

CANADA'S RELATIONS WITH JAPAN, 1931-1941

by

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#### ABSTRACT

Between 1931 and 1941 Canada's response to Japan's activities in East Asia was largely a passive one. With one exception, the traditional bilateral questions of trade and immigration were no longer serious issues. The principle in forming Canada's policies towards Japan was now her desire to maintain good relations with her two most important allies, Great Britain and the United States, but even that could be ignored when Far Eastern issues threatened to draw Canada into collective security programmes and hence challenge national unity.

Canada's self-interest demanded that Great Britain and the United States maintain parallel policies in the Pacific, a point illustrated by Canadian objections to the renewal of the Anglo-Japanese Alliance in 1921. However, when Anglo-American policies in the Far East diverged during the 1930s, Canada failed to pursue an active reconciliation of their respective policies. Instead, the Canadian government pursued its policy of noncommitment, a characteristic of Canadian external policy commonly associated with her opposition to Article X, the collective security provision, of the League of Nations Covenant. The governments of both R. B. Bennett and William Lyon Mackenzie King were unalterably opposed to international obligations. While the former couched its opposition in terms reflecting the aversion to collective security, the latter implied that international obligations would undermine Canada's internal unity.

If the propensity for noncommitment in political relations helped Canada avoid confrontation with Japan, it also prevented the development of a distinctive policy promoting Canada's interests in Anglo-American cooperation. Canada might have acted as an effective broker between the British and American policies in the Far East but consistently declined to do so and insisted that initiatives remained with the two great powers with direct interests in the area. Ironically, Canada's political relations with Great Britain and the United States drew her inexorably closer to the tensions in the Far East and ultimately prompted her to implement export restrictions against Japan.


Although Canada avoided political confrontation with Japan, her commitment to economic protectionism provoked a bitter trade dispute in the summer of 1935 which revealed Canada's folly in appointing politicians to diplomatic posts and, more importantly, demonstrated the depth of Japan's commitment to the conquest of export markets. No other aspect of the Canadian-Japanese relationship in the decade caused such bitterness, even in the waning days of peace.

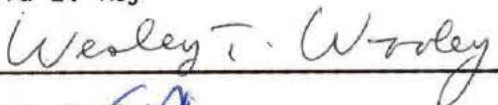
Certainly the Canadian preference for noncommitment contributed to the maintenance of generally amicable Canadian-Japanese relations throughout the 1930s. However, that factor, in combination with the long shadow cast over Canadian-Japanese relations by the immense influence of Great Britain and the United States, produced an essentially negative policy towards Japan. Buffeted by a variety of elements, Canadian policy lacked coherence and remained satisfied to

react to events as they occurred rather than to act in a manner which would positively promote Canadian interests.

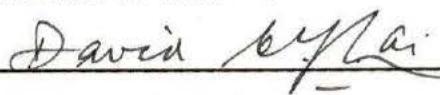
This thesis is primarily based on files in the William Lyon Mackenzie King Papers and the Records of the Department of External Affairs which together provide a complete record of the despatches exchanged between the Canadian government and its legation in Tokyo. Given the general absence of secondary material on Canadian-Japanese relations, these papers provided a revealing account of the Canadian side of the relationship particularly during the Manchurian Crisis and the 1935 trade dispute, and the application of an export restriction policy against Japan.

In sum, Japan was important for the Canadian diplomats directly concerned with its affairs, but for Canadian foreign policymakers generally, Japan was much less important than the maintenance of good relations with Great Britain and the United States and, above all, preserving the Canadian policy of avoiding international responsibilities.

  
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## CHAPTER I

### THE EMERGENCE OF CANADIAN-JAPANESE RELATIONS

In the House of Commons in 1928, Prime Minister Mackenzie King expressed the wish that the forthcoming establishment of a Canadian Legation in Japan would facilitate the expansion of trade and the settlement of the contentious immigration question. King's assumption that the long-standing and highly visible issues of trade and immigration would remain the core of the Canadian-Japanese relationship proved to be unfounded. In reality, Canada's political relationships with Great Britain and the United States became the critical elements of Canadian-Japanese relations during the decade prior to the outbreak of war in the Pacific.

The duality of Canada's Commonwealth membership and geographical position on the North American continent, as the "mainspring of Canada's external policy,"<sup>1</sup> required Canada to monitor Anglo-American relations. The Dominion's role was to ensure recognition of Canada's impossible position if Great Britain and the United States should drift apart on vital issues. Canada's self-interest demanded that the British and Americans maintained parallel external policies. However, when British and American positions in the Far East did diverge, the Canadian government failed to pursue the reconciliation of their respective policies. Following the 1939 outbreak of war in Europe, Canadian policy changed with the implementation of a strategic materials embargo against

Japan, a program in which both the United States and Great Britain subsequently participated.

Despite the primacy of the British and American political relationships in the 1930s, trade and immigration issues had long dominated Canadian-Japanese relations. The first formal contacts between Canada and Japan had actually been confined to commercial matters. Although trade began in 1870, the completion of the trans-continental railway stimulated interest in the markets of the Far East. Eager to open avenues to Canadian commerce, the Canadian Pacific Railway secured the imperial mail contract in 1889 and within two years inaugurated a steamship service to Japan. Trade prospects prompted a Canadian financial establishment, the Sun Life Company, to open an office in Japan in 1892. The Canadian government placed a commercial agent in Yokohama in 1904 and subsequently adhered to the 1894 Anglo-Japanese Treaty of Commerce and Navigation in 1906. Three years later, Canada established trade commissions in both Japan and China. However, trade increased much more gradually than anticipated. Total trade exceeded a million dollars as early as 1884 but twenty years elapsed before trade figures consistently topped the two million dollar mark.<sup>2</sup>

If Canada and Japan were initially drawn together by the prospect of improved Pacific trade, the 1902 Anglo-Japanese Alliance provided a political bond as well. As a political instrument reflecting the unity of the Empire, the Treaty committed Canada to its provisions. Canadian external relations remained in their infancy. In matters of

defense and foreign policy, decisions of Great Britain automatically bound the self-governing members of the Empire.

Despite the success of these early contacts, immigration problems retarded the evolution of a sound political and commercial relationship. The Treaty of Commerce and Navigation gave Japanese subjects full liberty to travel and reside in any of the Dominions or British possessions. Canada adhered to the agreement assuming that Japan would continue the tacit understanding by which she voluntarily restricted emigration. However, this was not the case, and Japanese immigration to Canada increased dramatically between 1905 and 1908.

Immigration quickly became the predominant factor in Canadian-Japanese relations. The influx of Japanese, concentrated primarily in British Columbia, exacerbated racial tensions. In September 1907, serious riots in Vancouver prompted the Canadian government to despatch the Minister of Labour, Rodolphe Lemieux, to Japan for discussions with the Japanese government. The subsequent Gentlemen's Agreement of 1908 prohibited the migration of contract labour and severely restricted the activities of immigration companies. The most significant outcome of the negotiations was Japan's decision to restrict emigration of its nationals to four hundred per year.<sup>3</sup>

The conclusion of this agreement temporarily relieved the pressure from British Columbia. In its repeated attempts to impose restrictions upon the entry of Japanese, the province had embarrassed the Canadian government. In 1897, the province began a concerted effort to exclude Japanese when it passed the Alien Labour Act, prohibiting

Japanese from employment in works authorized by the provincial government. The 1900 Labour Regulation Act required a European language test for all persons seeking entry into British Columbia, similar to Natal's Immigration Restriction Act of 1897. A provincial order-in-council in 1902 prohibited Japanese from employment in any government interest, lease or concession, effectively refusing employment to Japanese in the forest or mining industries.

Without exception, measures designed to halt immigration or restrict employment were disallowed as ultra vires provincial jurisdiction. The Federal government retained exclusive jurisdiction over aliens, and therefore, provincial legislation directed at Japanese aliens resident in Canada was not binding.<sup>4</sup> Furthermore, the actions of British Columbia were not in the best interests of Imperial foreign policy. The Anglo-Japanese Alliance had been designed primarily to protect British interests in the Far East and maintain the Open Door policy in China. The alliance insured against the menace of Russia and Germany, removed the need to place large naval and military resources in the Pacific, and acted as a restraint upon Japan. The exclusive immigration policies and legal restrictions upon Japanese in North America produced considerable humiliation and antagonism in Japan. It would have been foolish to jeopardize the security of British interests in the Far East by discriminating outwardly against the nationals of its formidable ally. In 1911, Britain reaffirmed her esteem for Japanese friendship by concluding a new Treaty of Commerce and Navigation with Japan. As Article I of the Treaty gave full liberty to the subjects of

both powers to enter, travel and reside in their respective territories, Canada adhered to the Treaty in 1913 subject to the condition that the agreement did not affect the provisions of Canadian immigration law.

The controversy over Asian immigration subsided during the First World War. However, in 1919, Japan's delegation at the Paris Peace Conference attempted to insert a racial equality clause into the Covenant of the League of Nations. The clause proposed that nationals of all League members were to be accorded equal treatment in every respect, with no distinctions being made due to their race or nationality. In British Columbia, fears that the assertion of racial equality by the new international organization would break down the barriers to Oriental immigration prompted the provincial Legislature to forward a resolution to Canada's chief delegate, urging the exclusion of races incapable of assimilation. Although the racial equality clause was subsequently dropped due to Dominion objections, notably from Canada and Australia, British Columbia's opposition to the clause had little impact on the Canadian position. The racial equality clause implied the transfer of Dominion responsibility over immigration matters to the League, a circumstance the Canadian government simply would not tolerate.

In the decade following the war, the British Columbia Legislature passed a number of resolutions favouring the prohibition of Asiatic immigration, while British Columbia Members of Parliament pressed the province's case in the House of Commons. The regularity with which British Columbia pursued its attempts to deny Asiatic

immigration was not lost on policymakers in Ottawa. During the negotiations concerning the revised Gentlemen's Agreement of 1928, Under-Secretary of State for External Affairs, O. D. Skelton, confided to the Japanese Consul, Baron Tomii, that public opinion would not accept Japan's proposal to limit annual Japanese emigration to two hundred persons. He specifically referred to a resolution passed in the British Columbia Legislature in February 1928, which not only favoured restriction on Oriental immigration, but the repatriation of those Chinese and Japanese residing in British Columbia.<sup>5</sup> After a personal conversation with Prime Minister Mackenzie King, Baron Tomii accepted a limit of 150 immigrants on behalf of his government.

The fact remains that the Gentlemen's Agreements themselves reflected an early consideration of Canadian policy--to preserve good relations with Japan for the sake of imperial interests.<sup>6</sup> This was no less evident under the Laurier government than under the King government. The demands of British Columbia were secondary to the political demands of the Empire. As a result the Japanese immigrant never suffered the indignities of a total exclusion, as did his Chinese counterpart. Beginning in 1885, a head tax of fifty dollars had been levied on Chinese entering Canada. This was increased to one hundred dollars in 1900 and five hundred dollars in 1903, an amount which remained in effect until 1923, when the Chinese Immigration Act barred Chinese nationals from emigrating to Canada.

In 1921 Canada served notice, through her opposition to the renewal of the Anglo-Japanese Alliance, that the preservation of good

relations with Japan for the sake of imperial interests could be displaced by a more fundamental policy consideration. The prospect of a renewed Anglo-Japanese Alliance, coupled with the increasing enmity between Japan and the United States, could have placed Canada in a particularly difficult position. Irrespective of the territorial implications of a Japanese-American conflict, the basic principle of Canadian external policy remained the maintenance of good relations between Great Britain and the United States.

While these political relationships predominate in any discussion of Canadian-Japanese relations in the 1931-1941 period, the elements of trade and immigration cannot be ignored. To a certain degree, the significance of these two elements diminished during the decade. Total trade between Canada and Japan declined continuously after reaching the \$51.5 million figure in 1928. The Japanese market never accounted for more than approximately three per cent of Canada's total exports, despite the promise of earlier years.<sup>7</sup> To the chagrin of Canada's first Minister in Japan, Sir Herbert Marler, who perceived the increase of trade as his primary function,<sup>8</sup> expectations far exceeded reality. Similarly, continued restrictions on Asian immigration kept agitation to a minimum in British Columbia. Groups such as the White Canada Association had little public or provincial government support.

On the other hand, Japanese exclusion became a volatile issue once again in February 1938, after A. W. Neill, M.P. (Comox-Alberni), introduced an exclusion bill in the House of Commons. Unquestionably,

renewed Japanese military action in China exacerbated fears of external aggression and fueled the demands for exclusion. Furthermore, Canada's commitment to protectionist trading policies and Japan's determination to hurdle imposing tariff barriers produced a bitter trade dispute which disrupted the normally harmonious relations between the two nations for several months in 1935. Four years later, Canada's export of strategic materials to Japan became a source of controversy for those Canadians who opposed Japanese aggression in China. Ultimately, restrictions on Canadian exports to Japan, applied at Britain's request and with future Anglo-American cooperation in mind, were implemented in an attempt to blunt Japan's aggressive pursuits in the Far East.

Prior to undertaking a detailed review of these diverse factors and their impact on the Canadian-Japanese relationship between 1931 and 1941, it is necessary to examine the evolution of Canada's responsibility in the conduct of her external relations. By 1930, Canada was in the final stages of determining its legal status as a country, not inferior or subordinate, but an equal to the self-governing Dominions and the mother country. Before World War I, Canada and the other self-governing colonies of the British Empire rarely ventured into the field of foreign relations. They concentrated on internal matters, such as large-scale public works construction, the implementation of immigration and tariff programmes and, to a lesser extent, the development of their own military and naval forces.

However, the Boer War had revealed the inadequacies of Britain's policy of splendid isolation. While attempting to reaffirm cordial

relations with the United States, France and Japan, Britain invited the self-governing colonies to consider the extent to which they would follow British defense and foreign policy, and the machinery through which they would consult. After 1907, minimal changes did occur, most notably in terminology. The Colonial Conference became known as the Imperial Conference; and the self-governing colonies became Dominions, with their own department in the Colonial Office and access, albeit limited, to the Committee of Imperial Defense. However, Prime Minister Asquith made it quite clear in 1911 that, in matters of foreign policy, the home government would retain complete responsibility.

Among the Dominions a limited autonomy in foreign relations did evolve before the Great War, most notably in matters of trade, fisheries, immigration and commercial agreements. The two most significant developments pertaining to Canada were the Gentlemen's Agreement of 1908, under which Japan agreed to restrict emigration; and the establishment, in cooperation with the United States, of the International Joint Commission to regulate the Great Lakes and boundary waters.

Nevertheless, the Imperial government appointed plenipotentiaries and retained the power of ratification, and the negotiation of political treaties remained firmly in the Imperial grasp. For the most part, Canadian relations with foreign countries were conducted as an integral part of imperial relations, through the governor-general, who acted both as representative of the British government and the Crown--Canada was bound by decisions made in London, even when such decisions

subordinated Canadian national interests to imperial considerations and requirements. Furthermore, Canadian objectives could only be realized through British action.<sup>9</sup> In 1914, the diplomatic unity of the Empire and the indivisibility of the Crown remained unchallenged and intact. Many Canadians undoubtedly shared the sentiments of young Lester B. Pearson as he considered enlistment in the army:

I began to feel that I too must go. My motives were mixed and not particularly noble. I had a normal patriotic instinct--more British, I suppose, at this time than Canadian.<sup>10</sup>

The King's proclamation of war in 1914 automatically insured Canadian participation; nevertheless participation clearly accelerated Canada's quest for autonomy. With the Dominion's war effort as great as that of any minor power, Canada insisted upon separate representation and voting power at the Paris Peace Conference. Consequently, Dominion representatives at Paris played a dual role as members of the British Empire delegation and as spokesmen for their own countries. The establishment of the principle of separate Dominion representation served as a valuable precedent in gaining similar status at the League of Nations.

The British government accepted the evolution of Dominion status at the 1917 Imperial War Conference with the adoption of Resolution IX, which acknowledged the need for a constitutional readjustment of intra-Empire relations. Readjustment would be based upon full recognition of the Dominions as autonomous nations of an Imperial Commonwealth, with a right to a voice in foreign policy and the

expectation of "continuous consultation in all important matters of common Imperial concern."<sup>11</sup> Readjustments did take place, and by 1926 the self-governing Dominions had reached a stage in their political evolution where their individuality in the community of nations had been established. At the same time, a series of international events in the 1920s had revealed the difficulty in maintaining a unified Imperial policy in external relations. The 1926 Imperial Conference acknowledged both the constitutional developments and the ramifications for external policy in the Balfour Report:

They are autonomous Communities within the British Empire, equal in status, in no way subordinate one to another in any respect of their domestic or external affairs, though united by a common allegiance to the Crown, and freely associated as members of the British Commonwealth of Nations.<sup>12</sup>

If Great Britain and the Dominions were considered to be equal in status, this did not extend to function. The major share of the responsibility for defense and foreign matters remained vested in Great Britain, and consequently, the Dominions continued to depend upon the British diplomatic and consular service.

