of China.”²⁸⁸ The PRC had become a major power in the Pacific. With Canada’s western coast on the Pacific, a direct link had been created between security along Canada’s western coast and the PRC. Some Canadian officials even viewed the opening of relations with the PRC as being as important to Canadian security in the Pacific as Canadian membership in NATO was to its security in the Atlantic.²⁸⁹ With no official communication channels open between Canada and the PRC, any future problems in the Pacific would be that much harder to address and manage.

Trudeau characterized the goals of Canadian foreign policy as being to “avoid tension, to strengthen institutions of international co-operation and assist the development

²⁸⁷ Jack Cahill, “Trudeau in China: We’re weak so we must earn your respect”, *Toronto Star*, 11 October 1973, 1.

²⁸⁸ LAC, RG 25 vol. 10840 file 20-1-2 PRC vol. 12, “Statement Regarding the Government’s Reasons for Recognizing the People’s Republic of China”, 12 February 1964, 1.

²⁸⁹ *Ibid.*

of newly independent countries.”²⁹⁰ Since the United Nations was formed after World War II, Canadian prime ministers had sought ways to improve and strengthen the organization, because it embodied all the traits that Trudeau said Canadian foreign policy sought to achieve. Furthermore, Trudeau believed that “in the nuclear age, all possible effort should be made to break down the differences between the East and the West,” a sentiment that was shared by many intellectuals at the time.²⁹¹ One of the reasons that Trudeau was interested in tearing down the barriers between East and West was because he was not afraid of Chinese aggression occurring during “his own lifetime”, as the PRC had too much work to accomplish internally and it did not have a history of aggressive behaviour, unlike the West.²⁹²

With the United States having withdrawn its objections, Trudeau believed that now the time was right to open relations with a government representing a nation of vast potential to further ensure Canadian security. Though many world leaders saw the PRC as being a nation that was unstable due to the Cultural Revolution that had recently taken place, Trudeau was not one of them. Regardless of the political situation that was taking place in Mainland China Trudeau could see that “China was forming the base for a strong industrial society.”²⁹³ Furthermore Trudeau, as he had seen China before and after the rise of the PRC, knew that the Chinese people had more faith in the Communist regime than “they had had in the ramshackle and corrupt quasi-democracy of 1949.”²⁹⁴

²⁹⁰ Cahill, “Trudeau in China”, 1.

²⁹¹ English, *Citizen of the World*, 356.

²⁹² *Ibid.*, 349-350.

²⁹³ *Ibid.*, 352.

²⁹⁴ *Ibid.*

Trudeau's desire to see Canada recognize the PRC went beyond the issue of advancing Canadian foreign policy by establishing relations with other governments. He can be shown to have an actual admiration for what the PRC government had achieved in Mainland China. The most prominent Communist regimes during the 1960s were the Soviet Union, the PRC, and Cuba. Trudeau was aware that these governments had limitations placed on the civic rights of their peoples, but he felt that they should be given credit for the social achievements that they had accomplished.²⁹⁵ Trudeau's attitude can be seen in his critique of an article by George Grant, the well-known Canadian political philosopher.²⁹⁶ Grant had argued that "social priorities were 'more advanced' in North America than in the Soviet Union"; however, Trudeau rejected Grant's argument believing that "there were too many cars in garages and not enough classrooms."²⁹⁷ Trudeau did not believe that the Communist governments were perfect, but he felt that they should be given credit for their accomplishments. Trudeau had visited China multiple times and saw the progress that had been made by the PRC, and he was impressed by what they had done. During his 1973 visit he praised the "genius of Chairman Mao Zedong and Premier Chou En-lai in mobilizing the Chinese people" and the "success of the social experiment they have conducted since seizing power in 1949."²⁹⁸ Trudeau embraced the PRC in ways that other Canadian officials never had, praising their efforts instead of condemning them.

²⁹⁵ Ibid., 358.

²⁹⁶ Ibid., 357.

²⁹⁷ Ibid., 358.

²⁹⁸ John Burns, "Trudeau Praises China's Success", *Winnipeg Free Press*, 15 October 1973, 5.

Trudeau had many political reasons for believing that Canada should have closer ties to the PRC, but some of his enthusiasm can be attributed to his own personality. In Volume I of his biography of Trudeau, John English explains how Trudeau often went against the conventional view.²⁹⁹ Prior to his being elected, as well as during his time in office, “stern anti-Communism was the dominant political current in North America.”³⁰⁰ A Canadian ambassador to the Soviet Union would characterize Trudeau’s nature as being “anti-establishment” and “the Soviets were never the establishment – even on the left.”³⁰¹

Trudeau was sympathetic towards the PRC and sought to increase ties with them, but he was not naïve, and knew that as much as he wanted things with the PRC to go well, he could not afford to alienate the United States. How the reality of Canada’s situation tempered Trudeau’s desire for improving relations with the PRC can be seen in the actions taken during the 1968 meeting of the United Nations General Assembly. During the twenty-third session of the organization, Canada voted in favour of the Important Question resolution, and abstained in the vote for the Albanian resolution, which was how it had voted in 1967 before Trudeau became Prime Minister.³⁰² Trudeau badly wanted to recognize the PRC and bring it out of isolation, but he knew that it would take time, no matter how much he wanted to achieve his goals.

With the idea of recognition being examined, it was important for the officials involved to identify the issues that would be most important to the negotiation process, as

²⁹⁹ English, *Citizen of the World*, 354.

³⁰⁰ Ibid.

³⁰¹ Ibid.

³⁰² LAC, RG 25 vol. 10089 file 20-1-2-China-1 vol. 4, memorandum from the Under-Secretary of State for External Affairs to the Minister of External Affairs “China Policy Review”, 12 December 1968, 3.

well as the issues that could potentially harm Canadian interests. Four main issues were identified that were most important to the interests of Canada: the reaction of the United States, the issue of Taiwan, the possible effects on Canada's wheat sales, and "the exchange of trade offices as an alternative to diplomatic relations."³⁰³ These four issues would be foremost in the minds of Canadian officials as they moved to open negotiations with the PRC. For almost two decades the DEA had wanted to recognize the PRC as the official government of China. Now, the Department had its chance, but it would prove more difficult than originally thought.

Recognition at Last, 1969-1970

The first step in beginning the recognition process was letting the PRC know that Canada was willing to now sit down and negotiate an agreement that both sides would find acceptable. As Canada had not recognized the PRC, it did not have a representative located within Mainland China, nor did the PRC have a representative in Canada. Since neither government had a representative in direct contact with its opposite, it was necessary for the Canadian representative to a third nation, which also had a representative from the PRC, to make the initial proposal. It was decided that the Canadian Ambassador in Stockholm, Sweden, would approach the PRC Embassy to make the first contact.³⁰⁴ The Ambassador would "propose talks at a mutually convenient time between Chinese and Canadian representatives with a view to establish diplomatic relations and exchanging diplomatic missions."³⁰⁵ Arthur Andrew, the

³⁰³ LAC, RG 25 vol. 10089 file 20-1-2-China-1 vol. 4, memorandum for the Minister of External Affairs "Implementation of Canadian China Policy", date unknown, 2.

³⁰⁴ LAC, RG 25 vol. 10089 file 20-1-2-CHINA-1 pt. 4, memorandum to the Canadian Cabinet "Implementation of Canadian China Policy", December 1968, 1.

³⁰⁵ Ibid.