Admittedly, Canada's ability to conduct the routine business of external relations was limited. Although the government had created a Department of External Affairs in 1909, the department possessed only three administrative officers in 1925. Canada's first legation opened in Washington, D.C. in 1927, a full seven years after the government originally announced the establishment of the post. The following year the government confirmed the establishment of Legations in Paris and

Tokyo, and as no further additions were made to Canadian representation abroad until 1939, the Ministers in Paris and Tokyo served as Canada's sole representatives on the European and Asian continents respectively, throughout the 1930s. Canada placed her diplomatic representatives in Tokyo primarily to expand the export trade with the Far East and to assist Canadian financial interests in Japan. Sir Herbert Marler made this intention clear shortly after the arrival of the Canadian diplomatic entourage in September 1929:

Let me say . . . that the Canadian Legation in Japan will be organized on business lines and conducted upon like lines for the benefit of trade relations between Japan and Canada.<sup>13</sup>

The establishment of diplomatic representation in Tokyo recognized more than an attempt to increase the flow of goods between the Far East and Canada. Canadian industrial growth, population increase and foreign trade expansion had made it mandatory to provide for the country's own special interests abroad. Notwithstanding the fact that Canada had recently acquired an equality of status, if not an equality of function with Great Britain, she needed to develop commercial and political knowledge of other nations. This, in turn, required the establishment of points of contacts.

The appointment of Canadian plenipotentiaries revealed a need to realize a responsibility for Canada's external interests. Diplomatic representation was not merely a symbol of equal status within the Commonwealth, as Mackenzie King himself recognized:

if there is to be equality of status there must be something also in the way of responsibility with respect to our own affairs, foreign as well as domestic, in whatever pertains to the relations between this dominion and other countries of the world.<sup>14</sup>

In a speech to the Canadian Association of Japan shortly after taking up his duties in Tokyo, the Minister assured his listeners that Canada would assume an ever increasing share of the responsibility in finding solutions to the external problems of the Commonwealth.<sup>15</sup> However, this was not to be the case. Canadian external policy throughout the 1930s was characterized by a reluctance to assume responsibility or commit Canada to a specific course of action. Both the Bennett and King administrations chose to avoid an independent policy, preferring instead to "steer a course between the two poles of Canada's external relationships: Great Britian and the United States."<sup>16</sup>

This characteristic paralleled the growth in autonomy. As Canada gradually assumed responsibility for the conduct of its external relations following the First World War, the emerging external policy revealed a consistent propensity to avoid commitments. The eagerness with which the country grasped its new international status was not matched by an eagerness to assume international responsibilities. This conscious effort to avoid commitments first became evident in the Canadian attitude toward the League of Nations, particularly Article X, which guaranteed the territorial integrity and political independence of all member states against external aggression. The determined

opposition to Article X, motivated by the belief in the differentiation of function and obligations among members of the League, by a reluctance to guarantee all existing territorial arrangements, and most importantly, by a concern for ultimate Canadian control over decisions affecting external policy, had a lasting impact on Canadian external policy. Throughout the 1920s, Canada rejected all international proposals which required a degree of advance commitments combined with the potentially burdensome prospect of sanctions.

Canada entered the tumultuous decade of the 1930s conscious of two facts in the conduct of her external relations. In the first place, she had sought and successfully secured the practical autonomy to formulate and implement her own external policy. Secondly, this accomplishment brought with it a desire to avoid commitments, to remain aloof from international obligations that might hinder Canada's freedom of action. These factors must be placed in the context of Canadian-Japanese relations.

Although the shadows of both Great Britain and the United States loom over this entire period of Canadian-Japanese relations, Canada's enduring ties to Britain ensured that Canadian policy vis-à-vis Japan adopted a distinctly British perspective. In 1925, Mackenzie King had appointed Dr. O. D. Skelton as Under-Secretary of State for External Affairs. An individual with strong isolationist inclinations, Skelton encouraged the development of Canadian autonomy in external relations. Somewhat paradoxically, King as Prime Minister and Secretary of State for External Affairs did not share Skelton's appetite for isolationism:

King's deepest predilections and prejudices were British, and . . . there is every reason to believe that he held from the beginning, and never changed, the opinion that Canada could not possibly hold aloof from a great war in which Britain was engaged.<sup>17</sup>

Like King, and indeed most English-speaking Canadians of the era, R. B. Bennett, the Conservative elected as Prime Minister in 1930, shared in the strong emotional attachment to Britain and Empire. Consequently, both the Conservative and Liberal administrations of the 1930s experienced the conflicting forces of sentiment and autonomy inherent in Canadian external policy. In the context of Canadian-Japanese relations, these forces combined to produce a schizophrenic Canadian personality--a desire to assert her autonomous character but simultaneously, a recognition that Britain's attempt to preserve her Eastern interests in the face of Japanese encroachment would ultimately determine the true course of the Canadian-Japanese relationship. The Canadian government therefore consciously avoided antagonizing Japan for the sake of British interests in the Far East, particularly after Mackenzie King returned to power in October 1935.

Mackenzie King also worried that international commitments would have serious repercussions for Canadian unity. With French-Canada, approximately one-third of the country's population, strongly opposed to international commitments of any kind, King refused to take the initiative in blunting Japanese aggression. Initiatives belonged to the great powers who would bear the burden of action against Japan in peace or in war.

King was not in power during the Manchurian Crisis, but the Conservative government of R. B. Bennett shared the Liberal administration's aversion to international commitments. The Canadian policy with respect to the Japanese invasion of Manchuria was couched in terms reflecting long-standing objections to collective security. Of course, at this juncture, the League of Nations remained a viable entity. Canada's physical isolation and the security provided by proximity to the United States, which rejected League membership, created an enormous inequality between the benefits and burdens of Canadian participation in the League.

The different emphases of these two administrations did not impair the basic principle whereby the "pre-eminent importance for Canada of close cooperation between the United Kingdom and United States, especially in their policies in the Pacific,"<sup>18</sup> remained the critical component of the Canadian-Japanese relationship. Throughout the 1930s such cooperation was seldom in evidence where British and American Far Eastern policies were concerned. Britain, with large investments in China and without the military power in the Far East to preserve these interests from Japanese encroachment, remained reluctant to confront Japan's repeated violations of the Nine Power Treaty. In contrast, the United States insisted upon the maintenance of the Treaty's provisions, although unwilling to apply her power to uphold the agreement. The American commitment to principle belied the fact that the strong isolationist sentiment prevailing in the United States precluded the application of military power for such ill-defined

objectives as China's territorial integrity and equality of commercial opportunity. The British feared that the American government's vocal opposition to Japanese aggression would ultimately force Britain to face the Japanese alone, without American support, at a time when the resurgence of Germany made the security of Britain's own shores her primary concern. During the 1930s, Canada's long-standing aversion to commitments in the conduct of external policy precluded a specific course of action which might have advanced the cause of British and American cooperation in the Far East, although it was clearly within her self-interest to do so.

These facets of Canadian external policy clearly emerge upon a close examination of the major episodes in the Canadian-Japanese relationship between 1931 and 1941. Having established a diplomatic presence in Japan in 1929, Canada relished the prospect of expanding export markets during the subsequent decade. Yet the initial preoccupation with commercial matters soon gave way to questions of international politics after the Japanese invasion of Manchuria in 1931. This action forced the Canadian government to deal with the confining obligations of League membership, and in particular, the distasteful prospect of sanctions.

Footnotes

<sup>1</sup>R., "Neighbours: A Canadian View," Foreign Affairs, X (April 1932), 419. To hazard an educated guess, this article appears to be the work of Norman Robertson, who did not share Dr. Skelton's isolationist and neutralist convictions. See J. L. Granatstein, A Man of Influence: Norman A. Robertson and Canadian Statecraft 1929-68 (Ottawa: Deneau, 1981), p. 80.

<sup>2</sup>Canada, Department of Trade and Commerce, Annual Report of the Trade of Canada for the Year Ended March 31, 1920 (Ottawa: King's Printer, 1921), p. 25.

<sup>3</sup>The figure of 400 referred to domestic servants and agricultural labourers. It did not pertain to the wives and children of Japanese resident in Canada.

<sup>4</sup>Nevertheless, a 1902 Privy Council decision upheld provincial legislation which denied the provincial vote to those Japanese who became British subjects by naturalization, or were children born in Canada of immigrant parents. See Ken Adachi, The Enemy That Never Was (Toronto: McClelland and Stewart, 1976), p. 54.

<sup>5</sup>Public Archives of Canada (hereafter P.A.C.), William Lyon Mackenzie King Papers, MG 26, J1, vol. 158, p. 135099, O. D. Skelton to Baron Tomii, 22 May 1928.

<sup>6</sup>p. E. Roy, "Educating the 'East': British Columbia and the Oriental Question in the Interwar Years," BC Studies, XVIII (Summer 1973), 55. See Charles J. Woodsworth, Canada and the Orient: A Study in International Relations (Toronto: Macmillan, 1941) at pages 55 and 59 for Laurier's refusal to impose restrictive immigration legislation in order to preserve cordial relations between the Empire and Japan.

<sup>7</sup>Annual Report of the Trade of Canada for the Year Ended December 31, 1949, p. 37.

<sup>8</sup>p.A.C. MG 26, J1, vol. 165, p. 140118, Herbert Marler to Mackenzie King, 5 September 1929.

<sup>9</sup>Lester B. Pearson, Mike: The Memoirs of the Right Honourable Lester B. Pearson (Toronto: University of Toronto Press, 1972), I, 66.

<sup>10</sup>Ibid., p. 17.

<sup>11</sup>Maurice Ollivier, ed., The Colonial and Imperial Conferences, 1887-1937 (Ottawa: Queen's Printer, 1954), II, 175.

<sup>12</sup>Ibid., III, p. 146.

<sup>13</sup>P.A.C. MG 26, J1, vol. 165, p. 140229, Marler to Mackenzie King, 23 November 1929.

<sup>14</sup>Walter A. Riddell, ed., Documents on Canadian Foreign Policy 1917-1939 (Toronto: Oxford University Press, 1962), p. 282.

<sup>15</sup>P.A.C., MG 26, J1, vol. 178, p. 151507, 29 September 1929. Privately, Mr. Marler expressed a more ambitious plan. In a personal letter to Mackenzie King, the Minister proposed that Canada assume complete responsibility for Commonwealth diplomatic representation in both Tokyo and Washington. He argued that such a move would enhance Canadian prestige, promote the leadership role which Canada intended to assume, and express the Canadian desire to share both the burdens and the direction of Empire. (See P.A.C., MG 26, J1, vol. 178, pp. 151557-58, Marler to King, 8 July 1930.) King, in reply, warned Marler against further expression of this viewpoint as it proposed a shift from co-operative commonwealth to centralized empire. (See P.A.C., MG 26, J1, vol. 178, p. 151586, King to Marler, 21 November 1930.) Although King concentrated on the implications for Canadian autonomy it is difficult to conceive, in view of his later conduct of external policy, that he would advocate thrusting Canada into a position of centre stage in the conduct of external relations.

<sup>16</sup>Robert Bothwell and Norman Hillmer, ed., The In-Between Time (Toronto: Copp Clark, 1975), p. 15.

<sup>17</sup>C. P. Stacey, This Age of Conflict (Toronto: University of Toronto Press, 1981), II, 235.

<sup>18</sup>Canada, Department of External Affairs, Documents on Canadian External Relations (hereafter D.C.E.R.), 1931-35 (Ottawa: Queen's Printer, 1973), vol. V, no. 356, Secretary of State for External Affairs (hereafter 'External') to High Commissioner in Great Britain, 9 March 1983.

## CHAPTER II

## CANADA AND THE MANCHURIAN CRISIS, 1931-1933

On September 18, 1931, at the instigation of staff officers of the Japanese Kwantung Army, an explosive charge was detonated on the South Manchurian Railway, north of the town of Mukden. The railway itself received only minor damage, but the incident served as a pretext for the invasion of Manchuria by Japanese military forces. In Canada, the invasion aroused little interest. The nation was preoccupied with the massive social and economic dislocation of the Depression and insulated by geography and the proximity of the United States from the threat of external aggression. Moreover, as Blair Neatby observed in The Politics of Chaos, most Canadians in the 1930s showed little interest in international affairs and no desire to play a major role in international diplomacy.<sup>1</sup> The Far East itself meant little to Canadians, many of whom were undoubtedly unaware that Canada, as a signatory to the League Covenant, was bound to preserve China's territorial integrity and political independence against external aggression. If Canada displayed a pronounced indifference to these events, western nations as a whole displayed little anxiety, as acts of violence were commonplace in China.

The longstanding rivalry between provincial warlords, engendered by the fall of the Manchu dynasty, had erupted into full-scale civil war in the 1920s. Although Chiang Kai Shek's Kuomintang faction eventually

established a national government at Peking, government control only extended to a few provinces surrounding the capital. In the remaining provinces groups of bandits roamed freely, while clashes between Kuomintang and Communist forces compounded the disorder.

In Manchuria, Marshal Chang Hseuh-Liang enjoyed both fiscal and political autonomy from the central government in Peking. Yet he endured the burden of Japan's enormous rights of extraterritoriality, secured following her victory in the Russo-Japanese war of 1904-1905. Awarded the Russian lease of Kwantung Province and the railway lines forming the South Manchurian Railway system, Japan successfully extended her extensive extraterritorial rights in 1915. China agreed to the Twenty-One Demands, by which Japan received extensions of her leases over Kwantung Province and the South Manchuria Railway. In addition, Japanese subjects were permitted to enter, travel and reside in South Manchuria for the purposes of trade, industry and agriculture. Preference was given to Japanese advisers in political, financial, military and police activities throughout South Manchuria; while China agreed to call upon Japanese capital in the event of further railway construction.<sup>2</sup>

By 1931, Japanese capital investments in Manchuria amounted to 2,150,000,000 yen.<sup>3</sup> Japan controlled 690 miles of railroad and 1400 square miles of leased territory. Approximately a thousand Japanese companies operated in Manchuria, and two hundred thousand Japanese nationals resided in the area.<sup>4</sup> Notwithstanding the large investment of human and financial resources, Japan retained a strategic interest in

Manchuria as a buffer against Soviet expansion. Moreover, Japan viewed Manchuria as an alternative to the western nations for export markets and raw materials. Few nations questioned Japan's determination to defend her Manchurian interests if and when they were threatened.

China, however, was equally determined to repeal the Japanese privileges in Manchuria on the grounds they had been secured under duress at a time when internal weakness precluded resistance. At the Paris Peace Conference in 1919, and again at the Washington Conference in 1921, Chinese representatives pressed for the restoration of leased territories, the abolition of all foreign concessions and foreign spheres of influence, and the withdrawal of all foreign troops. China directed her criticisms at all those powers with extraterritorial rights, but Japan's enormous interests in Manchuria remained a particularly sensitive issue to the Chinese.

Powerless to expel Japan from Manchuria, China attempted to build foreign support for her case, while simultaneously inflicting a host of indignities and restrictions upon Japanese nationals. The increased frequency and intensity of incidents, including the murder of a Japanese officer attached to the General Staff, convinced many Japanese that only force could redress the basic problem. Whereas Japan intended to preserve her rights and interests in Manchuria, China regarded the expulsion of the Japanese as fundamental to her foreign policy.

Prior to 1931, Japan had acted with restraint when her Manchurian interests had been threatened.<sup>5</sup> Therefore, some observers

believed the thrust of Japanese forces into Manchuria in 1931 was merely a temporary aberration, no doubt due to the economic and commercial hardships prevalent at the time. Others regarded the intervention in more positive terms. Among "British and American official circles, the more common thought was that Japan was the one bulwark of order and defender of Western interests in Asia against the forces of chaos and Bolshevism."<sup>6</sup> The high regard for Japan did not relieve Britain and the United States from the provisions of the Washington Treaties. In 1922, the Washington Conference had produced a series of agreements known as the Four Power, Five Power and Nine Power Treaties. The Four Power Treaty replaced the controversial Anglo-Japanese Alliance, which Britain had abrogated following the 1921 Imperial Conference. The United States, Great Britain, France and Japan agreed to respect the status quo in the Pacific, and to confer should an external threat or dispute between the parties jeopardize their insular possessions in the Pacific. The Five Power Treaty fixed a 5:5:3 ratio in capital ships and aircraft carriers between the United States, Great Britain and Japan. At the same time this treaty prevented the fortification of specified bases in the western Pacific.<sup>7</sup> In the final agreement, nine Powers promised to respect the territorial integrity and sovereignty of China, and maintain the Open Door policy of equal commercial opportunity.<sup>8</sup>

The aggregate effect of the Washington Conference treaties was to give Japan local naval superiority in the western Pacific and legitimize her sphere of influence in that area. On the other hand,

Great Britain, with her possessions and position in China guaranteed by treaty, gave up her plans for a Far Eastern fleet. British interests were to be protected by multinational agreements (which contained no enforcement provisions) rather than by naval power. The United States, deprived of fortified bases on Guam, the Philippines and various smaller islands west of Hawaii, found herself in a similar position.

At the time of the Manchurian invasion in 1931, neither of Canada's foremost allies was in any position to influence Japanese policy. In particular, the vulnerability of British interests in the Far East precluded an antagonistic policy toward Japan. Exclusive of the threat to the Pacific Dominions, Hong Kong and Singapore, Britain possessed the largest share of foreign investment in China. This amounted to £244 million, a figure which represented 5.9% of Britain's total foreign investment.<sup>9</sup> Traditionally, Britain's policy in China had been based upon the desire to preserve her trading position; to protect British lives, property and business; and to maintain the Open Door principle, whereby all nations could benefit from equal commercial opportunity, while China itself was spared the domination of a single Power.<sup>10</sup> However, Britain no longer possessed the strength to maintain that policy without the benevolence of Japan. The security of British interests depended largely on Japanese goodwill.

Despite an affinity for the Republican regime in China and a determination to uphold the policy of the Open Door, American interests in the Far East were not sufficient to secure American intervention in the Manchurian imbroglio. In addition to the strategic handicaps

resulting from the Washington Conference, strong isolationist sentiment within the United States acted as a restraint. The Manchurian crisis represented a breakdown in the Washington treaty system, a fact which deeply troubled American officials. Nevertheless, they realized "that the Open Door and the territorial integrity of China were not ideals for which the American people would fight."<sup>11</sup>

Three days following the Mukden incident, the Chinese government appealed to the Council of the League of Nations, invoking Article XI of the League Covenant. As the crisis in Manchuria had been placed before the League of Nations for their consideration, the obligations of membership were self-evident. All members, including Canada, were bound to consider an attack against any other member as an attack on themselves; and were obligated to preserve the territorial integrity of the state under attack. Members also pledged to apply full economic sanctions automatically against an aggressor.<sup>12</sup>

Initially, it was not clear which party had precipitated the aggression, as both sides blamed the other for the outbreak of violence in and around Mukden. Japan insisted that no military occupation existed and denied any territorial designs on China. She argued that her forces had moved in to disarm Chinese soldiers and thereby protect the South Manchurian Railway and its guards from attack. Japan also maintained this action was not an act of war but an act of self-defense, and consequently denied the right of the League of Nations to assemble its Council.

Factual information from Manchuria was decidedly scarce in the

first days following the clash at Mukden. The Canadian Chargé d'Affaires, Dr. Hugh Keenleyside, admitted some difficulty in establishing blame for the incident, although he correctly predicted Japan's reluctance to lay the case before the League of Nations or accept third party mediation.<sup>13</sup>

Keenleyside discussed the matter with the British Ambassador, Sir Francis Lindley, on September 22, as the embryonic condition of Canada's diplomatic service in the Far East necessitated consultation with British representatives in order to obtain information on Manchuria. Subsequently, Dr. Keenleyside was able to provide a somewhat clearer picture of events in Manchuria to the Canadian government. He reported that Japanese military authorities had seized railroad and strategic points with little reference to the civilian government in Tokyo. Constitutional impediments prohibited the civilian authorities from actively restraining their military counterparts during national emergencies. Consequently, Japanese power had been extended beyond the Leased Territory and the Railway Zone to an area roughly the size of Saskatchewan, in a matter of only five days.<sup>14</sup>

From his despatches to Ottawa, it was quite evident that the Canadian Chargé d'Affaires did not accept the Japanese version of the events in Manchuria. Seven days after the initial clash between Chinese and Japanese forces at Mukden, Dr. Keenleyside described the explosion on the tracks of the South Manchurian Railway as a pretext for invasion manufactured by Japanese themselves. The official statements issued by Japanese authorities failed, in Dr. Keenleyside's view, to offer any

serious explanation for the expansion of "a brief defensive skirmish between small parties of Manchurian and Japanese troops" into a major military action involving the seizure of hundreds of miles of railway line and ten Manchurian cities. It was an undeniable fact that Chinese troops had been ordered to refrain from retaliation against Japanese forces. Yet the Imperial government had promised to withdraw its troops only when the danger to Japanese nationals and interest had ended. Keenleyside failed to perceive how an act of passive resistance could be interpreted as a threat to Japan's vital interests in Manchuria. He found it difficult to imagine a weaker rationale for serious military action than that now expressed in Japan. The weakness of this rationale arose, he observed, from the "impossibility of justifying injustice."<sup>15</sup>

Japan continued to profess her innocence to the League. She contended that her troops, while extending their activities outside the South Manchurian Railway Zone, were acting in a policing capacity only, and not as occupation forces. They would be withdrawn once the danger had passed and normal conditions were restored. The League Council adopted a resolution on September 30 which accepted the Japanese denial of territorial ambitions in Manchuria, and urged both parties to do all in their power to hasten the resumption of normal relations.<sup>16</sup>

However, fighting in Manchuria persisted. On October 17, the League Council invoked the Kellogg-Briand Pact and reminded Peking and Tokyo of their obligations to settle disputes by pacific means. In addition, the ambassadors of Great Britain, France, Italy and the United

States impressed upon the Japanese government the seriousness of its actions in Manchuria. With the mounting evidence dispelling Japan's version of the events, the League Council agreed on October 24 to demand Japan's withdrawal from occupied territory by November 16. In return for the evacuation, China promised to guarantee the safety of Japanese lives and property after resuming control of the occupied territory. Once withdrawal was complete, direct negotiations between the two powers would begin.<sup>17</sup>

Japan insisted that withdrawal was inconceivable until direct negotiations with China resolved all outstanding differences. The November 16 evacuation deadline passed with Japanese forces remaining outside of the Leased Territory and the Railway Zone. In fact, Japanese forces were in the process of occupying the principal towns of Manchuria. The army reorganized local police forces, seized the reserves of the major Chinese banks as well as corporation records and large quantities of both military and industrial supplies. On November 18, a pitched battle in and around the provincial capital of Tsitsihar resulted in the defeat of Chinese forces and the occupation of that city, the third provincial capital to fall to the Japanese army.

Unable to dislodge Japan from Manchuria by the moral weight of its resolutions, the League Council unanimously approved the creation of a Commission of Enquiry on December 10. The Commission was empowered to investigate conditions in Manchuria, but not to moderate negotiations or interfere with the military arrangements of either party. Japan accepted the resolution on the explicit understanding that her forces

would not be precluded from protecting the lives and property of Japanese subjects.<sup>18</sup>

As 1931 came to a close, the military forces of Japan had succeeded in protecting the lives and property of her subjects to the point where effective resistance in Manchuria had come to an end. Chinese forces fled south of the Great Wall, leaving Japan's Kwantung Army in control of an enormous region formerly the sovereign territory of China. Moreover, neither Great Britain nor the United States had revealed any inclination to criticize Japan. Britain had largely restricted herself to urging Japan to respect her obligations under the League Covenant, while attempting to confine consideration of the dispute to the League Council. Such a manoeuvre was designed to prevent consideration of the dispute by the Assembly, where smaller nations could insist upon the application of sanctions. Similarly, while the United States had sent notes to both Japan and China requesting the cessation of hostilities and supported the League decision to invoke the Kellogg-Briand Pact, she was not inclined to condemn Japan's actions outright.

The Canadian government, cognizant of the British and American attitudes, chose to remain silent on the subject of Japanese aggression. Given the apathy of most Canadians to the Manchurian Crisis, this approach drew little public criticism in Canada. Indeed, the reaction to events in the Far East was centred within the Chinese-Canadian communities. Following the outbreak of hostilities, two thousand Chinese attended a meeting in Vancouver to protest Japanese aggression

in Manchuria. A large majority of the crowd was armed with revolvers, blackjacks and clubs. Only with the utmost difficulty did the Chinese Nationalist League restrain the crowd from marching on the Japanese section of the city.<sup>19</sup> Notices appeared in Vancouver's Chinatown calling for volunteers to join the Chinese army. In Windsor, Ontario, a group of Chinese drenched one hundred pounds of Japanese tea, silks and seafood in gasoline, then set it ablaze to mark the beginning of a boycott of Japanese goods.<sup>20</sup> The Windsor branch of the Chinese National Association followed this act of protest with the announcement of its decision to raise \$25,000 towards the purchase of fighter planes.<sup>21</sup>

The evident hostility of Chinese residents in Canada prompted the Japanese minister to advise the Under-Secretary of State for External Affairs of his concern over the possibility of violent disturbances between Chinese and Japanese in Canadian cities.<sup>22</sup> In fact, Dr. Skelton had received reports from the Royal Canadian Mounted Police on a number of incidents of this nature, and the latter had been instructed to monitor the Chinese and Japanese minorities in Toronto, Regina and Vancouver.<sup>23</sup>

Undeniably, the burden of the Depression combined with Canada's physical isolation contributed to public indifference. In addition, the majority of Canadians did not associate the threat of Japan's external aggression with the racial antagonism towards the Japanese in British Columbia, an unpleasant characteristic which would resurface in the latter half of the decade. Editorial comment tended to condemn Japan's

tactics and point to Manchuria as a test of the safety value of the League Covenant and Kellogg-Briand Pact. Yet the Japanese invasion of Manchuria was perceived as a lesser evil than the extension of the Soviet Union's influence in the region.<sup>24</sup>

Bolstered by the state of public indifference and the absence of Opposition criticism due to a House of Commons recess, the government did its utmost to ignore Japanese actions in Manchuria. Perhaps this approach is best illustrated by the terse observation in the 1931 Report of the Department of External Affairs that 'unsettled political conditions' had restricted the development of the export trade in the Orient.<sup>25</sup> It failed to mention that Japan had forcibly acquired sovereign territory of China in violation of principles both Canada and Japan had sworn to uphold. Kenneth P. Kirkwood, second Secretary of the Canadian Legation in Tokyo, confined his more realistic appraisal of the situation to a diary entry:

From September until the end of this year there has been war between Japan and China; and little by little by methods which seem unnecessarily ruthless, Japan has expelled the Chinese administration from Manchuria and left chaos; has sent in an Army of Occupation and Pacification, under the euphemism of 'railway guards' and not 'policing forces'; and now is endeavouring to control the disrupted disorder in Manchuria.<sup>26</sup>

A further indication of the Canadian government's determination to disregard Far Eastern events was Ottawa's failure, in the fall of 1931, to respond to the Legation Reports on political, social and

economic conditions in both Japan and Manchuria. The despatches from Tokyo deserved some acknowledgement, if only because the Minister to Japan, Sir Herbert Marler, was not disposed to view the course of events in the Far East in the same light as Dr. Keenleyside, the First Secretary. Marler, a member of Mackenzie King's cabinet, had been defeated in the general election of 1925. Although he had developed an extensive notarial practise in Quebec and acquired considerable personal wealth, he was a political appointee decidedly inexperienced in the conduct of external relations. In fact, as late as 1925, he had opposed the establishment of separate Canadian representation abroad.<sup>27</sup> His seven year tenure as Minister to Japan was marked by controversy. On a number of occasions, Marler unconsciously betrayed his dislike of the Japanese, especially, as Kirkwood observed, "in his moods of bad temper due to his neurotic condition."<sup>28</sup> Keenleyside himself remarked that Marler's "official and public behaviour often caused me distress and occasional anger."<sup>29</sup> Character flaws aside, Marler's devotion to the expansion of the Canadian-Japanese commercial relationship distorted his perception of events during the Manchurian crisis. Unmistakably, it was a source of tension between the Minister and the First Secretary.

A career diplomat, Hugh Keenleyside offered a stark contrast to Marler. A lecturer at the University of British Columbia, Keenleyside joined the Department of External Affairs in 1928 and was promptly chosen to open the Tokyo Legation in May 1929. An individual of considerable ability, he retained a finger on the pulse of Canadian-Japanese relations throughout the 1930's. Following seven

years service in Japan, he returned to Ottawa as head of the American and Far East divisions of the External Affairs Department. In June 1941 he was appointed, along with Lester Pearson, as an Assistant Under Secretary of State for External Affairs, a position which permitted him to witness the final months of the pre-war Canadian-Japanese relationship. Keenleyside condemned Japan's invasion of Manchuria and could offer no justification for her violations of the international agreements designed to maintain peace in the Far East.

At the outbreak of hostilities in September 1931, the Minister had been in Canada holding discussions with the Prime Minister and H.H. Stevens, the Minister of Trade and Commerce, on the potential for trade expansion in the Far East. Marler returned to Japan on October 24 and quickly turned his attention to the immediate problem in Manchuria. Unlike his subordinate, the Minister defended Japan's actions. In his opinion, China, not Japan, had violated the League Covenant, the Kellogg-Briand Pact and the Nine Power Treaty. While these treaties sought peaceful methods to settle disputes, Marler considered they were also intended "to prevent the commission of any act which would lead to such disputes taking place at all". He believed that China had committed a series of provocative acts which "if not by actual force of arms at least by means calculated to provoke war," had violated the treaties in question. According to Marler, Japan had acted in self-defense, and therefore had not violated the League Covenant, Kellogg-Briand Pact, or the Nine Power Treaty. Marler believed Japan did not intend to seize territory preferring instead to establish a

sphere of influence over Manchuria subject to the Open Door policy. He also considered that Japan would bring peace and economic progress to Manchuria, and would be forgiven for any alleged transgression of a Treaty to which she was a party.<sup>30</sup>

The Minister's interpretation of events was forwarded to Ottawa at the beginning of December 1931. Later that month two unofficial memoranda from a member of the Legation Staff in Tokyo appeared on Dr. Skelton's desk. Although the staff member was not identified, the criticisms of Japan and support of League action are consistent with previous despatches of Dr. Keenleyside. Keenleyside admitted that, before 18 September 1931, Japan had a strong case against China as a result of the latter's "repeated and intentional violations of the Treaty rights and ordinary human rights of the Japanese in Manchuria." Nevertheless, the military occupation of Manchuria was a clear violation of the terms of the League Covenant, the Nine Power Treaty and the Kellogg-Briand Pact. Unless members of the League or signatories of the other two agreements were prepared to enforce sanctions, the resolution of the conflict would be in a manner acceptable to Japan. China alone, did not possess the military or economic resources to defeat Japan.

Assuming that international action on behalf of China was out of the question, Keenleyside predicted a nominal Chinese government subservient to Japan would be established in Manchuria. However, he cautioned that such an arrangement was only temporary:

As an ultimate solution--if there is such a thing--effective and independent Chinese control is the only possibility. Thirty

million nationally conscious Chinese cannot be dominated forever by the military, diplomatic or economic agents of . . . Japan . . . . The history of nationalism and other states is sufficient to prove this; the recent history of China itself offers confirmation.<sup>31</sup>

Although the Minister and his First Secretary held widely disparate views of Japan's behaviour in Manchuria, they agreed the breach between the civilian and the military authorities in Japan had been closed and that public opinion in Japan supported the Manchurian venture. The cabinet faced the prospect of either repudiating the military and thereby causing its own downfall, or supporting the military action. As Keenleyside remarked, "it chose the latter course."<sup>32</sup>

The military authorities refused to withdraw Japanese forces to the Railway Zone and Leased Territory until a new government in Manchuria, independent from the central Chinese government, was a reality. Nevertheless, Keenleyside believed that pacific elements in Japan, led by the Foreign Minister, Baron Kijuro Shidehara, might still restrain the Army. Evidently, Henry L. Stimson, the American Secretary of State shared this point of view, as he had deliberately avoided reproaching Japan in order that Shidehara could assert his influence. However, Shidehara was replaced as Foreign Minister after the Minseito Cabinet fell from power on December 11, 1931.<sup>33</sup> The new cabinet was drawn from the Seiyukai Party, which, having long advocated a policy of firmness towards China, enjoyed the support of the Army. With Shidehara gone and the subsequent expulsion of the remaining Chinese forces from

Manchuria at the beginning of January 1932, Stimson changed tactics.