Canadian Ambassador to Sweden, was instructed on 30 January 1969 to approach his Chinese opposite and suggest that a dialogue be opened between the two governments over the issue of recognition.³⁰⁶

Minister of External Affairs Mitchell Sharp announced Canada's attempt to open negotiations with the PRC to the House of Commons on 10 February 1969.³⁰⁷ When the announcement was made, many members of other parties spoke out in favour of what Sharp and the DEA were doing. Gordon Fairweather, a Progressive Conservative member, and Stanley Knowles, a New Democratic Party member, both supported the government's actions.³⁰⁸ Fairweather, in addition to supporting the government's actions, also stated that he "hoped that Communist China can soon take its place as a member of the United Nations," as Fairweather was a believer in universality within the United Nations.³⁰⁹ Knowles also stated his party's support of Fairweather's hope that the PRC would soon be seated in the United Nations.³¹⁰ Though they may have had different reasons for supporting the issue of recognition or the seating of the PRC in the United Nations, members of the three main Canadian political parties agreed that it was time to move forward with Canada's China policy. With members of the opposition speaking out in the House of Commons in favour of the government's efforts to establish relations with the PRC, the threat of domestic backlash against the government for attempting recognition would be minimal.

³⁰⁶ Graham, "A Colossus and a Conundrum", 235.

³⁰⁷ Victor Mackie, "China Move Set: Embassy Told To Establish Contact: Sharp", *Winnipeg Free Press*, 11 February 1969, 1.

³⁰⁸ *Ibid.*, 16.

³⁰⁹ *Ibid.*

³¹⁰ *Ibid.*

Both Canada and the PRC wanted to open formal relations with one another, but that was not a simple matter. In order for an agreement to be reached, both sides had to reach a compromise that they both found acceptable. Finding a compromise would prove to be a problem, as the PRC stood firm on its demand that Canada recognize its claim to all Chinese territory, including Taiwan. Canada, however, could not abandon Taiwan to the PRC without incurring the wrath of the United States. The United States had shown far more flexibility during the current attempt at recognition by the Canadian government than it had in past attempts, but that did not mean that it was willing to abandon Taiwan. In discussions that had been conducted between Canada's Ambassador to the United States and officials from the Department of State, the Department had not "expressed any protest or serious misgivings about Canada's intention to open negotiations with China."³¹¹ The position of the United States regarding Taiwan, however, was no secret, and the Canadian government was sure to take notice. It had pushed time and again to be able to open negotiations with the PRC, but when the opportunity finally came, they were prepared to pull out of the negotiations if the PRC pushed too hard on matters that the United States viewed as important.

When Andrew approached the PRC embassy in Stockholm he had been instructed "not to raise the question of Taiwan."³¹² If the PRC officials demanded that Canada publicly declare that Taiwan was within the jurisdiction of the PRC and discredit the claim of the ROC over Taiwan, then Andrew was to refuse their request, "even at the cost

³¹¹ LAC, RG 2 vol. 6340 series A-5-a, "Implementation of Canadian China Policy", 30 January 1969, 2.

³¹² LAC, RG 25 vol. 10089 file 20-1-2-CHINA-1 pt. 4, "Implementation of Canadian China Policy", 2.

of suspending negotiations with Peking.”³¹³ From the instructions that Andrew received, it is clear that Ottawa was not willing to go farther than the United States would be comfortable with, but at the same time, the Canadian officials knew of the vast potential that China presented.

The Canadian government had never believed that it would be possible or wise to proceed with its plans unless the United States was kept informed of the ongoing process. Part of the plan for opening relations with the PRC involved the Canadian Ambassador in Washington informing the United States government almost immediately once Cabinet had approved its plan to approach the PRC Embassy in Sweden.³¹⁴ Ambassador Ritchie informed the State Department the day after the Cabinet had approved its plans to approach the PRC in Sweden.³¹⁵ Once the United States government was informed of Canada’s intentions, Washington once again began to exert pressure on the Canadian government to ensure any agreement would be one that was also acceptable to the United States.³¹⁶ Given the importance of the United States co-operation to the success of Canadian foreign policy, and the continuation of Canadian security, it would be impossible for Canada to risk opening a rift between the two governments. Canada needed to find a solution that would be acceptable to both sides, which wanted opposite outcomes.

At the meeting between Andrew and the PRC chargé d'affaires, Liu Zhizai, Andrew stated that the Canadian government would like to have representatives from both governments meet at “a convenient time and place, to discuss mutual recognition

³¹³ Ibid.

³¹⁴ Ibid., 1.

³¹⁵ Graham, “A Colossus and a Conundrum”, 236.

³¹⁶ Ibid., 235-236.

and an exchange of ambassadors.”³¹⁷ Liu stated that he was taking the offer by the Canadian government very seriously; however, there would be “three constant principles” that the PRC would insist on for an agreement to be reached. First, Canada would have to “recognize the central People’s Republic as the sole and lawful government of the Chinese people.”³¹⁸ Second, Canada would have to recognize that “Taiwan is an inalienable part of Chinese territory” and by extension Canada would have to sever its ties with the Kai-shek (ROC) government.³¹⁹ Third, Canada would need to “give support to the restoration of the rightful place and legitimate right in the United Nations of the PRC, and no longer give any backing to so-called representative of Chiang Kai-shek in any organ of this international body.”³²⁰

The first and third principles were not points of contention, but the second principle was much more complicated, as Canada could not accept the PRC’s claim to Taiwan. However, Canada would have been willing to accept the part of the second principle that stated that Canada would have to sever ties to the Taiwan government, as it was likely that relations would have been severed anyway. Additionally, Prime Minister Trudeau was not fond of Chiang. Trudeau considered Chiang’s government to be a harsh dictatorship and viewed its policies to be highly influenced by capitalist principles.³²¹

Even though Trudeau was not friendly towards the Taiwan government, the fact remained that the United States would find it unacceptable if Canada stated that Taiwan was under the jurisdiction of the PRC. Canada could not accept the principles as they

³¹⁷ Frolic, “The Trudeau Initiative”, 200.

³¹⁸ Ibid.

³¹⁹ Ibid.

³²⁰ Ibid.

³²¹ Edwards, “Chinese Shadows”, 303.

were, but Canadian officials had been expecting that it would be “a slow and difficult process” and were determined to reach some sort of accommodation with the PRC.³²² Canadian officials chose to view the principles as the desires that the PRC wanted to achieve as opposed to actual conditions that Canada would have to meet before negotiations could proceed.³²³

Canadian officials appear to have been right in their assumptions, as the Canadian government was contacted by the PRC to make arrangements for a second meeting to continue negotiations. On 3 April, the PRC arrived at the Canadian embassy in Stockholm and suggested that the negotiations between the two sides begin as soon as possible. At the same meeting, the two sides agreed that the meetings between both governments would take place in Stockholm, that “English would be the official language of these discussions,” and that the negotiator for the PRC would be the “head of Chinese mission in Stockholm.”³²⁴ Even though the PRC had shown a desire to move forward with the negotiations, the process was anything but simple, and negotiations dragged on longer than expected.

The negotiations would take twenty months to complete and during that time the two sides would meet eighteen times in Stockholm.³²⁵ On 20 May, the two sides met, the fourth meeting to take place during the process, and sought to address the issues that both sides viewed as important.³²⁶ Canada wanted to focus on more practical issues, such as consular rights, outstanding debts from the Chinese Civil War, and more permanent trade

³²² LAC, RG 25 vol. 10840 file 20-1-2 PRC vol. 12, “Statements Regarding the Government’s Reasons for Recognizing the People’s Republic of China”, 1.

³²³ Frolic, “The Trudeau Initiative”, 200.

³²⁴ *Ibid.*, 202.

³²⁵ Graham, “A Colossus and a Conundrum”, 242.