On January 7, 1932, he proclaimed the Doctrine of Non-Recognition. Under the terms of the Stimson Doctrine, which was expressly directed at Japan, the United States refused to recognize any impairment of either Chinese territorial integrity or the Open Door Principle, or any diplomatic arrangement resulting from actions contrary to the Kellogg-Briand Pact.<sup>34</sup> Great Britain would not endorse the American statement, apparently satisfied with Japanese assurances that the Open Door for equal commercial opportunity would be maintained.

Confronted with this divergence in British and American attitudes towards Japan, the Canadian government maintained its silence. Dr. Skelton himself responded to Marler's lengthy diatribe in defense of Japan. While he conceded that Japan had legitimate grievances, he believed that she had clearly violated her treaty engagements. Moreover, the League's ineffectiveness in obtaining Japan's withdrawal from occupied territory revealed the difficulty in providing automatic and instantaneous action by every League member against an aggressor. European nations had consistently promoted this course of action and Skelton voiced the traditional Canadian opposition to such methods. At the same time he foreshadowed Canada's future response to the question of coercive measures against Japan:

We have always taken the view that while calling on countries outside of Europe to pledge themselves in advance to come to their assistance in this way, France and other nations demanding 'security' in this form would not dream of coming to the aid of Canada, let us say, or of any other non-European country if attacked by a great power. The Manchurian incident fully

confirms this view, and illustrates the necessity of emphasizing the mediatory rather than the punitive functions of the League.<sup>35</sup>

The consequence of further hostilities at Shanghai reinforced the Canadian attitude as expressed by Dr. Skelton. Japanese marines landed at Shanghai on January 28, 1932, ostensibly to protect the lives of Japanese nationals in the Shanghai area,<sup>36</sup> but also to disrupt the potentially damaging boycott of Japanese goods in and around Shanghai, which the Chinese instituted to protest the aggression in Manchuria. When Chinese forces rushed to oppose the marines, the fighting escalated into a full scale battle. Severe casualties were inflicted upon the civilian population of Shanghai and the city itself suffered enormous damage. In contrast to Manchuria, western powers reacted to the fighting at Shanghai with great vigour. The International Settlement at Shanghai was the centre of western political, social and economic interests in China, and the protection of those interests from Japanese encroachment prompted an immediate response. Both Great Britain and the United States ordered military reinforcements to Shanghai. On February 1, the ambassadors of Great Britain, the United States, and France presented Japan and China with a five point truce proposal.<sup>37</sup> The fifth point involved immediate negotiations to settle all outstanding controversies with the aid of neutral observers. Japan rejected outright this deliberate attempt to link Manchuria and Shanghai. The question of Manchuria would be settled by direct negotiation between the disputing parties without the aid of

neutrals. Shanghai was a separate matter altogether.

Britain continued to rebuff American suggestions for cooperation,<sup>38</sup> rejecting Stimson's proposal for a joint naval demonstration to protest Japanese actions at Shanghai in favour of a call for restraint issued to both combatants and a warning to Japan to stay clear of the International Settlement. Stimson also failed to obtain a joint Anglo-American declaration indicting Japan's violation of the Nine Power Treaty, as official opinion in Great Britain staunchly opposed any indictment of Japan.<sup>39</sup> Not only did the British view the declaration as a sop to American public opinion, the nagging suspicion remained that following the condemnation, the United States would leave Britain to face the inevitable, hostile Japanese reaction.<sup>40</sup>

Britain's uncooperative posture compelled Stimson to issue a second unilateral declaration in the form of an open letter to the chairman of the United States Senate's Foreign Relations Committee, warning Japan that violations of the Treaty structure in the Pacific would release the United States from obligations restricting capital ship construction and fortification of American possessions. Initially, neither these unilateral declarations nor the combined efforts of the Powers unsuccessfully convinced Japan to accept a ceasefire at Shanghai. Moreover, as Dr. Skelton had observed, there was no enthusiasm among the European powers to apply sanctions against Japan in order to aid a non-European member of the League subject to attack. The League Council limited itself to a February 16 communication to Japan, expressing

regret that she had been unable to make use of the methods of peaceful settlement as provided in the Covenant, and recalled Japan's obligations under the Kellogg-Briand Pact and the Nine Power Treaty. The general reluctance of the major Powers to confront Japan's aggressive behaviour in both Manchuria and Shanghai forced China to request the General Assembly of the League to consider the Sino-Japanese Dispute. Accordingly, an extraordinary session of the General Assembly convened in Geneva on March 3, 1932.

Sir Herbert Marler had been particularly concerned with the Canadian response to the Japanese attack at Shanghai. Immediately following the outbreak of hostilities, he had warned Ottawa that a strong expression of opinion in favour of League action would not serve Canadian interests in Japan, where Canada was considered a neutral.<sup>41</sup> At the beginning of March, with the extraordinary session of the General Assembly imminent, he repeated his warning, arguing that Canada's participation in League sanctions against Japan would damage trade.<sup>42</sup> As subsequent events would illustrate, Marler worried needlessly.

In Canada, Parliament had reconvened on February 4. Responding to a question in the House of Commons regarding the government's position on the Sino-Japanese conflict, the Prime Minister had promised that Sir George Perley, the senior member of the Bennett government and the principal Canadian delegate to the 1932 Geneva Disarmament Conference, would publicly state Canada's position. The government's instructions to Perley had a definite familiarity about them--"we

consider that the task of the Assembly is not to assess responsibility or propose punitive measures but to carry out as effectively and vigorously as possible the mediatory and preventive functions of the League." Perley's instructions also directed him to refrain from discussing the possibility of economic or military pressure on either country, as recent developments had only confirmed the "traditional Canadian doubt as to the value and practicability of sanction provisions."<sup>43</sup>

Although the chief delegate's instructions reflected Canada's long standing opposition to sanctions, they were not issued until the government had received and assimilated the February 22 statement of Sir John Simon, the British Foreign Secretary, which clearly indicated Britain's intention to support the moral, rather than the punitive authority of the League. The duty of the British government was not to apportion blame, but to end the bloodshed.<sup>44</sup> The Canadian government also took into account Stimson's rather vocal criticism of Japan and the failure of public opinion in the United States to support the concept of sanctions.<sup>45</sup>

Clearly, the Canadian government had no intention of pursuing a policy advocating the application of sanctions without the aid and support of both Great Britain and the United States. It was a fundamental axiom of Canadian policy to monitor British and American policies, given Canada's intimate relationships with those two countries. The negative impact of sanctions on Canadian-Japanese trade was not a major consideration of Canadian policy at this juncture, despite Mr. Marler's

obvious preoccupation with the exchange of goods. To implement sanctions without British and American endorsements would not have been effective or realistic. Canada would gain the enmity of Japan without affecting a successful resolution of the dispute. If the instructions to Perley ignored the questions of sovereignty, independence and the sanctity of treaties, at least they were pragmatic. That Canada gave greater weight to the actions of the United States and Great Britain than to her senior official in Tokyo is not altogether unsurprising given Marler's fixation for the trading relationship. In all likelihood, the Minister did not realize that the focus of Canadian-Japanese relations had shifted from issues of trade to issues of diplomacy.

On the eve of his March 8 speech to the Assembly, Perley had requested permission to denounce Japan's violation of the League Covenant. Bennett quickly reminded him that a declaration to that effect would involve the immediate application of sanctions under Article XVI. As that course of action was inadvisable, he was directed to avoid any discussion of broken Covenants or sanctions, and to refrain from passing judgement on rights in dispute.<sup>46</sup> Perley therefore merely acknowledged that changes in the territorial integrity or political independence of a League member, brought about by force in violation of Article X, could not be recognized as valid by other members of the League.

On March 11, the Assembly of the League of Nations adopted a resolution which brought the League into line with Stimson's January note. The resolution also paralleled the Perley statement, in that it

declared:

That it is incumbent upon the members of the League of Nations not to recognize any situation, treaty or agreement, which may be brought about by means contrary to the Covenant of the League of Nations or to the Pact of Paris.<sup>47</sup>

Undoubtedly, the resolution pleased the Canadian government, in that it made no direct criticism of Japan, avoided the question of sanctions, and narrowed the gap between diverging British and American policy. However, the parallels among the various pronouncements of non-recognition prompted the Canadian government to inform Marler that Perley's statement was intended to support the League position only; it was not to be associated with the Stimson Doctrine of Non Recognition. If Japan showed any misapprehension to the Canadian position, the Minister was instructed to clarify the situation.<sup>48</sup>

Adhering to the collective decision of the Assembly gave the Canadian position a certain ambiguity, if not anonymity. Canada could support the maintenance of League principles while simultaneously maintaining cordial relations with the aggressor. There was no danger in this policy when powers with far greater interests in the Far East showed no inclination to oppose Japan. Although opportunistic at best, the government's policy enabled Canada to maintain cordial relations with Japan. Marler subsequently reported that Matsuzo Nagai, the Japanese Vice Minister of Foreign Affairs had commented upon the 'dignified' attitude of the Canadian government during the crisis at Shanghai, and indicated Japan was 'extremely pleased with such an

attitude'.<sup>54</sup>

The crisis at Shanghai ended when both Japan and China accepted a General Assembly resolution to cease hostilities and to negotiate a definitive truce under the auspices of the four powers with special interests at Shanghai.<sup>50</sup> Within a week of the April 30 adjournment of the Assembly's extraordinary session, Chinese and Japanese representatives signed a truce agreement.<sup>51</sup>

The fighting at Shanghai, however, had forced Herbert Marler to reassess his pro-Japanese sympathies. He was shocked by the appalling loss of life, specifically Japan's callous disregard for the fate of the civilian population. Marler had condoned the Japanese intervention in Manchuria; he accepted the rationale that force was required to protect Japanese lives and property from the armies of Chinese bandits. In his opinion, the employment of arms in self-defense justified any technical violation of Treaties prohibiting their use. However, he was at a loss to explain "why the Japanese thought further force could relieve or put an end to the boycott."<sup>52</sup> Moreover, the protection of Japanese nationals was accomplished with a degree of violence far beyond necessity. Notwithstanding these objections, his displeasure with Japan was directly linked to a more pecuniary matter:

After the 28th of January, Shanghai and its business was placed in a condition of chaos. Trade stopped: business ceased to function. Our own goods were refused: trade channels utterly dislocated: foreign lives and property placed in danger: great expense caused other nations. Japan will have to assume the

blame for all this. Her actions from a business viewpoint cannot be condoned.<sup>53</sup>

Despite his criticism of Japanese behaviour, Marler opposed the application of sanctions, fearing they would provoke a war between Japan and the British Empire. British military attachés had indicated to him that with defenses at Hong Kong and Singapore so inadequate, a Japanese attack on these positions would strip Britain of a base of operations in the Far East.<sup>54</sup> Moreover, the threat of sanctions had inflamed the military spirit of the Japanese people, magnified the deeds of importance of the army, and prevented the resumption of a rational public opinion. Arguing that the elimination of the sanction threat would defuse that opinion, Marler recommended the League of Nations advise Japan that sanctions would not be implemented.<sup>55</sup> His recommendation paralleled a similar suggestion by the British Ambassador following the outbreak of hostilities at Shanghai.<sup>56</sup>

Marler's recommendation did not impress his government. Although reluctant to resort to sanctions, it was not prepared to rule out their implementation in advance.<sup>57</sup> Canada thus maintained its long standing aversion to a specific course of action in the conduct of external policy. This approach enabled Canada, during the Manchurian Crisis, to pay lip service to principles she was unwilling to enforce, thereby reducing policy to an illusionary faith in the threat of sanctions as an effective deterrent to Japanese aggression. Events in Manchuria proved the futility of such an approach.

Overshadowed by the furor at Shanghai, the provinces of

Manchuria severed relations with the Republic of China on March 9, 1932. Henceforth Manchuria was to be known as Manchoukuo, with Henry Pu Yi, the surviving member of the Manchu dynasty, designated as regent. Ostensibly an independent state, few doubted the extent of Japan's contributions to Manchoukuo's creation. Certainly, the Canadian government was well aware of the Japanese complicity. Detailed reports from the Canadian Legation in Tokyo throughout the summer of 1932 clearly revealed Japan's success in detaching Manchuria from China.

Of course, Japan had continually refused to admit responsibility for the state of Manchoukuo, insisting that it was the result of autonomous local independence movements fostered by oppressed Chinese. Yet the Legation Reports indicated that Japanese military reinforcements had been sent to patrol the new state, while Japanese authorities held nine key positions in the administrative organization of Manchoukuo.<sup>58</sup> In addition, Japanese officials had apparently conceived a twelve year plan for emigration to the puppet state, which provided for the removal of approximately 800,000 Japanese from the home islands. A large number of the settlers would be military reservists. Kenneth Kirkwood remarked that as a plan of military colonization, it resembled both the settlement of the barbarian fringes of the Roman Empire by ex-legionnaires and the colonization of America by Spanish military classes. Japan certainly promised 'to prove a good student of history.'<sup>59</sup>

The Legation Reports did not hesitate to point out that Japan was in Manchuria to stay. Manchoukuo was an established fact and would

continue to remain one. Whether Japan had acted as a police power in self-defense or as an aggressor; whether Manchoukuo was carved out of sovereign Chinese territory in violation of the Nine Power Treaty or was the result of a spontaneous internal movement outside the scope of a treaty; or whether Manchoukuo existed as a separate entity or merely as a Japanese puppet, were questions of "almost purely academic interest."<sup>60</sup> Neither the League of Nations nor the pressure of international opinion could compel Japan to relinquish her control. With this knowledge in its grasp, the Canadian government awaited the publication of the Report of the Commission of Enquiry.

It will be recalled that the Commission had been created by resolution of the League Council on December 10, 1931 to investigate conditions in Manchuria. The Commission, headed by Lord Lytton of Great Britain and consisting of one representative from each of the major powers, began its work in February 1932. The formal signatures of the members were affixed in Peking on September 4; and the Report was subsequently transmitted to Geneva for the consideration of the League Council.

In a deliberate affront to the League of Nations, Japan formally recognized Manchoukuo on September 15, 1932. Formal recognition, in the words of the Japanese Foreign Minister, Count Yasuga Uchida, was "the only means of stabilizing conditions in Manchuria, and of establishing the conditions of permanent peace in the Far East."<sup>61</sup> He might have added that formal recognition of Manchoukuo, before the deliberation of the League Council, committed Japan to a definite course of action

regardless of the pressure from the Powers or the League.<sup>62</sup>

Japan's decision to present the League with a fait accompli was prompted by well founded and deep suspicions of the Lytton Report's conclusions. The Report, released by the League Secretariat on October 2, refused to consider the operations of the Japanese Army following the Mukden Incident to be legitimate measures of self-defense. Furthermore, the Lytton Report contended that the state of Manchoukuo could not have been created without the presence of Japanese civilian and military elements.

In a more positive vein, the Commission of Enquiry recommended a series of treaties between Japan and China which would encompass procedures to adjust future differences and establish permanent commercial relations. It also recognized legitimate Japanese interests in Manchuria, and accorded the latter a large measure of autonomy. Nevertheless, the Commission decided Manchuria should remain within the sovereignty and administrative integrity of China.

Japan requested and received a six week moratorium on consideration of the Lytton Report by the League Council. Accordingly, the Council scheduled its meeting for November 21, 1932. Asked in the House of Commons to give the government's opinion on the Lytton Report, Prime Minister Bennett refused to discuss the matter in advance of the League Council. However, Bennett did refer to a November 10 statement of Sir John Simon in the British House of Commons, in which the Foreign Secretary had announced that Britain would act in cooperation with the League. The Prime Minister indicated this comment represented the

Canadian attitude as well.<sup>63</sup>

Bennett's comments closely followed the advice received in an unsigned Department of External Affairs memorandum written the day prior to his remarks in the House of Commons. The memorandum insisted that "our immediate and neighbourly interest in Pacific affairs must be subordinated to our vital interest in maintaining the collective system in which private war is outlawed and obsolescent."<sup>64</sup>

Such an altruistic recommendation rang hollow on closer inspection. Few nations were willing to enforce the collective system of security. A week of deliberation by the League Council on the merits of the Lytton Report, in the face of violent Japanese criticism, only produced a decision to transfer the Report to the General Assembly. To the Department of External Affairs the motives behind the Council's indecision were obvious:

To the plain man there appears no doubt that Japan has made war on China in Manchuria, and that it is as definitely the aggressor as any country can well be. No country, however, at least none on whom the burden of enforcement would fall, is willing to say so flatly as that would involve applying the economic and perhaps the military sanctions of the Covenant against Japan.<sup>65</sup>

Canada could therefore fall in line behind Great Britain, in support of the League, cognizant that adherence to the principle of collective security did not require any commitment or sacrifice on her part.

The Special Assembly was scheduled to convene on December 6, 1932 to discuss the Lytton Report. The Canadian delegate to the Assembly was C. H. Cahan, the Secretary of State in the Bennett Cabinet.