³²⁶ Frolic, “The Trudeau Initiative”, 203.

agreements.³²⁷ The PRC wanted the issue of the “three constant principles” to be addressed before practical issues were looked at, particularly the issue of Taiwan.³²⁸ At the sixth meeting between the two sides, occurring on 10 July, the PRC had replaced their lead negotiator with Ambassador Wang Tung, who had recently arrived from China.³²⁹ The issues that had been discussed in May had still not been resolved, and they carried over into the July meeting, with the PRC once again demanding that Canada “recognize Taiwan as an integral part of Chinese territory.”³³⁰

At the meeting previous to the July meeting, Canada had made the statement that it did not challenge the PRC’s claim to Taiwan, but at the same time Canada did not support it diplomatically either. The PRC found Canada’s position to be unacceptable and argued against it at both meetings, making it the dominant issue that was stalling the negotiating process, though they did appear open to meeting at a later date. The PRC had indicated that they were open to the idea of meeting again to continue negotiations; however, the prospects of the negotiations being successful were not promising. In order to stop the talks from collapsing, the Canadian side decided to make some moves in order to address the problems that they saw as most damaging to the negotiations.

With the threat of failure looming members of the House of Commons sought reassurance with David Anderson, the representative of Esquimalt-Saanich, asking Minister Sharp a question in the House of Commons, on 21 July 1969.³³¹ Anderson asked

³²⁷ Ibid., 203-204.

³²⁸ Ibid., 204.

³²⁹ Ibid.

³³⁰ Ibid.

³³¹ Canada, “Mainland China – Diplomatic Recognition – Position Respecting Two Chinas”, In *House of Commons Debates, Official Report: First Session – Twenty-Eighth*

the Minister to reassure the government that “as far as Canada is concerned there will be no breakdown of these talks over the question of the so-called two China’s.” In response to Anderson’s question, Minister Sharp stated that “We are not promoting either a two-China policy or a one-China, one Taiwan policy. Our policy is to recognize one government of China.”³³² Sharp went on to state that the government felt that it would be inappropriate for Canada to endorse the “position of the People’s Republic of China on the extent of its territorial sovereignty,” since Canada had not asked the PRC to endorse Canada’s territorial limits.³³³ Sharp felt that requiring a foreign power, such as the PRC, to endorse the territorial limits of Canada would cast doubts about the extent of Canada’s sovereignty, by extension it would also be inappropriate for either side to challenge the territorial limits of the other.³³⁴ Sharp was also asked by the Conservative Leader of the Opposition, Robert L. Stanfield, if the Canadian government would be withdrawing from diplomatic relations with the Taiwan government if Canada was successful in achieving relations with the PRC. Sharp replied, “Since the government of the People’s Republic of China claims to be the only government of China, obviously we cannot recognize two governments.”³³⁵

Sharp’s comments were not the only action that the government took to try and jump-start the negotiation process. The government also decided to replace Arthur Andrew with Margaret Meagher, an “experienced career diplomat and skilled

Parliament 18 Elizabeth II Volume X, 1969, (Ottawa: Queen’s Printer for Canada, 1969), 11383.

³³² *Ibid.*, 11384.

³³³ *Ibid.*

³³⁴ *Ibid.*

³³⁵ *Ibid.*

negotiator.”³³⁶ Meagher was a distinguished Canadian diplomat who had a history of achieving what no Canadian woman had before her. In 1958 she became the first female Canadian diplomat to become an ambassador when she was appointed the Canadian Ambassador to Israel.³³⁷ When she was sent to Tel Aviv she also became the first woman head of mission an honour that she would repeat on future postings to Vienna, Kenya and Uganda, and Cyprus. Meagher’s assignment to the negotiations between Canada and the PRC would be the high point in her career as a Canadian diplomat as she was given the task of leading the Canadian team in negotiations.³³⁸

When the two sides met for the seventh time, the focus of their attention was directed towards how they would announce that an agreement had been reached, should they reach one.³³⁹ It was during this meeting that Canada’s efforts to improve the prospect of successful negotiations paid off. The Chinese representatives had taken note of the comments that Sharp made in the House of Commons, and seemed satisfied with the explanation that he had given for why Canada was unwilling to endorse the limits of the PRC’s territory.³⁴⁰ At the same meeting the Canadian negotiators expressed their desire that the announcement should take the form of a simple communication announcing that the two sides had reached an agreement to open relations with one another.

The next meeting took place on 18 October 1969, and the PRC came forward with a draft communication to use, should an agreement be reached; however, the Canadian

³³⁶ Frolic, “The Trudeau Initiative”, 205.

³³⁷ Margaret K. Weiers, *Envoys Extraordinary: Women of the Canadian Foreign Service*, (Toronto: Dundurn Press, 1995), 49-50.

³³⁸ *Ibid.*, 59.

³³⁹ Frolic, “The Trudeau Initiative”, 205.

³⁴⁰ *Ibid.*

negotiators had some issues with the draft that the PRC had put forward. The main issue that the Canadian side had with the draft was that it gave the impression that the Canadian government supported the PRC's position more than it actually did. The statement was made up of three paragraphs and the one dealing with Taiwan talked about Taiwan being an "inalienable part of the territory of the PRC."³⁴¹ Canada would "respect" this policy by not pursuing any "two-Chinas," or "one-China, one-Taiwan" policies and severing all ties to the Chiang Kai-shek regime. Though draft communication was clearly an attempt on the part of the PRC at compromise it was still unacceptable. Canada communicated to the PRC that it could not accept the draft at the next meeting, held on 24 October.³⁴² Both sides would spend many months, until August 1970, either holding meetings of no consequence or doing work behind the scenes attempting to find some arrangement that both sides would find acceptable.

When both sides met for the fifteenth time, on 1 August 1970, they agreed on the wording for the first and third paragraphs of the communication, but the second paragraph that addressed the issue of Taiwan was still a source of friction between the two sides.³⁴³ While Canadian officials had hoped to avoid the issue of Taiwan during the negotiations, there had always been concern that it would be raised by the PRC. In 1968, J. Blair Seaborn, working for the Far Eastern Division, put forward a proposal for how to deal with the issue of Taiwan, should the attempts by the government to open negotiations prove to be successful.³⁴⁴

³⁴¹ Ibid., 206.

³⁴² Ibid.

³⁴³ Ibid., 209.

³⁴⁴ LAC, RG 25 vol. 10089 file 20-1-2-China-1 vol. 4, "China: Possible Canadian Recognition", 21 October 1968, 1.

Seaborn was specifically worried about a maneuver that the PRC had employed when negotiating recognition with the French government in 1963. In that instance the PRC had not raised the issue of Taiwan until after it had been announced that an agreement had been reached, and France would recognize the PRC as the official government of China.³⁴⁵ In France's case the only two options would be for France to either break off relations with Taiwan, or allow the recognition agreement to fall apart, which would be a source of significant embarrassment for the government.³⁴⁶ To avoid being put in the same situation, Seaborn knew that a solution to the Taiwan problem would have to be reached before the negotiations were over. He put forward a statement that he felt would help solve the problem. Part of the statement included: "We recognize the Peking government as the only government of China, without necessarily accepting its territorial claims over areas in which it does not now exercise jurisdiction."³⁴⁷ Though Seaborn's statement would have been rejected by the PRC, it was similar to the proposed statement that eventually solved the issue two years later.

The Taiwan issue would remain unresolved until a meeting on 3 October 1970, when the PRC agreed to a Canadian proposal.³⁴⁸ To settle the issue of Taiwan in the negotiations, Canada proposed that the paragraph addressing the issue of Taiwan be worded in such a way that both sides could walk away from the negotiations feeling that their requirements had been addressed. The paragraph stated that:

³⁴⁵ LAC, RG 25 vol. 10089 file 20-1-2-China-1 vol. 4, memorandum to the minister of foreign affairs, "China French Recognition", 30 September 1968, 3.