A Conservative member of Parliament from Montreal, Cahan was also a successful businessman who had made a fortune in public utility enterprises in Mexico and Central America. He apparently acquired an abiding distrust of weak and unstable governments during his tenure abroad,<sup>66</sup> a characteristic which surfaced in his controversial address to the Assembly. Success in business unfortunately did not automatically qualify him for success in diplomacy.

On December 2, both Cahan and W. D. Herridge, the Canadian Minister in Washington, received instructions from the Department of External Affairs. The instructions to Cahan indicated the government's desire that the Assembly exhaust all possibilities of a conciliatory settlement; therefore the discussion of sanctions was to be avoided. Although the government believed the Lytton Report constituted a framework for the permanent settlement of the dispute, it was very anxious that Japan "should not take up irrevocably a position of isolation and hostility to the League . . ."73 Japan was to be accommodated if she indicated a genuine desire to seek a solution consistent with League obligations. Lastly, Cahan was reminded of the Canadian government's commitment to non-recognition of territorial changes effected by force.

The despatch to Herridge, signed by Dr. Skelton, included a copy of the cable to Cahan and instructed the Minister to arrange a meeting with Secretary of State Stimson to discuss the issues presented by the Lytton Report. Skelton indicated that Herridge was to use his discretion in disclosing to Stimson the contents of the cable to Cahan,

and expressed the government's "lively interest in a matter which directly affects the maintenance of peace in the Pacific and indirectly may influence the good understanding between the United States and His Majesty's Government in the United Kingdom".<sup>68</sup> To date, Canada had not sought the advice of the United States on Manchuria. Precisely what precipitated the request for an American opinion on the Lytton Report at this stage is not clear. Notwithstanding the Canadian desire for American participation on a prospective League conciliation commission, the recognition of diverging British and American attitudes likely prompted Canada to attempt an Anglo-American reconciliation. As Kenneth Kirkwood noted during the summer of 1932, the United States had maintained an attitude of criticism and disapproval of the Manchurian venture. On the other hand, Great Britain had continued to refrain from condemnatory declarations, unsure of the international support for sanctions, and unwilling to lose Japanese friendship.<sup>69</sup>

Herridge read Cahan's instructions to the American Secretary of State. Stimson approved the instructions, as they were in keeping with his attitude toward the Sino-Japanese dispute. He regarded the Lytton Report as a 'complete vindication' of the United States' position.<sup>70</sup>

The decision to consult with Washington made Cahan's choice as chief delegate all the more unfortunate. With Sir John Simon's encouragement, Cahan cabled Ottawa for permission to address the Assembly. Although he proposed to review the draft of his speech with Simon, he indicated that his address would adhere to his instructions.<sup>71</sup> On this basis, Cahan's request was approved. However, in his December 8 speech, the

Canadian delegate took it upon himself to express opinions 'more or less personal' in nature. He found Japan's action in Manchuria compared favourably with British measures in a 1927 dispute with China;<sup>72</sup> questioned China's eligibility for League membership due to the instability of its central government; and insisted that Japan's denial of complicity in the independence movement in Manchuria could not be totally disregarded. Any discussion of sanctions would be out of place.

Canada immediately lost her comfortable anonymity at Geneva. Press reports in the Journal de Geneve and the London Times created the impression that Cahan had gone out of his way to offend Chinese susceptibilities and to support the Japanese position.<sup>73</sup> The Japanese Minister in Canada warmly thanked Dr. Skelton for the Canadian government's sympathetic attitude. Unwilling to disavow Cahan, Skelton accepted Tokugawa's thanks "thinking we had better keep at least one friend for the time being." At the time, Skelton had only received a "somewhat expurgated" summary of Cahan's address, and not the complete text.<sup>74</sup> Indeed, once he had reviewed the complete text he indicated his displeasure with the delegate in a letter to Walter Riddell, the Canadian Advisory Officer in Geneva. It was particularly galling to Dr. Skelton that Cahan had consulted with Sir John Simon:

the useful custom of consultation between Commonwealth delegates at League Assemblies can hardly be continued if it takes the form of submission 'on approval' of the views of the Canadian

government to the British Secretary of State for Foreign Affairs.<sup>75</sup>

Simon had, without question, influenced the content of the Cahan speech. In his own address to the Assembly on December 7, the British Foreign Secretary had gone to great lengths to tone down criticism of Japan by dwelling on the Lytton Report's negative comments on China. Britain desired to maintain a balance between Japan and China and was unwilling to take a stand which would alienate one side or the other.<sup>76</sup> The British government was disposed to view Japan and China as equally guilty of treaty violations. Reluctant to assume responsibility for condemnatory action of the Assembly,<sup>77</sup> Simon's speech emphasized the need to continue a conciliatory approach. Adoption of the Lytton Report by the Assembly would alienate Japan, much to the chagrin of Great Britain.

The American reaction was not particularly enthusiastic. If Stimson saw Simon's hand in the preparation of Cahan's speech, confirming British reluctance to confront Japan, another official considered the matter a 'straight double cross.'<sup>78</sup> Riddell attempted to repair the damage in conversation with Norman Davis, an American observer at the Assembly. Riddell pointed out that Cahan had clearly delineated between his personal opinions and government instructions during his address.<sup>79</sup> Riddell's efforts notwithstanding, the Canadian attempt to buttress Anglo-American cooperation produced the opposite result, while Cahan embarrassed and exposed his government to unsolicited attention.

The Cahan affair actually had little impact upon the outcome of deliberations, as Japan categorically rejected the Lytton Report. Japan refuted China's status as a national entity, arguing that principles of international law governing relationships between states required modification when applied to China. Japan also asked the League to consider the realities of the situation. Neither the Soviet Union nor the United States were League members, effectively precluding the use of sanctions. Furthermore, Japan regarded the protection of rights lawfully acquired in Manchuria "as a matter of life and death."<sup>80</sup> Confronted with Japan's obstinacy, while carefully avoiding a decision, the Assembly transferred the Lytton Report to the Committee of Nineteen, organized at the Special Assembly in March 1932 to monitor the Manchurian crisis. The Committee was instructed to study the Lytton Report and submit its own proposals for settlement.

The Report of the Committee of Nineteen endorsed the Lytton Commission findings. Consequently, the Japanese delegates to the Assembly withdrew on February 24, 1933. A month later, Japan withdrew from the League of Nations itself, citing her conviction that "it is necessary in existing circumstances to allow the operation of the Covenant of the League to vary in accordance with the actual conditions prevailing . . ."<sup>81</sup>

The final meeting of the Assembly provided the Canadian government with an opportunity to make amends for the Cahan speech. Walter Riddell expressed the government's approval of the Committee of Nineteen Report and its hope that parties to the dispute would accept an

agreement embodying its recommendations. Riddell explained his government's passive reaction to events in the Far East:

. . . they have scrupulously refrained from word or deed that might have jeopardized the prospects of peaceful settlement, and they have withheld judgement on the facts and merits of the dispute, in the belief that premature and injudicious comment might have prejudiced the success of our collective efforts to restore that good understanding between China and Japan upon which peace in the Far East depends.<sup>82</sup>

With the adoption of the Report of the Committee of Nineteen by the Special Assembly, active League consideration of the Manchurian crisis ended. A Sino-Japanese Advisory Committee was created to monitor the dispute, consisting of the Committee of Nineteen nations as well as Canada and the Netherlands.<sup>83</sup> As the embarrassing alternative to action by the League, the new committee lacked credibility and effectiveness, and soon drifted into anonymity. The fact remained that a sizeable portion of Chinese territory had been seized, while League members had largely refused to aid the victim of aggression through the application of sanctions against Japan. Coercive measures had been discarded in favour of 'non-recognition'.

The outcome of the deliberations was a welcome relief for Canada. Canadian external policy was never able to reconcile its enthusiasm for League membership with the obligations that membership entailed. Throughout the 1920s, Canada had revealed its opposition to treaty proposals which required a degree of advance commitment and the concomitant possibility of sanctions. The Canadian reaction to Japan's aggression in Manchuria derived from this consistently negative attitude

towards the application of sanctions, not from any apprehension over the potential damage to the Canadian-Japanese relationship.

In fact, the real danger for that relationship lay in a February 27th decision of the British government that Great Britain would no longer issue export licences for arms to either China or Japan, and would no longer involve itself with the Sino-Japanese dispute. Major General A. G. L. McNaughton, Chief of the General Staff, considered the British decision to ignore the Far Eastern crisis to be particularly unethical, in that it now appeared that Britain had repudiated the Committee of Nineteen Report.<sup>84</sup> More importantly, the application of an arms embargo would weaken China to the point where Japanese military action south of the Great Wall was a possibility. Such action could lead to a clash between Japan and foreign interests, and with the British decision to reject further involvement in the dispute, the United States remained in a very isolated position. Canada's military establishment feared that, in a war between the United States and Japan, Canada's geographical position and the absence of strong naval and air forces on the Pacific coast would have serious ramifications for the maintenance of Canadian neutrality.

Cooperation between the two powers was a necessity if practical measures were to be implemented in order to influence events in the Far East. H. D. G. Crerar, a member of the General Staff, believed Canadian policy should "do nothing which would accentuate the difficulties in U.S./Japanese relations and . . . do everything which would improve the political understanding between Great Britain and the United

States."<sup>85</sup> Crerar believed Canada's adoption of an arms embargo, which was in fact under the consideration of the Prime Minister, would contradict that policy. A Canadian arms embargo would only increase America's sense of isolation and her enmity toward Britain, and might cause a misinterpretation of the Canadian attitude towards material assistance in the event of Japanese American hostilities. Crerar's arguments, with General McNaughton's support, successfully persuaded the Canadian government to abandon further consideration of an embargo. Without a direct interest in the behaviour of Japan in the Far East, the government's primary concern was to prevent the Japanese annexation of Manchuria from driving an irreparable wedge between the United States and Great Britain. Therefore, it was not unreasonable that Canadian policy should have manoeuvred between British and American attitudes towards Japan.

It is fundamental to any discussion of Canadian-Japanese relations during this period to remember that Canada was never directly involved in the Manchurian crisis. There was never any real concern that Japanese aggression would directly affect the material interests of Canada, and thereby strain the cordial relations between the two countries. Kenneth Kirkwood remarked how Manchuria "attracted a degree of interest far transcending the immediate issue itself, which is of relatively little concern to the outside world."<sup>86</sup> He had in mind, of course, Manchuria as the primary test case of the world's peace machinery. In the Canadian context, however, Manchuria gained attention due to the implications for Anglo-American cooperation. Official

Canadian opinion of the world's peace machinery was decidedly mixed at best.

Canada preferred the British approach of conciliation to the American tactic of condemnation. This was not an unexpected course, given Canadian and British obligations under the Covenant. Of course, the United States had renounced such obligations in 1920. Both Canada and Great Britain chafed under their liabilities to the system of collective security. Britain feared the severance of economic relations with Japan would bring war, a war in which British trade and influence in the Far East would disappear.<sup>87</sup> Canada could not claim such vital, direct interests; no matter how insistent Sir Herbert Marler was to the contrary. From an excess of \$38.6 million in 1928, Canada's exports to Japan had fallen to a figure only slightly in excess of thirteen million dollars in 1933.<sup>88</sup> Although there was a brief resurgence in trade in the late 1930s, due to Japan's insatiable appetite for strategic material, Canadian exports never again approached the 1928 figure.

Canadians, secure in their isolation and preoccupied with the Depression would have had great difficulty accepting the proposition that Canada was obliged to implement economic or military sanctions against Japan by reason of her international commitments. In 1931, few individuals perceived Japan as a threat. Significantly, allegations concerning the illegal entry of Japanese into British Columbia and the extraordinary birth rate of Japanese in the province had little impact. These allegations surfaced again in 1937. Fueled by a growing fear of

Japanese aggression, they had a far greater impact. Public opinion of Japan in the early years of the decade was far less apprehensive. The Toronto Globe compared Japanese actions in Manchuria with American operations in Nicaragua and the British rule in Egypt.<sup>89</sup> The Vancouver Daily Province described Manchuria as "a scheme of colonization that might be justified by national necessity," and found it impossible to believe that Japan intended to provoke a world war.<sup>90</sup>

With the United States outside the League, Britain determined to avoid its obligations, and Canadian public opinion indifferent at best to the prospects of sanctions against Japan, there was little chance that Canada would abide by its international commitments.

J. S. Woodsworth, future leader of the Co-operative Commonwealth Federation Party and the solitary Parliamentary critic of Canadian external policy during the Manchurian crisis, was particularly critical of the Canadian government's use of Britain and the United States as protective shields to avoid action. Taking umbrage with the Prime Minister's refusal to condemn the aggressor, he noted how "Japan openly and flagrantly did resort to other than pacific means for the settlement of a dispute between herself and China". Admitting that Canada alone could not have effectively employed sanctions, Woodsworth denounced the government for refusing to participate in a joint action with other nations. The Canadian position as a member of the British Empire and neighbour of the United States required active participation in such matters.<sup>91</sup>

Woodsworth ignored the fact that official, as well as public opinion, in both of the Pacific Powers, largely opposed coercive measures to bring Japan into line. Canada could not hope to remedy the failure of collective security without their support; therefore, the government declined to implement a more active policy. The far less said, the far less room for a misunderstanding, a fact which Cahan's gaffe heavily underlined. Cahan's attempt to support the British position implied a pro-Japanese sympathy in Canadian policy which angered the United States. The speech disturbed the equilibrium whereby Canada aligned itself with Great Britain, without alienating the United States.

Given Canada's position and influence, it is easier to condone Canadian policy vis-à-vis Japan during the Manchurian crisis, than the manner in which the government implemented that policy. On two occasions in particular, the Bennett administration revealed an inclination for duplicity which did not reflect favourably upon it. In November 1932, with League consideration of the Lytton Report pending, the Prime Minister announced his intention to follow the British lead and co-operate with the League of Nations. Bennett made this pronouncement aware that the Lytton Report had accurately condemned Japan, but secure in the knowledge that Britain's conciliatory policy precluded League invocation of sanctions against the aggressor. Similarly, in February 1933, Canada accepted an invitation to participate in a Negotiations Committee formulated by the Report of the Committee of Nineteen, aware the Committee would only be constituted "in [the] unlikely contingency"

that both parties would accept the Report's recommendations.<sup>92</sup> Thus Canada could appear to accept its international responsibilities without actually having to do so.

Perhaps a greater dishonesty existed among Canadian officials themselves, in their failure to come to terms with one undeniable fact-- international public opinion alone would not dislodge a vital interest such as Manchuria from the clutches of a determined aggressor like Japan. Legation reports from Tokyo clearly indicated Japan's total commitment to the retention of Manchuria. Yet one can recall the repeated pronouncements of Canadian politicians and plenipotentiaries exalting the Assembly as the harbinger of world opinion,<sup>93</sup> claiming Japan desired the favourable opinion of the world,<sup>94</sup> or calling upon the power of world opinion to solve the problem of Manchuria.<sup>95</sup> Where her vital interests were concerned, Japan proved to be intransigent and resolute, indifferent to the weight of international public opinion.

### Footnotes

<sup>1</sup>H. Blair Neatby, The Politics of Chaos: Canada in the Thirties (Toronto: Macmillan, 1972), p. 167.

<sup>2</sup>Public Archives of Canada (hereafter P.A.C.), Records of the Department of External Affairs, RG25, G1, vol. 1606, H. L. Keenleyside to Secretary of State for External Affairs, 2 October 1931, no. 185. Hereafter, despatches to the Secretary of State for External Affairs will be abbreviated to read 'External.'

<sup>3</sup>Ibid.

<sup>4</sup>Canada, Parliament, House of Commons, Debates (Ottawa: King's Printer, 16 May 1933), p. 5060. In May 1929, amidst acute civil strife in China, Japan had warned the opposing factions that she intended to take 'appropriate and effective' measures if the peace and order of Manchuria was endangered. As a result, Japan ordered Chinese forces to remain outside Manchuria to prevent the civil strife between warlords from reaching into Manchuria. Moreover, after Chinese and Soviet forces had clashed in Manchuria, Japan merely reminded the combatants of the obligations under the Kellogg-Briand Pact.

<sup>6</sup>Christopher Thorne, The Limits of Foreign Policy: the West, the League and the Far Eastern Crisis, 1931-1933 (London: Hamish Hamilton, 1972), p. 7.

<sup>7</sup>France and Italy were the other signatories to the 5 Power Treaty; the complete ratio for naval limitation was 5:5:3:1½:1½. An area bounded by 110°W and 180°E in longitude, extending from the equator to 30°N in latitude, constituted the non-fortification region in the western Pacific. Hong Kong, Guam, the Philippines, Formosa Bonin, the Pescadores, Carolines, Marianas and the Marshall Islands were included within this geographical parallelogram.