³⁴⁶ Ibid.

³⁴⁷ LAC, RG 25 vol. 10089 file 20-1-2-China-1 vol. 4, "China: Possible Canadian Recognition", 1.

³⁴⁸ Frolic, "The Trudeau Initiative", 209.

The Chinese Government reaffirms that Taiwan is an inalienable part of the territory of the People's Republic of China. The Canadian Government takes note of this position of the Chinese Government.³⁴⁹

The paragraph acknowledged that the PRC claimed ownership of Taiwan and while Canada did take note of its position, it stopped short of saying that Canada actually approved or disapproved of Peking's claim. The statement proposed by Canadian officials appeared to be enough to satisfy both parties, as the Canadian side proposed it, and it was accepted by the PRC.

In a statement made to the House of Commons on 13 October 1970, Mitchell Sharp informed the House that negotiations between the two sides had been completed. Sharp read the joint communiqué that would be announced by both Canada and the PRC, identifying the four main parts of the agreement, the second point being the statement of Canada taking note of the PRC's position regarding Taiwan.³⁵⁰ The third point stated "The Canadian government recognizes the government of the People's Republic of China as the sole legal government of China."³⁵¹

When questioned by the Leader of the Opposition, Stanfield, about Canada's relations with the ROC, Sharp admitted that both governments were in the process of terminating relations with one another. Sharp stated that "Both Peking and Taipeh assert that it is not possible to recognize simultaneously more than one government of China," which resulted in Canada and the ROC terminating relations as Canada now recognized

³⁴⁹ Unknown, "Canada Recognizes Red China: Sharp Announces Ambassador Exchange Within Six Months", *Winnipeg Free Press*, 13 October 1970, 1, 4.

³⁵⁰ Canada, "Announcement of Establishment of Diplomatic Relations with People's Republic of China", In *House of Commons Debates, Official Report: Third Session – Twenty-Eighth Parliament 19 Elizabeth II Volume I, 1970*, (Ottawa: Queen's Printer for Canada, Unknown), 49.

³⁵¹ *Ibid.*

the PRC as the official government of China³⁵² As a result the ROC Ambassador to Canada, Yu-Chi Hsueh, left Canada for the United States shortly before the announcement confirming recognition of the PRC was made.³⁵³

Hsueh made his displeasure about the situation very clear before he left Canada. One of the statements that he was reported to have made was that “Canadians should be ‘very much concerned’ because the Chinese Communists support terrorists who want to form ‘what they want to call the people’s republic of Canada.’”³⁵⁴ The ending of relations between the ROC and Canada had been expected, as the ROC had taken the same action when the French government had recognized the PRC.³⁵⁵ The French government informed the ROC, on 10 February 1964, that they would be recognizing the PRC as the official government of China, and they were also prepared to sever all ties to the ROC.³⁵⁶ When the ROC was informed of France’s actions they chose to act first and “issued a statement the same day that it was severing relations with France.”³⁵⁷

The Canadian government had expected the actions of the ROC. In practical terms, the PRC had much more potential to offer the Canadian government than did Taiwan. The amount of capital brought into the Canadian economy from exporting to Taiwan for the first half of 1968 was 8.1 million dollars with wheat sales accounting for 1.8 million dollars.³⁵⁸ The non-wheat Canadian exports to Taiwan totaled 6.3 million

³⁵² “Recognition of Red China”, In *Ibid.*, 50.

³⁵³ Unknown, “Chinese Nationalist Ambassador Goes”, *Winnipeg Free Press*, 13 October 1970, 4.

³⁵⁴ *Ibid.*

³⁵⁵ LAC, RG 25 vol. 10089 file 20-1-2-China-1 vol. 4, “China: French Recognition”, 3.

³⁵⁶ *Ibid.*

³⁵⁷ *Ibid.*

³⁵⁸ LAC, RG 25 vol. 10088 file 20-1-2-China-1 part. 3, a response from the Canadian consult general in Manila to the Chief of the Asian and Middle East division of trade

dollars, which was approximately three times the amount made by Canada selling non-wheat goods to the PRC.³⁵⁹ Taiwan had the advantage in non-wheat sales, but it was heavily offset by the fact that the PRC was purchasing large amounts of wheat from Canada, providing more than a hundred million dollars for the Canadian economy.

By 1969 trade between Canada and the PRC was heavily in Canada's favour, with Canada exporting 122.4 million dollars in goods to China and the PRC exporting 27.4 million dollars in goods to Canada.³⁶⁰ Of the 122.4 million dollars that Canada exported to China over 95% of the trade was the result of Canadian grain being sold to Mainland China.³⁶¹ While the sale of grain did provide large injections of money into the Canadian economy, the actual amount of grain sold on an annual basis varied greatly, making it difficult to predict what future sales of grain would look like.³⁶² The exporting of grain to China was inconsistent, but the exporting of non-grain products to China was consistent though not in a positive way. Canada's non-grain exports to the PRC amounted to approximately 4.9 million dollars and had made no advances for the period of 1961-1969.³⁶³ By contrast during this time period the PRC's exports to Canada increased ninefold.³⁶⁴

The difference in trade revenue and the value involved showed that the PRC had far more economic power and potential than the ROC, which only controlled Taiwan.

relations "Probably Impact Upon Canadian Trade with Taiwan of Canadian Recognition of Mainland China", 22 August 1968, 1.

³⁵⁹ Ibid.

³⁶⁰ LAC, RG 25 vol. 10840 file 20-1-2-PRC vol. 11, "The People's Republic of China", 4-5.

³⁶¹ Ibid., 4.

³⁶² Ibid.

³⁶³ Ibid.

³⁶⁴ Ibid.

The amount of trade being done with the PRC more than justified any loss of trade that would result from the severing of relations between Canada and Taiwan. While a loss of some trade between the two governments was possible and Canada wanted to maintain the appearance that its severance of ties to Taiwan was total, the truth was that Canada did not intend to sever all contact with Taiwan. The Canadian government intended to treat Taiwan much as it had treated the PRC prior to recognizing it as the official government of China, which entailed the maintaining of unofficial relations between the two governments.³⁶⁵

Canada had kept the United States informed of the state of the negotiations between Canada and the PRC, and the announcement that an agreement had been reached came as “no surprise in higher diplomatic circles around the world.”³⁶⁶ While the United States did not object to Canada’s actions, it was still not fully in favour of them either. After the announcement of recognition, the State Department responded that it was concerned that “the Ottawa-Peking agreement would have adverse effects on the international position of Nationalist China.”³⁶⁷ In a meeting between the United States President, Richard Nixon, the assistant to the President for National Security Affairs, Henry Kissinger, and the Vice President of the ROC, C. K. Yen, the issue of Canadian recognition of the PRC was raised. Nixon stated that Canada’s actions “had disturbed

³⁶⁵ LAC, RG 25 vol. 10840 file 20-1-2-PRC part 10, Memorandum from the duty minister of external affairs to all government departments “Sino-Canadian Relations”, 2 October 1970, 2.

³⁶⁶ The Canadian Press, “Canadian Decision Worries U.S.: Recognition Of Mainland China No Surprise In Diplomatic Circles”, *Winnipeg Free Press*, 14 October 1970, 1.