<sup>8</sup>The nine powers were: Great Britain, the United States, Japan, China, France, Italy, the Netherlands, Portugal and Belgium.

<sup>9</sup>Thorne, The Limits of Foreign Policy, p. 50.

<sup>10</sup>Rohan Butler and others, ed., Documents on British Foreign Policy, 2nd series (London: Her Majesty's Stationery Office, 1960), VIII, Foreign Office Memorandum on British Policy in China, 8 January 1930, no. 1.

<sup>11</sup>F. S. Northedge, The Troubled Giant: Britain Among the Great Powers, 1916-1939 (London: G. Bell & Sons, 1966), p. 459.

<sup>12</sup>Richard Veatch, Canada and the League of Nations (Toronto: University of Toronto Press, 1975), p. 10.

<sup>13</sup>P.A.C., RG 25, G1, vol. 1606, Keenleyside to External, 20 September 1931, no. 175.

<sup>14</sup>Ibid., 23 September 1931, no. 176.

<sup>15</sup>Ibid., 25 September 1931, no. 178.

<sup>16</sup>League Council Resolution of 30 September 1931, P.A.C., Kenneth P. Kirkwood Papers, MG 27, 111, E3, vol. 2, Manchurian Journal, Chapter VII, p. 12.

<sup>17</sup>P.A.C., RG 25, G1, vol. 1606, Canadian Advisory Officer to External, 22 October 1931, no. 84.

<sup>18</sup>Ibid., Secretary of State for Dominion Affairs to External, 12 December 1931, B.121.

<sup>19</sup>Ibid., J. H. MacBrien, Commissioner of the Royal Canadian Mounted Police to O. D. Skelton, Under-Secretary of State for External Affairs, 15 October 1931.

<sup>20</sup>Toronto Globe, 15 October 1931, p. 1.

<sup>21</sup>Ibid., 16 October 1931, p. 3.

<sup>22</sup>P.A.C., RG 25, G1, vol. 1606, Skelton to MacBrien, 22 October 1931.

<sup>23</sup>Ibid., MacBrien to Skelton, 27 November 1931.

<sup>24</sup>Vancouver Sun, 15 October 1931, p. 6; Toronto Globe, 6 October 1931, p. 4; Toronto Globe, 14 October 1931, p. 3.

<sup>25</sup>Canada, Department of External Affairs, Report of the Secretary of State for External Affairs for 1931 (Ottawa: King's Printer, 1931), p. 10.

<sup>26</sup>P.A.C., MG 27, 111, E3, vol. 2, Diplomatic Diary, Canadian Legation at Tokyo, 31 December 1931.

<sup>27</sup>H. L. Keenleyside, Memoirs of Hugh L. Keenleyside: Hammer of the Golden Day (Toronto: McClelland and Stewart, 1981), I, 253.

<sup>28</sup>P.A.C., MG 27, 111, E3, vol. 3, Diplomatic Journal, 1 June 1935.

<sup>29</sup>Keenleyside, Memoirs, I, 286.

<sup>30</sup>p.A.C., RG 25, G1, vol. 1606, Herbert Marler to External, 1 December 1931, no. 258.

<sup>31</sup>Ibid., Skelton to G. J. Desbarats, Deputy Minister of National Defense, 28 December 1931.

<sup>32</sup>Ibid.

<sup>33</sup>Foreign policy issues had nothing to do with the change of government. The Minseito cabinet fell from power in a dispute over fiscal policy; more specifically, their opposition to the abandonment of the gold standard. See Rappaport, Henry L. Stimson and Japan, p. 81.

<sup>34</sup>Gwendolen Carter, The British Commonwealth and International Security: The Role of the Dominions 1919-1939 (Toronto: Ryerson Press, 1947), p. 143.

<sup>35</sup>p.A.C., RG 25, G1, vol. 1606, Skelton to Marler, 23 January 1932.

<sup>36</sup>On January 18th, a party of five Japanese monks were attacked by a Chinese mob. Three monks were severely wounded and another was killed. Referring to the incident as the most flagrant case of numerous outrages perpetrated against Japanese nationals in China, Japan seized this pretext to land its troops.

<sup>37</sup>The western powers insisted upon the withdrawal of the combatants from all points of contact in the Shanghai area; a halt to further mobilization by either side; the termination of all acts of violence; and the establishment of a neutral zone policed by neutrals to protect the International Settlement, in addition to the final point involving the negotiation of all outstanding issues.

<sup>38</sup>Thorne, The Limits of Foreign Policy, p. 248.

<sup>39</sup>Ibid., pp. 238-41. There was virtually unanimous acceptance in Whitehall that Japanese armed forces could wreak almost limitless damage upon Britain's Far Eastern interests. The defenses at Hong Kong and Singapore were considered highly inadequate. From the outset, the British Foreign Office accepted a conciliatory settlement of the Sino-Japanese dispute as the only solution.

<sup>40</sup>Ibid., p. 258.

<sup>41</sup>p.A.C., RG 25, G1, vol. 1606, Marler to External, 30 January 1932, no. 5.

<sup>42</sup>Ibid., 1 March 1932, no. 8.

<sup>43</sup>Canada, Documents on Canadian External Relations (hereafter

D.C.E.R.), 1931-35 (Ottawa: Queen's Printer, 1973), vol. V, no. 303, External to Advisory Officer, 27 February 1932, telegram #13.

<sup>44</sup>P.A.C., RG 25, G1, vol. 1606, High Commissioner in London to External, 27 February 1932, no. 30.

<sup>45</sup>Ibid., External to Marler, 4 February 1932, telegram #9.

<sup>46</sup>D.C.E.R., vol. V, no. 308, External to Advisory Officer, 7 March 1932, telegram #15.

<sup>47</sup>P.A.C., RG 25, G1, vol. 1607, Notes on Canadian Participation in the Special Assembly of the League of Nations, 17 May 1932.

<sup>48</sup>Ibid., External to Marler, 11 March 1932, no. 12.

<sup>49</sup>P.A.C., RG 25, G1, vol. 1615, Marler to External, 30 March 1932, no. 56.

<sup>50</sup>Namely, Great Britain, France, Italy and the United States.

<sup>51</sup>Under the terms of the Sino-Japanese armistice agreement of May 5, 1932, a ceasefire went into effect immediately. Chinese troops would remain in positions held at the ceasefire while Japanese troops would withdraw to the International Settlement and the extra Settlement roads as before January 28, 1932. All troop withdrawals were to be supervised by a Joint Commission of the Powers.

<sup>52</sup>P.A.C., RG 25, G1, vol. 1607, Marler to External, 10 March 1932, no. 52.

<sup>53</sup>Ibid.

<sup>54</sup>Ibid.

<sup>55</sup>Ibid.

<sup>56</sup>Rohan Butler and others, ed., Documents on British Foreign Policy, 2nd series (London: Her Majesty's Stationery Office, 1965), IX, Lindley to Simon, 5 February 1932, no. 321.

<sup>57</sup>D.C.E.R., vol. V, no. 305, External to Marler, 2 March 1932, telegram #11.

<sup>58</sup>P.A.C., RG 25, G1, vol. 1607, Report on Political Conditions in Manchuria, July 1932, Kirkwood to External, 17 August 1932, no. 152.

<sup>59</sup>Ibid., Report on Political Conditions in Manchuria, June 1932, Langley to External, 3 August 1932, no. 150.

<sup>60</sup>Ibid., Langley to External, 13 September 1932, no. 166.

<sup>61</sup>Ibid., Speech of the Minister for Foreign Affairs, Count Yasuga Uchida, before the Imperial Diet, 25 August 1932.

<sup>62</sup>Ibid., Langley to External, 16 September 1932, no. 169.

<sup>63</sup>House of Commons, Debates, 21 November 1932, p. 1368.

<sup>64</sup>p.A.C., RG 25, G1, vol. 1607, Notes for the Prime Minister's statement in the House of Commons, unsigned memorandum, 20 November 1932.

<sup>65</sup>Ibid., Manchurian Question, unsigned memorandum, 29 November 1932.

<sup>66</sup>F. H. Soward, "Forty Years On: The Cahan Blunder Re-Examined," BC Studies, no. 32 (Winter 1976-77), 129.

<sup>67</sup>D.C.E.R., vol. V, no. 317, External to Cahan, 2 December 1932, telegram #82.

<sup>68</sup>p.A.C., RG 25, G1, vol. 1607, External to W. D. Herridge, 2 December 1932, no. 396.

<sup>69</sup>p.A.C., MG 27, 111, E3, vol. 2, Diplomatic Journal, 22 August 1932.

<sup>70</sup>D.C.E.R., vol. V, no. 319, Herridge to Skelton, 6 December 1932.

<sup>71</sup>Ibid., no. 320, Advisory Officer to External, 7 December 1932, telegram #151.

<sup>72</sup>A number of attacks on British concessions at Hankow, as well as the danger to British property and investments in the midst of civil war prompted Great Britain to order three infantry brigades to the International Settlement at Shanghai in January 1927. Supplementary forces brought the total up to divisional strength. Unlike Japan, Britain did not seize any territory under Chinese sovereignty, and the forces were evacuated that same year. See P.A.C., Norman Robertson Papers, MG 30, E163, volume 10, Department of External Affairs Memorandum, 8 February 1932.

<sup>73</sup>D.C.E.R., vol. V, no. 329, Skelton to Riddell, 24 December 1932.

<sup>74</sup>Ibid., no. 326, Skelton to Herridge, 12 December 1932.

The cabled summary of the Cahan speech did not indicate the lengths to which Mr. Cahan had gone to support the Japanese position.

<sup>75</sup>Ibid., no. 329, Skelton to Riddell, 24 December 1932.

<sup>76</sup>p.A.C., RG 25, G1, vol. 1607, Riddell to Skelton, 12 December 1932.

<sup>77</sup>Ibid., Canadian Advisory Officer to External, 7 December 1932, no. 149.

<sup>78</sup>Walter Riddell, World Security by Conference (Toronto: Ryerson Press, 1947), p. 77.

<sup>79</sup>D.C.E.R., vol. V, no. 327, Advisory Officer to Skelton, 13 December 1932.

<sup>80</sup>p.A.C., RG 25, G1, vol. 1607, Advisory Officer to Acting Secretary of State for External Affairs, 9 December 1932, no. 153.

<sup>81</sup>Ibid., vol. 1615, Notice of Intention to Withdraw from the League of Nations, 27 March 1933.

<sup>82</sup>House of Commons, Debates, 24 February 1933, p. 2431.

<sup>83</sup>Sir Eric Drummond, Secretary General of the League, approached Walter Riddell, Canadian Advisory Officer, regarding Canadian participation on a Negotiations committee. Despite Dr. Skelton's opposition, Prime Minister Bennett notified Riddell that Canada would accept membership on that committee. See D.C.E.R., vol. V, no. 337. The committee was never established, as Japan was unwilling to accept it. However, the Assembly passed a resolution creating an Advisory Committee to follow the Sino-Japanese situation. It was to consist of the Committee of Nineteen plus Canada and the Netherlands, as the Assembly wanted to invite into the Advisory Committee all states to be represented on the Negotiations Committee. To Riddell's surprise, the resolution did not extend an invitation; it constituted an actual appointment. See D.C.E.R., vol. V, no. 342. Faced with this apparent fait accompli, the Canadian government resigned itself to participation. See D.C.E.R., vol. V, no. 349.

<sup>84</sup>p.A.C., RG 25, G1, vol. 1608, Memorandum of Major General A. G. L. McNaughton, Chief of the General Staff, 8 March 1933.

<sup>85</sup>D.C.E.R., vol. V, no. 353, Memorandum from General Staff to Prime Minister, 4 March 1933.

<sup>86</sup>p.A.C., MG 27, 111, E3, vol. 2, Diplomatic Diary, 31 December 1931.

<sup>87</sup>Thorne, The Limits of Foreign Policy, p. 241.

<sup>88</sup>Canada, Department of Trade and Commerce, Annual Report of the Trade of Canada for the Year Ended 31 December 1941 (Ottawa: King's Printer, 1942), p. 37.

<sup>89</sup>Toronto Globe, 6 October 1931, p. 4.

<sup>90</sup>Vancouver Daily Province, 18 April 1933, p. 6.

<sup>91</sup>House of Commons, Debates, 25 May 1931, pp. 3436-38.

<sup>92</sup>P.A.C., RG 25, G1, vol. 1608, Skelton to External, 18 February 1933.

<sup>93</sup>Ibid., vol. 1607, External to Marler, 2 March 1931, no. 11.

<sup>94</sup>Ibid., vol. 1606, Marler to External, 1 December 1931, no. 258.

<sup>95</sup>Ibid., Keenleyside to External, 23 October 1931, no. 204.

## CHAPTER III

## THE CANADIAN-JAPANESE TRADE DISPUTE

The Manchurian Crisis did not impair the cordial relationship between Canada and Japan, as the two nations lacked a community of fundamental interests in the Far East that might possibly come into conflict. Japan's venture into Manchuria served to illustrate a common aversion to the obligations of League membership. While Japan effectively renounced these obligations in order to pursue a policy of territorial aggrandizement, Canada emphasized the conciliatory rather than the coercive functions of the organization in order to avoid the implementation of sanctions designed to halt that aggrandizement. This rather curious link remained incidental to the parties' common desire to strengthen their commercial relationship through expanded export markets.

Japan's aggressive pursuit of Canadian export markets ran afoul of the Bennett Administration's commitment to protectionism. Negotiations aimed at resolving this impasse revealed the Canadian government's inexperience in the conduct of international relations. Prime Minister Bennett insisted that the government's firm position derived from its determination to maintain the wages and living standards of Canadians. Nevertheless, a detailed review of the trade dispute reveals that Canadian policy failed to distinguish between Japanese territorial aggrandizement in Asia and Japanese economic

aggrandizement in export markets. A reasoned examination of Japan's grievances against Canadian protectionism could have prevented a bitter controversy which prompted both Japan and Canada to impose exorbitant duties on each others' goods during the summer of 1935. No such examination took place during the administration of R. B. Bennett. Indeed, the rapidity of the settlement following Bennett's electoral defeat in the autumn of 1935 raised the question as to whether the dispute need have occurred at all.

Canadians reading the July 10, 1935 edition of their local newspaper undoubtedly viewed the headlines with a mixture of surprise and concern, particularly if they resided in British Columbia. Reports indicated that Japan was about to institute a fifty percent surtax on selected Canadian commodities, including wood products and paper. The resulting loss of trade would be concentrated in British Columbia, whose share of Canada's sixteen million dollar trade with Japan in 1934 had amounted to \$8.8 million. The Vancouver Daily Province estimated that three thousand British Columbia woodsmen would lose their jobs.<sup>1</sup>

Officials of the Department of External Affairs feigned complete surprise, although the imposition of a surtax was inevitable given the stalemate in negotiations for which R. B. Bennett's administration was largely responsible. As early as May 1933, the Canadian Legation in Tokyo had informed the Department of Trade and Commerce of complaints from a number of Japanese exporters about Canada's application of exchange dumping duties on certain Japanese products. Trade and Commerce officials practically ignored the warning, waiting some eight

months before referring the complaints to the Commissioner of the Department of National Revenue for his consideration.<sup>2</sup>

The delay did little to ease the exporters' apprehension, as the exchange dumping duty had significantly reduced the entry of Japanese products. The dumping duty per se, a provision of the Customs Tariff since 1904, was designed to protect Canadian industry against the sporadic importation of surplus stocks at prices lower than those charged in the country of export. This duty applied only to goods of a class or kind made in Canada. In the fall of 1930, in an attempt to ensure increased employment, the Bennett Administration raised the rates of duty on a variety of agricultural and industrial products and amended the Customs Tariff to increase the rate of the dumping duty from a maximum of fifteen to a maximum of fifty percent.

In 1931, intent upon applying the anti-dumping provisions to compensate for exchange depreciation, the government imposed a special exchange compensation duty which equalled the difference between the proclaimed value of a currency and its current exchange rate. Currencies which did not depreciate more than five percent were exempted from the duty. Like the dumping duty, the exchange compensation duty applied only to goods of a class or kind made in Canada.

Canada first imposed the exchange compensation duty on Great Britain after the British abandoned the gold standard in September 1931. Canada considered that sterling depreciation had obliterated tariff protection, thereby exposing the Canadian producer to unfair competition and ultimately aggravating the unemployment situation.<sup>3</sup> In December

1931, Japan followed the British lead and abandoned the gold standard, a measure brought about by the collapse of raw silk prices. With the concomitant depreciation of the yen, Japanese exports were placed in a similar position to British exports vis à vis Canadian markets. Both had to hurdle imposing tariff barriers to reach the Canadian consumer.

At the Imperial Economic Conference held in Ottawa in 1932, Canada remained unwilling to sacrifice her protectionist convictions to meet British wishes for lower tariffs and guaranteed preferential margins, beyond some minor reductions in the duty on British goods. Canada actually raised tariff barriers for imports from non Commonwealth countries. Since high tariffs were anathema to exporting nations like Japan, it was only reasonable to expect the Japanese to retaliate.

Although the Canadian government did not receive any official representations in 1934, a series of events foreshadowed the possibility of a future dispute. In March 1934, the Canadian Legation in Tokyo notified Ottawa of an impending trade bill designed to "protect Japan's international trade by investing absolute authority with the Government . . . to restrict or prohibit exports and imports when such actions are felt necessary. . . ."4 The legislation, formally entitled The Law Concerning the Adjustment of Trade and the Safeguarding of Commerce, became effective on May 1, 1934. A Foreign Office spokesman explained:

Promulgation of this Law has been made necessary because there is a growing tendency in other countries to ignore the fundamental economic principle of ministering to another's wants and promoting through their cooperative efforts the progress and

prosperity of mankind--all of which are being reflected in their attempts to suppress importation of foreign goods by means of high tariffs . . .; and particularly because there seems to be an increasing number of countries which are setting up barriers against Japan's export trade.<sup>5</sup>

The new law also empowered the Japanese government to impose additional duties on imports. It appeared that Japan was equipping herself for an economic offensive against those countries whose tariff barriers antagonized Japanese exporters.

If the Bennett administration had any notion that Canadian tariff barriers might escape Japanese scrutiny, this belief was quickly dispelled. In May 1934, Saburo Kurusu, Director of the Commercial Bureau of the Japanese Foreign Office approached J. S. Langley, the Commercial Secretary of the Canadian Legation in Tokyo at a dinner party. Kurusu politely indicated that he would soon require Langley's 'assistance', but refused to be more specific, other than to claim that "Tokugawa is now preparing the ground in Ottawa." The Legation's First Secretary, Dr. Hugh Keenleyside, interpreted this cryptic conversation as a signal of Japan's intention to seek special consideration for those exports destined for Canada. Well aware of Japanese objections to the tariff regulations involving depreciated exchange, Keenleyside believed Japan might "consider ways and means of placing difficulties in the way of the importation of commodities outside those essential to her industries . . ."<sup>6</sup> He requested the Department of External Affairs to keep him informed of any proposals put forward by Iyemesa Tokugawa, Japan's Minister in Ottawa, as well as any subsequent negotiations. In

actual fact, Tokugawa had not forwarded any proposals. However, Kurusu's conversation with Langley had served its purpose--it drew the Canadian government's attention to Japan's increasing displeasure with high tariff barriers.

Canada's opening salvo in the trade dispute took place in June 1934, in the form of an address by a legation staff member, James P. Manion, to the International Economic Circle of Tokyo, a small organization of university professors and economists. Manion's speech clearly attempted to convince the Japanese of the virtues of the status quo in the trading relationship between Canada and Japan. In a pointed reference to Japanese economic ambitions, Manion reminded his audience that with the British Commonwealth and the United States absorbing approximately two-thirds of Japanese exports, an aggressive export policy directed at these areas might leave Japan in an extremely vulnerable position.<sup>7</sup> With respect to the specific matter of Canadian-Japanese trade, Manion acknowledged Canada's favourable balance of trade, but attributed it to inherent differences between the two countries as trading nations. Canada was self-supporting in the matter of industrial production and held large reserves of raw materials for export. In contrast, Japan required large amounts of imported raw materials for her manufacturing sector. Since Japan exported manufactured products as opposed to raw materials, Manion suggested that the less industrialized countries might provide more amenable markets for manufactured goods than developed countries like Canada. He also suggested that if the large amounts of Japanese silk purchased by Canada

in the United States were included in the total of Japanese exports to Canada, the disparity in the balance of trade would be reduced considerably.

Manion admitted that the Canadian tariff was severe but had forced the establishment of branch factories in Canada and provided employment for Canadians. He reminded his audience that the exchange compensation duty was not directed at Japan alone but applied to all countries whose currencies had depreciated. While Japan had suffered more than any other country due to the extent of exchange depreciation, Manion claimed that exchange depreciation procedures had not aroused the enmity of Japanese officials, as they had recognized that the treatment was applicable to all cases of depreciation.<sup>8</sup>

Manion's speech had informally conveyed the Canadian government's attitude on the question of trade relations with Japan. The arguments proclaiming the trade disparity to be the result of inherent differences between Canada and Japan in the export field; reminding Japanese authorities of the substantially smaller gap in the trade disparity when raw silk sales were included; and denying the discriminatory nature of the exchange compensation duty, would reappear in the summer of 1935 when negotiations between the two sides intensified. They made little impact upon the Japanese when they were first expressed, and they did not impress when repeated the following year.

Indeed, in September 1934, the Japanese Foreign Office issued a statement summarizing Japan's intentions of placing her trade "upon a

balanced and reciprocal basis"<sup>9</sup> by increasing purchases from those countries which imported freely from Japan, and reducing imports from countries which restricted the importation of Japanese products. Foreign Minister Koki Hirota declared that particular attention would be devoted to Japanese trading partners in the Commonwealth; specifically, the United Kingdom, India, Australia and Canada. Clearly, the Hirota announcement was a solid indication of Japan's disenchantment with the protectionist practices of the British Commonwealth. Japan had selected Australia as her first target but it was difficult to conceive that Canada would not follow since the trade disparity between Japan and Canada far outdistanced Japan's disparity vis-à-vis Australia.<sup>10</sup>

Despite mounting evidence of an impending challenge to Canadian trade practices, Canada's diplomatic staff in Tokyo was not prepared to respond when actually confronted by the Japanese government. Within three weeks of the Hirota announcement, Dr. Keenleyside was summoned to the Foreign Office by Saburo Kurusu, the same official who had approached J. S. Langley. Kurusu, noting that the Canadian Minister to Japan, Sir Herbert Marler, had recently returned from leave in Canada, inquired whether the Minister could provide "any concrete propositions from the Canadian Government as to remedying the existing disproportion in Canadian-Japanese trade."<sup>11</sup> Keenleyside's profession of complete ignorance of the matter was a rather blatant delaying tactic. Fully expecting Japanese representations, Keenleyside was adrift without instructions. The absence of direction from Ottawa was difficult to justify. The legation had kept Ottawa fully informed of developments;

therefore, Ottawa knew full well that Manion's speech had done nothing to placate the Japanese. Foreign Minister Hirota's announcement only confirmed their displeasure. Yet Ottawa did not communicate any positive policy formulations to its legation to counter Japanese protests.

At least part of the blame for this state of affairs may be attributed to Marler. Considering it "much wiser to leave the matter alone," he had deliberately avoided any discussion of the adverse effects of the Canadian tariff upon Japanese exports while on leave in Canada.<sup>12</sup> Undoubtedly, Marler's zealous desire to improve trade relations between Canada and Japan clouded his judgement. Indeed, the Minister's obsession with this trading relationship had prompted Dr. Keenleyside to observe during the Manchurian crisis that:

The Minister is so carried away with his fetish about maintaining good relations for the sake of trade with Japan that . . . one is almost tempted to believe that he would sink the League of Nations to sell a million bushels of Canadian wheat.<sup>13</sup>

In the Minister's defence, he represented a government which displayed a seemingly indifferent attitude towards Japanese protests, as evidenced by the dearth of communication between Ottawa and the legation in Tokyo. The government's propensity to ignore its diplomatic representatives abroad was not confined to the Tokyo legation as Walter Riddell learned during the Italo-Ethiopian Crisis of October 1935.<sup>14</sup>

Keenleyside's conversation with Kurusu prompted Marler himself

to visit the Foreign Office. The Japanese official came straight to the point--Canada's discriminatory trade practises had cost Japan considerable international prestige. Kurusu considered it a blow to national pride commensurate with Britain's failure to renew the Anglo-Japanese Alliance in 1921. As Kurusu well knew, Canadian objections to the Alliance had contributed to the British decision not to renew it.<sup>15</sup> The use of a political analogy to express Japanese displeasure with Canadian economic policy reflected Japan's difficulty in isolating the concepts of economic interdependence and political autonomy within the Commonwealth context. Kurusu told Marler that "Canada, when it suited her, represented herself as one of the separate nations of the Commonwealth, but . . . when it suited her better, merely as part of the British Empire as a whole"<sup>16</sup> It is difficult to estimate the degree to which Japan accepted Canada's autonomy in the conduct of her external relations. However, it is clear that Japan regarded the British Commonwealth as an economic bloc,<sup>17</sup> understandably so in light of the Ottawa Conference's decision to raise tariff barriers for non-Commonwealth imports. Months after the settlement of the trade dispute, Langley observed that Japan regarded Great Britain "as pursuing a trade restriction policy extending to influence over British colonies and Dominions, in the interest of imperial preferred markets detrimental to Japan."<sup>18</sup> As late as March 1940, Japan would complain to Britain's Ministry of Economic Warfare about restricted supplies of Canadian nickel.<sup>19</sup> It would seem then, that within the narrow confines of economic relations, Japan

questioned Canada's professed control over external policy.

In his conversation with the Canadian Minister, Kurusu also expressed his government's intention to seek adjustments in three areas of Canadian-Japanese trade relations. Japan wished to reduce the trade disparity between the two countries; to reduce the high duties on Japanese goods exported to Canada; and finally, to eliminate the discrimination in the rate of exchange on these goods. Marler relayed these objections to Ottawa in the last months of 1934, together with his own somewhat contradictory evaluation of the simmering dispute. Marler believed that if Canada ignored the complaints, Japan would not raise tariff barriers. However, in virtually the same breath he observed that intense nationalism prevalent in Japan made accurate analysis difficult. Marler pointed out that "the peculiar mentality now so current in Japan makes it quite impossible for one to say positively that she might not employ . . . unbusinesslike, unprofitable or even extreme methods."<sup>20</sup> Japan had little regard for the opinion of other nations, and therefore there was "no telling what she will do in respect to questions of trade where her officials think or imagine their country is aggrieved or her prestige lessened."<sup>21</sup> Such an attitude seemed endemic among officials of Japan's Foreign Office with respect to the matter of Canadian-Japanese trade. Marler warned that if the attitude persisted something entirely beyond reason would occur; concessions were necessary.

If the contradictory signal emanating from the Tokyo legation caused any consternation among officials in Ottawa, they sought no

clarification. In fact, the November and December despatches from Tokyo did not raise any response from the Department of External Affairs. For that matter, the government of R. B. Bennett made no effort at diplomatic initiatives to ward off an official representation by the Japanese government. They must certainly have expected representations--Japan had already entered into negotiations with countries such as Uruguay, Turkey, Portugal and Rumania in order to rectify trade disparities. Furthermore, a Foreign Office announcement had specifically mentioned Canada as a target of a programme designed to reduce Japan's overall trade deficit.

The silence emanating from Ottawa greatly concerned the Minister, as did the prospect of damage to Canadian-Japanese trade relations. After all, the Tokyo legation had been established in 1929 primarily to give added support to the export trade with the Orient.<sup>22</sup> As contacts with the Japanese government were concerned largely with economic matters rather than with international or domestic politics or cultural relationships, a considerable part of the legation staff's time was spent developing material on Canadian-Japanese trade.<sup>23</sup> The appointment of Marler, a businessman with little diplomatic experience, reinforced the heavy emphasis placed upon a commercial relationship.<sup>24</sup>

Almost six months later when the Canadian government finally replied to Marler, it merely informed him that the matter was receiving 'careful attention' and that a statement would be made at an early date. Of course, this acknowledgment took place after the Japanese Chargé

d'Affaires, on March 13, 1935, had presented an aide memoire to the Canadian government formally protesting the large disparity in favour of Canada which Japan attributed to:

the extremely strict application on the part of Canada of the Customs Tariff Act which provides for the imposition of a dumping duty and the fixing by Order-in-Council of the rate of exchange for the purpose of computing the value for duty of goods imported into Canada from any countries with depreciated currencies.<sup>25</sup>

Japan also accused Canada of deliberate discrimination, claiming that exchange compensation duties were not applied to all countries with depreciated currencies. Accordingly, the Japanese Chargé d'Affaires, Itsu Goto, asked Canada to consider repealing the exchange compensation duty and discontinuing the Customs practise of taking the yen at its recognized standard value for ordinary duty purposes.

Notice of this aide memoire did not escape the notice of Opposition members of Parliament. Generally speaking, parliamentary discussion of issues involving Canadian external relations was the exception rather than the rule in the interwar period. Between 1925 and 1936, only 34 members of Parliament and 30 senators addressed Parliament on matters of external policy.<sup>26</sup> Parliament could only influence policy through analysis, criticism and debate of government proposals at an exceptional level of intensity and diligence. Yet, as Richard Veatch pointed out in Canada and the League of Nations, this was not possible. Both Mackenzie King and R. B. Bennett avoided meaningful foreign policy discussion in Parliament. Both men typically refused to comment

specifically about existing international crises or the future course of Canadian external policy. King often asked members of the House to refrain from making comments on foreign affairs, or found refuge in the well-worn phrase 'Parliament will decide'. This attitude limited the role of parliamentarians. Although they could express their views and obtain answers to some questions, it was difficult to pin the government down in general discussion or debate. Far from deciding any major external policy issue, Parliament "found little opportunity given it to exert real influence on the decisions of the government."<sup>27</sup>

With this climate prevalent in the House of Commons, in April 1935, A. W. Neill (Independent, Comox-Alberni) asked the acting Prime Minister, Sir George Perley,<sup>28</sup> if Japan had requested Canada to purchase increased amounts of Japanese products. Perley would only admit that informal discussions had taken place. The question reappeared in the House of Commons on May 20, when Mackenzie King read a cable from Baron Sakatani, the President of the Japan-Canada Society, which warned that Japan might retaliate against the prohibitive duties on Japanese goods entering Canada. Prime Minister Bennett, who had just returned from King George V's Jubilee celebrations in London, told the House that an interdepartmental committee was considering the question of modification of duties. This response was actually quite misleading. Indeed, officials of the Departments of External Affairs, National Revenue and Trade and Commerce had proposed the partial removal of the dumping duty by adjusting the value, for duty purposes, of the Japanese yen to a level more closely aligned to the purchasing power of the yen

in Canadian currency. However, after R. B. Hanson, the Minister of Trade and Commerce, forwarded the proposal on April 18, the acting Prime Minister had rejected it.

Perley informed Hanson, that under ordinary circumstances, the interdepartmental committee proposal was reasonable. Yet the conditions surrounding Japanese trade were hardly ordinary. Perley believed that due to slavish labour conditions in Japan, the export of manufactured products from that country created undue competition and threatened the very life of Canadian industry. He disagreed with those Trade and Commerce officials who contended that a variation in the value of Japanese currency for duty purposes would not damage Canadian industry. The government constantly received complaints about Japanese competition, and Perley feared any increase in competition would be disastrous. Perley also insisted that if the government reduced the duty on Japanese currency, other depreciated currencies could not be refused similar treatment.<sup>29</sup> Prime Minister Bennett also opposed the recommendation, maintaining that the fact that Japan's currency had depreciated was no reason to exempt her from Canada's protectionist scheme.

The conflict between the officials of the External Affairs, National Revenue and Trade and Commerce departments and the Prime Minister's office, precluded the adoption of the interdepartmental suggestion. The note delivered to the Japanese Chargé d'Affaires on May 11 argued that trade disparities were a normal condition of international trade but recognizing the possibility of modification of

the customs treatment of imports due the the rise in wholesale prices in Japan, the Canadian government requested information on changes in the costs of production in Japan since 1931.<sup>30</sup>

The Under-Secretary of State for External Affairs, O. D. Skelton, admitted that the trade practise of valuing imports from Japan at the old par value of 49.85¢, not at 28.6¢, the current exchange value of the yen, increased the value of Japanese imports by more than seventy percent above the real market value. Therefore, an examination of trade in terms of the yen revealed a considerably greater disparity than the Canadian government cared to admit.<sup>31</sup> Nevertheless, Skelton was not favourably disposed towards concessions, as the three courses he suggested indicate. Canada could fix the value of the yen for the special (dumping) duty at 41.6¢,<sup>32</sup> while retaining the value of the yen for ordinary duty at 49.85¢. However, he admitted that such a concession fell far short of the Japanese request for complete abolition of both the exchange compensation duty and the valuation of the yen for customs purposes at the recognized standard value. As a second alternative, Skelton proposed that Canada open commercial negotiations with Japan intending to replace the Anglo-Japanese Treaty of Commerce and Navigation with a new trade agreement. In Skelton's view, the chief merit of the proposal was delay--avoiding either a direct concession to Japan or an outright tariff war for three or four months, but he confessed that discussions in the current state of Canadian-Japanese trade wore 'a certain air of unreality.'<sup>33</sup> Finally, Skelton considered calling the Japanese bluff by refusing to

to make any adjustment in the treatment of depreciated currencies. He reasoned that any tariff reprisal directed at Canada in particular would violate the most favoured nation status and permit the Canadian government to consider denouncing the 1913 treaty. The issue was, of course, just how far were the Japanese willing to allow trade relations to deteriorate.