³⁶⁷ *Ibid.*, 1-2.

some people” and he felt that Canada’s actions were “strictly political.”³⁶⁸ Officials in Washington were not so much concerned with seeking retribution against Canada as they were to assure their allies that the United States was not following in the steps of Canada. Nixon himself stated that some people had come to believe that Canada’s actions were a “harbinger of what the United States would do.”³⁶⁹ After Canada’s recognition of the PRC was complete, the ROC sought assurances from the United States that they would not follow suit with Canada. Nixon assured the ROC that the “U.S. position remained the same” and that the United States would “maintain our vote in the U.N. on the traditional pattern.”³⁷⁰ The lack of response from the United States highlighted that it had come to terms with Canada’s decision and while it may not have been happy with the decision, there would be no real fallout that would hurt relations between the two countries.

The actions taken by the Canadian government represented the culmination of more than two decades of work. Since 1949, when the Communist government was installed on mainland China, Canadian officials had been trying to find a way to recognize the PRC as the official government of China and now they finally had. The determination of the Canadian government can be seen as it continued to try to find new ways to recognize the PRC as the official government of China, both in the years between 1949 and 1970 and in the twenty months that negotiations were taking place between the two sides. Prime Minister Trudeau saw the PRC as a means of furthering Canadian security and remained determined to open relations with that government, never giving up and also trying new ideas to find a method of success.

³⁶⁸ Memorandum of Conversation, *Foreign Relations of the United States, 1969-1976, Volume XVII*, Washington, 25 October 1970, 237.

³⁶⁹ *Ibid.*

³⁷⁰ *Ibid.*

The Relationship Grows, 1970-1971

Canada recognizing the PRC as the official government of China was a momentous event in Canadian foreign policy; however, it was only the first half of the opening of relations between the two countries. The second half involved the exchanging of Ambassadors. When Sharp had read the joint communiqué between Canada and the PRC regarding recognition, to the House of Commons the fourth point stated “The Canadian and Chinese governments have agreed to exchange ambassadors within six months.”³⁷¹ The appointment of Ambassadors and the opening of embassies between the two countries would be a significant move forward for relations between the two governments. The DEA was not the only department that found value in the opening of an embassy in Mainland China.

After the issue of recognition had been resolved, but before the embassies had been opened, and were still in the development phase, there were plans for another department to have a strong presence within the embassy in Peking. The other department that would have a significant presence in the embassy was the Department of Commerce, Trade, and Industry.³⁷² The government considered the Department of Commerce, Trade, and Industry to be of particular importance to the Canadian presence in China. The government did not expect that the opening of an embassy would cause a sudden increase in the amount of trade that was conducted, but the government did want to make an effort

³⁷¹ Canada, “Announcement of Establishment of Diplomatic Relations with People’s Republic of China”, In *House of Commons Debates, Official Report: Third Session – Twenty Eighth Parliament 19 Elizabeth II Volume I, 1970*, 49.

³⁷² LAC, RG 25 vol. 10840 file 20-1-2-PRC vol. 11, “The People’s Republic of China”, 3.

to see “a steady and healthy growth in Canadian exports to China.”³⁷³ The main reason that Ottawa wanted the Department of Commerce, Trade, and Industry to have a strong presence in the embassy was that it would give the Department representatives easy access to the Chinese trading corporations. It would also put the Department representatives in “the best possible position to advise Canadian businessmen of any potential markets that may exist for their products.”³⁷⁴

The establishing of the Canadian embassy in Beijing was a relatively smooth affair. The survey team that was sent ahead to lay the groundwork for establishment of the embassy reported that the Chinese authorities with whom they interacted during their mission were “generally very co-operative.”³⁷⁵ The survey team had reported some problems; however, they did not stop the government from moving forward with their plans to open the embassy, which was done on 1 February 1971.³⁷⁶ Though the opening of the embassy was complete, some of the problems that the survey team reported still remained. At the time of the opening the staff of the embassy included about a dozen employees and their families; however, many of them had to stay in the Hsin Chiao Hotel, since there were not enough apartments available for them.³⁷⁷ The survey team had requested nineteen apartments, but the Chinese government was only able to provide five for the embassy staff and their families.³⁷⁸

³⁷³ Ibid., 4.

³⁷⁴ Ibid.

³⁷⁵ Ibid., 3.

³⁷⁶ Norman Webster, “Maple Leaf Flying: China Wind Whips Flag”, *Winnipeg Free Press*, 2 February 1971, 1.

³⁷⁷ Ibid.

³⁷⁸ Ibid.

The lack of housing is something that would be important to Canada, as the government intended to expand the total number of embassy staff. The government intended the embassy to have six officers, an Ambassador, two political men, two trade men and an administrative officer.³⁷⁹ Additional personnel who would be required to maintain the building, facilitate communication between Chinese and Canadian officials, as well as doing the minor work needed to keep the embassy running would bring the total number of personnel working at the embassy to thirty-six people.³⁸⁰ Ralph Collins had been selected to serve as the Canadian Ambassador to the PRC even before the negotiations in Stockholm had been completed.³⁸¹ Collins had grown up in a missionary compound being operated by Canadian missionaries in Mainland China before the Communist forces had taken control of the country.³⁸² His appointment was made official on 8 April 1971 when Cabinet approved his position as Ambassador to the PRC.³⁸³

At the same time that Canada was opening its embassy in Peking, the PRC was opening its embassy in Ottawa. Just as there had been some problems with Canada establishing its embassy in Peking, mainly to do with housing for the staff and their families, there were also problems for the PRC establishing their embassy in Ottawa. The main problem that threatened the opening of the PRC's embassy was that the property

³⁷⁹ Ibid., 4.

³⁸⁰ Ibid.

³⁸¹ Arthur Andrew, "A Reasonable Period of Time' Canada's De-recognition of Nationalist China", In *Reluctant Adversaries: Canada and the People's Republic of China, 1949-1970*, edited by Paul M. Evans and B. Michael Frolic, 244.

³⁸² Mitchell, "The Missionary Connection", 33.

³⁸³ LAC, RG 2 vol. 6381 series A-5-a, "Implementation of Canadian China Policy", 30 January, 1969, 32.

that would become the embassy was currently in the hands of the old Chinese government.³⁸⁴

The ROC had an embassy in Ottawa as well as a full diplomatic presence, and the issue of how the ROC may be removed from Canada was a question that the Canadian government faced. When the French government had chosen to recognize the PRC as the official government of China, the ROC refused to leave France, which proved to be a source of great embarrassment to the French government.³⁸⁵ As Canada was taking part in the negotiations in Stockholm, government officials were trying to determine the best course of action to follow if the ROC began causing problems, though there were not any indications that the ROC was planning to do so.

If the PRC demanded to have the former ROC embassy for their own use, the ROC could have caused the Canadian government a significant amount of embarrassment by selling the property of the embassy, as well as their consulate properties, to a friendly organization or individual.³⁸⁶ The loss of the property would be a problem for the Canadian government because they had come to the conclusion that there was very little if anything that they could do to prevent the ROC from selling or giving the property to a third party of their choosing. Fortunately, for the Canadian government the ROC decided to sell the properties to “a third party” that would lease “the buildings back to the ROC for the duration of their official term in Canada.”³⁸⁷ The actions of the ROC provided a solution to the problem; however, with the embassy still being used by the ROC staff at the time of recognition, it was impossible for the PRC to make use of the building

³⁸⁴ Andrew, “A Reasonable Period of Time”, 248.

³⁸⁵ Ibid., 246.

³⁸⁶ Ibid., 248.

³⁸⁷ Ibid.

immediately, since the ROC would require time to vacate the building. The ROC staff were given two weeks to “terminate the business” of the embassy and an additional two weeks to “complete the withdrawal from Canada of its non-Canadian personnel.”³⁸⁸

On the same day that Canada was opening its embassy in Peking, a delegation from the PRC arrived in Ottawa to set-up their own embassy.³⁸⁹ The delegation was led by Hsu Chung-Fu, who had headed the team that had conducted recognition negotiations with Canada in Stockholm. In addition to Hsu, there were ten other members of the delegation who were meet in Ottawa by various government officials, including Arthur Andrew, who had initially negotiated with the PRC in Stockholm, and was now the director of Asian and Pacific affairs for the Department of External Affairs.³⁹⁰ Hsu achieved further prominence when he was appointed the Chinese Ambassador to Canada in July of that same year.³⁹¹ Ambassador Hsu was an important official in the opening of relations between the PRC and Canada, as he had taken part in the negotiations, the establishment of the PRC Embassy in Ottawa, and finally serving as the first Ambassador to Canada from the PRC.

Canada and Chinese Representation at the United Nations

After the exchange of Ambassadors between Canada and the PRC was complete, Trudeau moved on to the next phase of Canada’s China policy, which was seeing the PRC becoming the Chinese representative in the United Nations. The United States had surrendered the issue of recognition to Canada, but the issue of representation in the

³⁸⁸ LAC, RG 25 vol. 10840 file 20-1-2-PRC part 10, “Sino-Canadian Relations”, 2.

³⁸⁹ Ottawa Bureau, “Peking’s envoy arrives in Ottawa to set up embassy”, *Toronto Daily Star*, 1 February 1971, 8.

³⁹⁰ Ibid.

³⁹¹ Unknown, “Peking claims UN China vote ‘victory for world’”, *Toronto Daily Star*, 27 October 1971, 2.

United Nations was a different matter entirely. The only firm condition of the United States regarding Canada's recognition of the PRC, having been communicated to Ambassador Ritchie from Secretary of State William Rogers, had been that Canada did not recognize the PRC's claim over Taiwan.³⁹² The United States' position showed that while it was willing to allow its allies to open relations with the PRC, it would not renege on its commitment to protect Taiwan's independence. The United States saw maintaining Taiwan's position as the representative of China in the United Nations as part of that commitment. If the PRC were appointed the Chinese representative in the United Nations, it would greatly weaken Taiwan's position in the international community, and could potentially lead to Taiwan being placed under the control of the PRC. It was this worst-case scenario that caused the United States to use its considerable influence in the United Nations to try and block any attempts to seat the PRC.

The continual rejection of the Albanian resolution was meant to keep the PRC out of the United Nations and keep Taiwan as the Chinese representative; however, support for the Albanian resolution had been growing in the years prior to 1969. Canada had abstained from voting for the resolution since 1966, but the United States had other options for keeping the PRC out of the United Nations, most notably the Important Question resolution. When the issue of the Important Question resolution was raised in the United Nations the Canadian delegation voted in favour of the issue.³⁹³ The Important Question resolution was passed at the twenty-fifth meeting of the General Assembly, on

³⁹² Graham, "A Colossus and a Conundrum", 238.

³⁹³ LAC, RG 25 vol. 10840 file 20-1-2-PRC vol. 11, "The People's Republic of China", 3.

20 November 1970, with a vote of 66-to-52 with 7 abstentions.³⁹⁴ The value of the Important Question resolution was shown in the 1970 meeting of the General Assembly. It was during this meeting of the General Assembly that the Albanian resolution was approved by a vote of 51-to-49, with 25 abstentions; however though a majority had been achieved it was not the two-thirds required, which effectively blocked the attempt to seat the PRC.³⁹⁵ The 1970 meeting was the first time that the Albanian resolution had been approved in a vote of the General Assembly, and Canada had voted in favour of the Albanian resolution, adding its voice to those calling for the PRC to take the China seat in the United Nations.³⁹⁶

The reason for the victory of the Albanian resolution was because the United States, the chief opponent of the Albanian resolution, had traditionally relied on a “coalition of Western Europeans, Latin Americans, black African, and non-communist Asia,” to ensure that the Important Question resolution was passed and Albanian resolution was opposed.³⁹⁷ In 1970 however, the coalition began to break apart with the United States losing the support of “Western Europe, the Andean LAs, and significant support among black Africans” regarding the Albanian resolution.³⁹⁸ The number of nations who would oppose the Albanian resolution in the United Nations would continue to decline, partly as a result of Canadian efforts.

³⁹⁴ United Nations Office of Public Information, “The Representation of China in the United Nations”, In *Yearbook of the United Nations: 1970, Volume 24*, (New York: United Nations Office of Public Information, 1972), 195.

³⁹⁵ LAC, RG 25 vol. 10840 file 20-1-2-PRC vol. 11, Information provided for Prime Minister Trudeau’s visit to Asia in January 1971 “Relations with China.”

³⁹⁶ Ibid.

³⁹⁷ Telegram From the Mission to the United Nations to the Department of State, New York, 25 November 1970, *Foreign Relations of the United States, 1969-1976, Volume V*, 549.

³⁹⁸ Ibid.

Canada had succeeded in its attempts to recognize the PRC without recognizing the PRC's claim to Taiwan by using the "take note of" formula that Canadian officials had developed. Canada was the first to use the strategy, but it would not be the last. After the success that Canada had experienced with its formula, other nations employed the formula resulting in a wave of recognition agreements between the PRC and various other nations of the world.³⁹⁹ The wave of recognition made possible by the Canadian formula resulted in increasing support for the Albanian resolution and forced the United States to explore new strategies to ensure Taiwan remained in the United Nations.

By 1971 Canada's position on the Albanian resolution had been made clear, but the United States was still determined to ensure that the PRC was not seated in the United Nations. The United States government began contacting its allies in the United Nations trying to shore up support for the Important Question resolution and consequently put pressure on Canada to support it. In a telegram sent from the United States Department of State to the Mission to NATO, Canada was identified as one of the members of NATO who would be voting for the Albanian resolution and against the Important Question resolution.⁴⁰⁰ Washington was aware that there was little possibility of swaying Canada, among other nations, to the side of the United States so Washington officials decided to focus their attention on ensuring that the Important Question resolution would be given priority over the Albanian resolution.⁴⁰¹ Canadian officials had made their position on the issue clear, but the United States still believed that there was a "small chance that

³⁹⁹ Graham, "A Colossus and a Conundrum", 256.

⁴⁰⁰ Telegram From the Department of State to the Mission to the North Atlantic Treaty Organization, Washington, 8 October 1971, *Foreign Relations of the United States, 1969-1976, Volume V*, 827.

⁴⁰¹ *Ibid.*

pressure will induce abstentions on IQ as well” to achieve their goal they continued to raise the issue in Ottawa until the vote was held.⁴⁰²

With the balance of power in the United Nations shifting away from the ROC towards the PRC, the United States began looking to develop support for a resolution that it had worked hard to defeat five years earlier. The United States came to decide that the only way to ensure that the ROC would be able to maintain a presence in the United Nations was to have “Dual Representation” of China in the United Nations. One of the biggest problems that the United States would face was convincing the ROC to support the notion of dual representation, something that the United States would spend July and August of 1971 trying to achieve.⁴⁰³ In a meeting, that took place in late July 1971 between Secretary of State Rogers and diplomats from the ROC, Rogers stated that the:

Only chance of preserving membership of ROC in UN is for US to support a resolution which would provide representation for your government and government of Peking and at least acquiesce in majority view that government in Peking should hold seat on SC.⁴⁰⁴

The plan that the United States was proposing was essentially identical to the proposal that Paul Martin had advocated in 1966 with both the ROC and the PRC being represented in the United Nations General Assembly and the PRC being given China’s spot on the Security Council. Martin had foreseen that the tide was turning in favour of the PRC and had tried to devise a solution to keep the ROC in the United Nations, only to have the United States oppose his plan and see that it failed to make it before the Assembly. Now the situation that Martin had warned about was occurring with the PRC

⁴⁰² Ibid.

⁴⁰³ Editorial Note, unknown location and date, *Foreign Relations of the United States, 1969-1976, Volume XVII, 572-573.*

⁴⁰⁴ Ibid.

making it into the United Nations at the expense of the ROC and the United States was trying one last attempt to keep the ROC in the organization.

The United States had accepted the fact that it would not be able to keep the PRC out of the United Nations and was simply looking to minimize the damage by trying to keep the ROC in the General Assembly. In a memorandum from Secretary of State Rogers to President Nixon, Rogers expresses his belief that if the United States could get enough votes to see the Important Question resolution passed, and by extension block the Albanian resolution, then they would be able to get the needed votes to have the Dual Representation resolution passed.⁴⁰⁵ If the Important Question resolution failed then the Albanian resolution would likely succeed and the PRC would become the representative of China with the ROC losing its status in the General Assembly.⁴⁰⁶ With officials in Washington viewing the Dual Representation resolution as being their best chance to see the ROC remain in the United Nations, it becomes clear that the United States had come to accept that that they could not keep the PRC out of the United Nations and were now working on damage control.

The day of the vote for the Important Question and Albanian resolutions, 25 October 1971, it was reported that the United States believed that it would have the votes needed to maintain the Important Question resolution that required a two-thirds majority. A spokesman for the United States delegation to the United Nations stated that “we think we’re going to win that vote.”⁴⁰⁷ An unnamed diplomat who was friendly to the United States had come to the conclusion that the United States had “a 58-to-57 or 59-to-57

⁴⁰⁵ Memorandum From Secretary of State Rogers to President Nixon, Washington, 12 October 1971, *Foreign Relations of the United States, 1969-1976, Volume V*, 829.

⁴⁰⁶ *Ibid.*

⁴⁰⁷ Unknown, “Crucial Vote Nears”, *Winnipeg Free Press*, 25 October 1971, 1.

advantage with more favorable votes possible.”⁴⁰⁸ The optimism that the United States expressed prior to the vote can either be attributed to wishful thinking, or an attempt by the delegation to downplay the reality of the situation.

When the vote regarding the Important Question was held those who supported the entrance of the PRC into the United Nations won the vote with 59 nations voting against it, 55 for it, and 15 nations abstaining from the vote.⁴⁰⁹ The vote on the Albanian resolution took place at the same meeting after the defeat of the Important Question resolution. The vote for the Albanian resolution was 76 voting in favour of the motion, 35 voting against it, and 17 nations abstaining from the vote.⁴¹⁰ The Dual Representation resolution was scheduled to be put to a vote on 26 October, the day after the Albanian resolution, but given that the Albanian resolution was approved, the Assembly decided not to consider the Dual Representation resolution since the issue had been resolved.⁴¹¹

George Bush, the United States’ Ambassador to the United Nations, blamed the defection of several countries that he had received assurances of support from for the defeat of the Important Question resolution and the success of the Albanian resolution.⁴¹² Among the nations that had chosen to vote in favour of seating the PRC were France, the United Kingdom, and the Soviet Union, the remaining three members of the United

⁴⁰⁸ Ibid.

⁴⁰⁹ United Nations Office of Public Information, “The Representation of China in the United Nations”, in *Yearbook of the United Nations: 1971*, (New York: United Nations Office of Public Information, 1974), 131.

⁴¹⁰ Ibid., 132.

⁴¹¹ Ibid., 132.

⁴¹² Unknown, “Nations ‘reneged’ on vote pledge U.S. envoy bitter”, *Toronto Daily Star*, 26 October 1971, 8.

Nations Security Council.⁴¹³ Canada was also among the nations that had chosen to vote to give the China seat in the United Nations to the PRC.⁴¹⁴ In explaining his reasoning for why Canada had voted the way that it had, External Affairs Minister Sharp stated that in a technical sense Taiwan had not been expelled because “there is no government of Taiwan as far as I am aware.”⁴¹⁵ Sharp’s position was that Taiwan had never been a member of the United Nations; the issue had always been about who would represent China in the international organization and with the PRC controlling Mainland China, the answer should be obvious.⁴¹⁶

After the PRC had been seated in the United Nations, Chester Ronning, a former Canadian Ambassador to China, was quick to credit Canada as being an important player in seating the PRC. In his words “Canada started the trend and, as a result, the People’s Republic of China is seated in the United Nations today.”⁴¹⁷ Ronning’s reasoning was that Canada’s decision to recognize the PRC “made it decent for the people of the United States to talk about China and admitting the nation to the U.N.”⁴¹⁸

Canada was not a major political player in the United Nations, but its influence can be seen on both sides of the debate. Canada had remained firmly on the side of the PRC during 1971 meeting of the United Nations General Assembly, making it clear that it would vote for the Albanian resolution as it had the previous year to the point that the United States did not think that it was possible to sway Canada’s position. Canada’s

⁴¹³ Unknown, “Mainland China given Taiwan’s seat at UN.”, *Toronto Daily Star*, 26 October 1971, 4.

⁴¹⁴ Ottawa Bureau, “Taiwan never in UN so no one ‘ousted’: Sharp””, *Toronto Daily Star*, 27 October 1971, 2.

⁴¹⁵ Ibid.

⁴¹⁶ Ibid.

⁴¹⁷ Ibid.

⁴¹⁸ Ibid.

formula to allow it to recognize the PRC as the official government of China was utilized by other nations that helped to further shift the balance of power in favour of the PRC, to the point that “So many countries now recognized the Communist government of China that simple mathematics mandated the change.”⁴¹⁹ On the opposite side, the Dual Representation resolution, a last ditch effort on the part of the United States to ensure that the ROC would remain within the United Nations, was essentially a mirror image of the resolution that Paul Martin had attempted to introduce in 1966. The United States had originally opposed Martin’s proposal, but when the situation that Martin had hoped to avoid came to pass the United States would create a plan identical to Martin’s, and perhaps even based off Martin’s plan.

The decision on the part of Canada to vote in favour of the PRC entering the United Nations can be seen as the culmination of several Canadian objectives. Among these objectives was the strengthening of the international community by bringing the PRC out of isolation, helping to maintain good relations with the PRC, and highlighting the independence of Canadian foreign policy from the foreign policy of the United States.

Conclusion

The importance of Prime Minister Trudeau’s first term in office to the development of Canada-China relations cannot be over-stated. It was during Trudeau’s first term that Canada formally recognized the PRC as the official government of China, the two governments established embassies and exchanged Ambassadors with one another, and the PRC entered into the United Nations as the representative of the Chinese nation. While it is true that the success of Canadian foreign policy relating to these events

⁴¹⁹ Graham, “A Colossus and a Conundrum”, 256.

can be partially attributed to the softening of the United States' stance regarding Canadian recognition of the PRC, it is also important to remember the contributions that Canadian officials made to the process.

The determination of Canadian officials to see Canada recognize the PRC and bring that government out of isolation contributed to maintaining the momentum required to proceed with recognition. For Trudeau, nothing but good things could come from having closer ties to the PRC. He was a man who admired the PRC and felt contempt for the ROC in Taiwan, who believed that the best way to ensure Canadian security was to strengthen the international community, and who maintained that Canada's weakness required it to remain on good terms with those who were strong. Finally, the actions of the Canadian government changed the landscape of the international community by indirectly providing the support needed to see the Albanian resolution passed in the United Nations General Assembly. The first three years of the Trudeau government marked the end of a twenty-two year quest to recognize one of the largest, most populated countries in the world, and bring it out of isolation.

Conclusion

The Practicality of Canada's Policy towards China

The recognition of Communist China proved to be a major policy consideration within Canadian government circles between 1949 and 1971 and consistently engaged the attention of successive prime ministers and senior Cabinet members. Canada's relations with Beijing in this period developed neither in a linear nor a uniform fashion, and Ottawa frequently experienced considerable difficulty articulating a coherent China policy. But in the long run, slow and halting progress was towards the ultimate recognition of the People's Republic of China, and by the end of 1971 Canada joined the ranks of an increasing number of Western nations who rejected their former Cold War positions aimed at isolating Communist China in favour of embracing Beijing in the diplomatic – if not the ideological – arena.

The efforts of the Canadian government to recognize the PRC and abandon the Taiwanese claim as the diplomatic voice of China were heavily influenced by the prevailing East-West conflict in the early decades of the Cold War. Indeed, Washington's vigorous attempts to isolate Beijing proved to be the single consistent factor impacting Canada's policies towards Communist China. Perhaps more than any other country in the Western alliance, Canada proved susceptible to the authority and weight of American presidential administrations because of the intimate economic, geographic, and political connections between Washington and Ottawa. Nonetheless, successive Canadian prime ministers adopted an increasingly pragmatic position regarding the status of China within the general framework of Cold War diplomacy. This practical orientation of Canadian policymakers stands out as the key feature of the

recognition debate and highlights Ottawa's flexible and self-interested approach that was not guided primarily by moral or ideological factors.

For Louis St. Laurent's Liberal government, any thoughts of recognizing Mao Zedong's fledgling mainland government in the aftermath of China's civil war were discarded as a result of the Korean War. With Canadian troops fighting on the Korean peninsula against Chinese forces, St. Laurent willingly followed America's lead in adopting a vigorous anti-China policy and fully endorsed the intensive program of economic sanctions embodied in the China differential. With no economic motivations involved, Ottawa chose the practical and obvious course of action and looked to protect both its security interests and its bilateral relationship with the United States. Although the Department of External Affairs regularly reviewed the question of Canada's position towards China in the United Nations, St. Laurent and Lester Pearson acquiesced to American demands to keep Taiwan in the Chinese seat in the General Assembly. Since most members of the Western alliance refused to challenge Washington's leadership in the United Nations in the 1950s, Canada's position in this matter rested on simple political and diplomatic expediency.

John Diefenbaker's Progressive Conservative government proved resolute in its desire to buttress its anti-communist credentials in the international political sphere, and no significant initiatives were launched by Ottawa to extend full diplomatic recognition to Beijing or allow the Communist Chinese government to secure a seat in the United Nations. But Diefenbaker willingly confronted Washington to strongly assert its independence in fostering trade links with the Chinese government when practical domestic concerns developed about the sluggish Canadian economy and the desire to

buttress Progressive Conservative support in Western Canada by selling surplus Canadian wheat. Initial steps to sell wheat to China were halting and proceeded with the general cooperation of the Eisenhower Administration, which relaxed extraterritorial regulations to permit Canadian subsidiaries of American corporations to be involved in small trade deals with China. Emboldened by these concessions, the Diefenbaker government aggressively negotiated significant wheat sales to Beijing and steadfastly resisted pressure from the Kennedy Administration to maintain some semblance of a comprehensive American-Canadian trade embargo against China.

During his tenure as prime minister, Lester Pearson made concerted attempts to transform Canadian policy towards Communist China. He expanded Canada's trade with China and expressed a general openness to extending formal diplomatic recognition to Beijing or, alternatively, to come to some arrangement to seat Communist China in the United Nations. Secretary of State for External Affairs Paul Martin also attempted to wield considerable influence in pushing Canada towards a more progressive position concerning China, in marked contrast to his External Affairs predecessors who tended to avoid advocated strong positions within Cabinet on the issue. But the practical realities of the international situation in the mid-1960s blunted the efforts of Pearson and Martin. Internal political and social turmoil in China rendered immediate recognition of China impossible in the view of leading Liberal politicians. Furthermore, one of the final concerted attempts of the United States to wield its influence in the United Nations on the issue of Chinese representation denied Communist China a General Assembly seat and convinced Pearson that the drawbacks of alienating Washington outweighed the potential benefits of finally allowing Beijing into the United Nations.

It would fall to Pierre Trudeau, therefore, to finally settle the issue of the diplomatic recognition of Communist China by Canada and to fully support efforts to seat Beijing in the United Nations. Trudeau's longstanding sympathy with the efforts of mainland China to become a full-fledged member of the international community certainly eased the decision of the Canadian government to pursue the establishment of formal diplomatic relations; the restoration of order in China after the worst excesses of the Cultural Revolution also enabled negotiations between Ottawa and Beijing to proceed cautiously in a productive direction. Additionally, the fierce twenty-year American campaign of opposition to any efforts to rehabilitate China into the world system had begun to dissipate, and the United States could only fight a rearguard action in its protest of Canada's decision to recognize the PRC and its effort to mount one final crusade to keep Communist China from claiming a place in the General Assembly in 1971. Ultimately, Trudeau can claim much of the credit for the successful conclusion of the contentious debate about normalizing Sino-Canadian diplomatic relations, although a rapidly changing international climate in the late-1960s and early-1970s certainly eased the difficulties formerly associated with policies recognizing Beijing.

A comprehensive overview of Canada's relations with China between 1949 and 1971 is an important addition to the existing historiography examining this topic. By definition, it enhances traditional overview accounts of Canadian postwar Canadian foreign policy by providing detailed analysis of the motivations of successive governments concerning the establishment of diplomatic relations with Beijing and the seating of Communist China in the United Nations. Furthermore, the examination of Canadian policy in the longer term moves the focus away from studies examining

individual prime ministers – Pierre Trudeau in particular – to place the gradual development of a coherent Canadian policy towards China in a proper historical context that emphasizes the contributions of successive Ottawa governments. The importance of economic matters in the formation of Canadian strategy beyond the wheat deals negotiated by the Diefenbaker government is also highlighted, as the desire to expand trade and develop business contacts between Ottawa and Beijing certainly influenced Canada's tactics regarding China since the end of the Korean War. Finally, examining all factors influencing policy makers in Ottawa can properly identify the role of the United States in the emerging Sino-Canadian relationship. To be certain, Washington exerted an important influence, but existing studies focusing exclusively on the impact of Canadian-American relations on the China question ignore many other political, economic, and diplomatic factors impacting the practical motivations of the St. Laurent, Diefenbaker, Pearson, and Trudeau governments.

In sum, therefore, the critical events that marked the development of Canadian policy towards the People's Republic of China before 1971 set the stage for the remarkable enlargement of relations between the two countries down to the present day. Pierre Trudeau became the first Canadian prime minister to officially visit China in 1973, and Chinese Premier Zhao Ziyang conducted a state visit to Canada in 1984. In the latter year, the Canadian government established the Asia Pacific Foundation of Canada to enhance Canada's knowledge and understanding of the transpacific region, with China featuring prominently in Foundation affairs. Since the 1980s, questions of politics, diplomacy, and human rights have been almost entirely eclipsed by the dramatic increase in trade between Canada and China. Prime Minister Jean Chretien led four high-profile

“Team Canada” trade missions to China between 1994 and 2001, and Prime Minister Stephen Harper has expanded Canada’s efforts to promote trade between Ottawa and Beijing. Visiting China in February 2012, Harper signaled Canada’s assent to the Foreign Investment Protection and Promotion Agreement, a comprehensive pact eighteen years in the making formally signed in September 2012 that opens the way to a full-fledged free trade agreement in the near future – an extraordinary possibility that originates in the complex series of historical events leading to the establishment of formal diplomatic ties between Canada and China in 1970.

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