In the strictest sense, none of these options was adopted; but they reflected an inflexibility in the Canadian position which did not waver for months. The Canadian government favoured as little disruption as possible in the status quo, and thus the concessions subsequently offered to Japan knowingly fell far short of rectifying legitimate Japanese grievances.

After considerable delay, instructions were finally forwarded to Marler on May 23, 1935. Much to the Minister's chagrin and embarrassment, he had been without direction from Ottawa since his conversation with Kurusu in October 1934. Shortly before receiving this policy directive, Marler had cabled the Prime Minister pleading for concessions. He indicated that the Japanese government had permitted the dissemination of newspaper propaganda designed to convince influential organizations that Canada had singled out Japan for harsh treatment.<sup>34</sup> This tactic had been so effective that his discussions with the managing directors of the Mitsui Company "fell upon just about the stoniest ground it has ever been my fortune to experience".<sup>35</sup> Even more ominously, Japanese importers were refusing to order Canadian products.

Marler's plea had no apparent impact on the Department of External Affairs, which issued the following reply:

We are willing to make any concession that is shown to be favourable and warranted by the facts but we cannot allow a policy of threats and propaganda based on erroneous information to force us into making wholly uncalled for concessions to Japan. Owing to the present uncertainty of world exchange relations, we must retain our right to levy compensating duties to prevent the disorganization resulting from the artificial competitive advantage accruing to countries with depreciated exchange, and we cannot waive this right in favour of Japan alone.<sup>36</sup>

Not surprisingly, this passage prefaced instructions which, in effect, directed Marler to repeat James Manion's June 1934 speech to the International Economic Circle of Tokyo. That speech had not dissuaded the Japanese from pursuing their trade objectives vis à vis Canada; it was foolish to believe the Japanese would be receptive to hearing it once again. Indeed, Marler's reception at the Foreign Office was so unpleasant that he wrote Ottawa on June 1 complaining of bullying tactics. In a fit of temper, Marler fulminated that he was now prepared to lose a few million dollars in trade in order to retain Canada's self-respect and the respect of smaller nations.<sup>37</sup>

Within a few days, Marler had regained his composure and once again cabled Ottawa seeking concessions.<sup>38</sup> He specifically recommended the modification, if not outright abandonment, of the exchange compensation duty, coupled with a Japanese agreement to limit those exports considered to be competitive with Canadian industry. He also proposed the appointment of official representatives to negotiate a new

agreement to replace the old Anglo-Japanese Treaty of Commerce and Navigation.

The Canadian government flatly rejected the Minister's proposals. Negotiations on a new commercial agreement were pointless, as the government refused to consider any downward revision of ordinary duties applicable to Japanese imports which it claimed were already lower than the rates of duty applied to similar goods in the tariffs of other countries. Furthermore, even the knowledge that the government was reviewing the bases on which the yen was valued for customs purposes had caused "widespread apprehension in industrial circles" and prompted numerous representations insisting "that no modification should be made in the customs treatment of Japanese goods in view of the low wage rates in Japanese industry."<sup>39</sup>

Indeed, a variety of Canadian manufacturing interests had pressed Ottawa to maintain the exchange compensation duty. In contrast, British Columbia industrialists and political leaders feared exorbitant duties on Japanese products might result in retaliatory measures against British Columbia exports. The Vancouver Daily Province estimated that the imposition of a prohibitory surtax by the Japanese would result in a loss of \$8.8 million in export sales, one-sixth of total export sales for the province in 1934.<sup>40</sup> Nevertheless, representations from such individuals as the President of the British Columbia Pulp and Paper Company, the Manager of the Vancouver Board of Trade, the Minister of Lands for British Columbia and Premier T. D. Pattullo himself, had little impact upon the Canadian government's attitude but did prompt

Prime Minister Bennett to make a rare public comment on the trade dispute. He appeared to be calling in a political debt when, on June 27, 1935, he obliquely referred to the Gentlemen's Agreements:

I sometimes think that some of our friends on this side of the Pacific fail to realize that during a period of forty years the dominion parliament, under all administrations, has taken positions at the instance of British Columbia which have been somewhat embarrassing.<sup>41</sup>

The government's one concession, as outlined in the May 11 note to the Japanese Chargé d'Affaires in Ottawa, was to consider the impact of rising wholesale prices on Japanese costs of production with a view to modifying the exchange valuation of the yen. Accordingly, the Canadian government instructed Marler on June 11 to propose a modification of the customs treatment of the yen. Goods produced or manufactured in Japan, but not of a class or kind made in Canada, would be entered for customs purposes at the current rate of exchange 28.21 cents, rather than at the proclaimed rate of 49.85 cents. Goods produced or manufactured in Japan, of a class or kind made in Canada, would be entered for purposes of ordinary duty at the proclaimed rate. However, for special duty purposes (the exchange compensation and anti-dumping duties), the value of the yen would be proclaimed at a provisional rate. This rate would be adjusted to allow for the rise in the Bank of Japan index of wholesale prices since the beginning of 1932, when the depreciation of the yen made the special duty applicable to Japanese imports. Such a procedure would therefore cause the yen to be valued at 41.51 cents for special duty.<sup>42</sup>

Marler delayed transmitting this concession following receipt of an official note of protest from Japan, which he believed might induce his government to alter his instructions. Japan maintained that the trade disparity was due largely to Canadian tariff regulations and methods of their application. Therefore, the Japanese government requested that the yen be valued at its current rate of exchange; that the exchange dumping duty not be applied to Japanese goods; that neither the dumping duty imposed under subsection (1), section 6 of the Customs Tariff Act nor the value of commodities fixed for duty purposes under section 43 of the Canadian Customs Act apply to Japanese goods; that the amount of customs duties and customs procedures be clarified and published in advance; and lastly, that once the above items had been affected, no action be taken to raise tariffs or restrict imports.<sup>43</sup>

Marler indicated to Ottawa that the Japanese government did not expect complete abolition of the exchange compensation duty, but would be satisfied with a valuation of yen at somewhere between 35 and 39 cents. However, if the exchange compensation duty were abolished, Japan would restrict the export of goods competitive with the staple industries of Canada.<sup>44</sup> He suggested that Canada identify a range of goods whose entry into Canada under ordinary tariff conditions would not injure these critical industries. Marler reminded his government that "the Japanese government has stated frequently that it does not want to interfere with staple Canadian industries but insist on an equal opportunity to furnish material imported by [the] Dominion from foreign

countries, with the exception of the British Empire."<sup>45</sup>

It is quite evident from the diplomatic correspondence at the time that considerable difference of opinion existed between the Canadian government and its Minister in Tokyo. It is unfortunate that Ottawa did not give more weight to Marler's analysis of the dispute. Certainly, he had given his government good reason to view his despatches with a jaundiced eye, if not to ignore them altogether. He had considered that Japanese territorial expansion throughout the Far East would improve Canada's economic position vis-à-vis Japan and recommended that Canadian policy attempt to bring about a greater understanding of Japanese expansionism among Canada's foremost allies, the United States and Great Britain.<sup>46</sup> Marler brushed aside other considerations, preferring to focus upon the fact that territorial aggrandizement would open new markets for Japan and indirectly benefit Canada:

Without discussing the rights or wrongs of the political approaches of Japan . . . it does require to be admitted that the greater the expansion of Japanese trade in the Far East the greater will be--under ordinary and normal conditions--the sales by Canada to Japan.<sup>47</sup>

Undoubtedly, such displays of pro-Japanese sentiment led Ottawa to view his perception of events somewhat suspiciously. Nevertheless, Marler's observations at this stage were both insightful and revealing. He considered the root cause of the trade dispute to be the heavy duties Canada had imposed, which Japan only sought to modify, not eradicate. He emphasized that "the Japanese government does not

demand the right to flood the Canadian market with goods but would be satisfied with a moderate increase in sales to Canada." He deprecated the repetitive arguments heretofore put forth to support the Canadian position. To suggest that there was no discrimination or that the disparity in trade was due to the nature of Japanese imports did not reach the heart of the matter. Japan's true objective was to increase her sales to Canada. To enlist the support of the Japanese public, including the great trading houses such as Mitsui and Mitsubishi, authorities had disseminated incorrect trade figures and emphasized discrimination and trade disparity. Marler observed that "on the whole, they are not unreasonable as to the additional goods they desire Canada to take. They are unreasonable in the methods they have and are taking to force Canada to take such goods."<sup>48</sup>

As for Canadian tariff regulations, the Minister considered them to weigh more heavily upon Japan than any other major nation:

This fact results in Japan, whose currency is more depreciated than that of any other country, suffering more heavily than any others--but it is due to the working of the regulations and not to any conscious effort to place additional penalties on Japan. It is not discrimination against Japan; it is merely that the penalties have a cumulative effect as the depreciation grows.<sup>49</sup>

He also believed, given the sixty-five percent rise in the costs of production in Japanese industry since 1931, that the Japanese government was justified in asking that the yen be valued for customs purposes at thirty-seven cents.

Marler was not a lone voice in the wilderness. In Ottawa, Dana

Wilgress, the Director of the Commercial Intelligence Service, recognized the truth of the Japanese contention that the exchange compensation duty was not enforced equally against all countries with depreciated currencies. In the case of imports from Spain, Greece, Egypt, and most Latin American countries, the value for duty was computed at the current rate of exchange rather than at the proclaimed rate.<sup>50</sup> He also recognized that the exchange compensation duty affected Japanese exports more than the exports of other countries because the yen had depreciated more than any other currency. Furthermore, Canada had ignored the fact that rising costs of production (in the form of increased import prices) offset the export bonus from depreciated currency.

Wilgress warned Dr. Skelton that the mere threat of restrictive trade practises upon Canadian exports was having a pronounced effect upon trade. He recommended that Canada admit the error of maintaining the exchange compensation duty at its premium rate in the face of a depreciated yen. He believed that if Canada gave Japan the opportunity to withdraw from the dispute, claiming that she had received satisfaction, normal trade relations could resume. Wilgress' concern for an early solution stemmed from his department's study of the Canadian export situation, which revealed that except for Japan, exports to countries outside the British Empire and the United States had declined. Thus, he advocated a conciliatory policy, "not that we should give in to the unwarranted pressure which has been exercised by Japan, but solely because we are in such a vulnerable position with a very valuable export

trade at stake."<sup>51</sup>

Neither Marler's nor Wilgress' admonitions could persuade the government to adjust its policy. Prime Minister Bennett's July 6 note to the Japanese Minister repeated tired, old arguments. Japan would simply have to accept the disequilibrium as a normal condition of Canadian-Japanese trade. Bennett maintained the disparity was due primarily to the nature of the commodities exchanged.<sup>52</sup>

Bennett rejected the Japanese request for exemptions from the exchange compensation and anti-dumping duties. He also revealed that Section 43 of the Canadian Customs Act, which fixed the values of commodities specifically for duty purposes, would continue to apply to Japanese goods. With respect to the proposal restricting those Japanese imports affecting Canada's basic industries, Bennett observed:

Canada . . . has hitherto abstained from adopting any system of quotas on imports . . . and desires to avoid adopting them either as a general policy or as regards a particular country unless forced to do so by action of another government.<sup>53</sup>

Nor would the Canadian government accept any proposal which excluded Japanese goods from future provisions which prohibited imports or increased Customs duties. Although Bennett was confident that neither country would take discriminatory action against the other's exports, he wrote:

For either country . . . to enter into an understanding not to increase duties or alter procedure would mean limiting its scope of action in relation to third countries at a time when rapid

changes in commercial practises and governmental policies may call for action.<sup>54</sup>

The concessions offered to the Japanese government in the Prime Minister's July 6 note were of little consequence. With respect to the Japanese request for clarification and publicity of Canadian customs rates and procedures, Bennett promised an immediate inquiry if the Japanese could provide concrete evidence of discriminatory treatment in the administration of customs regulations. The Prime Minister also admitted that the exchange compensation duty had not been applied to all countries whose currencies had depreciated the requisite five percent. Although the imports from these countries were insignificant and non-competitive with Canadian products, the government would proclaim values for these currencies, "for the sake of symmetry."<sup>55</sup>

The note to Kato concluded with the proposal to modify the customs treatment of the yen as suggested in the June 11 cable to Marler. On July 10 the Foreign Office flatly rejected this proposal. Marler warned Ottawa that Japan sought nothing less than abolition of the exchange compensation duty, a move he personally supported and for which he lobbied once again.<sup>56</sup>

The Japanese government responded to the Canadian offer by imposing a fifty percent surtax on certain Canadian commodities, effective July 13. This act prompted the Canadian government to propose another concession whereby goods of a class or kind made in Canada would be entered for purposes of both ordinary and the special duties at 41.5¢, but the government was not prepared to meet the Japanese demands

for abolition. All the laws and regulations to which Japan objected were in force before she left the gold standard, and Canada would not now offer special dispensations to her at the expense of other nations.

In consideration of its final proposal, the Canadian government passed an Order-in-Council which reduced the value of the yen for ordinary and special duties from 49.85 cents to 41.51 cents on July 20. It was a futile gesture, as an Imperial Ordinance issued in Tokyo that very day placed a fifty percent surtax on Canadian wheat, flour, gluten, pulp, wrapping paper, papermakers' felts and lumber. Canada retaliated two days later by placing a 33 1/3 percent surtax, effective August 5th, on all goods imported directly or indirectly from Japan.<sup>57</sup> These trade sanctions would remain in effect for the duration of the R. B. Bennett administration.

Japan did attempt to break the deadlock in August 1935 by offering to cancel the Imperial Ordinance of July 20. However, the price for this concession remained the abolition of the exchange compensation duty. Until an agreement on abolition of that duty could be reached, Japan was willing to accept an interim figure of less than thirty-five cents per yen for the purpose of calculating the exchange compensation duty. The Japanese requested a similar valuation when the dumping duty was calculated. As both these 'special' duties applied to the category of 'classes or kinds of goods made in Canada', they wished that category to be definitely limited in scope.

In fairness to Prime Minister Bennett, the Japanese offer was little more than an exercise in semantics. Their position remained

essentially the same--removal of the exchange compensation duty on Japanese goods. This point was simply not negotiable, as Bennett's September 4th note to the Japanese Minister Sotomatsu Kato, made clear. He castigated the Japanese for insisting upon a privileged position in Canadian markets and refusing to recognize that the reduction of the exchange compensation duty was, in itself, a substantial concession. Japan also failed to grasp what Bennett apparently perceived to be the fundamental issue in the dispute, namely:

the right of the Government of Canada to protect the wages of its workers and the standard of living of its people against the unfair competition of low cost labour paid in greatly depreciated currencies.<sup>58</sup>

There were, however, a number of difficulties with Bennett's comments. In the first place, total Japanese imports (excluding the raw silk indirectly imported into Canada from the United States) did not exceed 0.7 percent of the total Canadian imports in 1934. This fact did not escape the Japanese government, which wondered how such an insignificant amount threatened Canadian workers and their standard of living.<sup>59</sup> They also took issue with Bennett's reference to unfair competition exercised by countries having low wages and depreciated currencies. If Japanese products had a comparative advantage in trade competition, it was largely due to the "rationalization of industries accomplished through many years of hard struggle."<sup>60</sup> Indeed, the Tokyo legation's First Secretary, H. L. Keenleyside, had himself

attributed Japan's success in export markets to superior organization and methods of control, as well as to low wages and currency depreciation.<sup>61</sup> The Department of External Affairs had instructed him to study Japanese industrial developments. He had paid particular attention to the factory system and labour policy, precisely because of the complaints of Canadian manufacturers over cheap imports based on 'slave' labour. He concluded that innovations in factory organization, progress in mechanical design, government financial assistance plus the consolidation of both vertical and horizontal industrial and commercial arrangements had been major contributors to Japan's strong competitive position.<sup>62</sup>

Of course, the Japanese denied the claim that they sought a privileged position in Canadian markets. Japan perceived Canada's actual treatment of her products to be markedly more onerous in comparison to the treatment accorded the products of any other country. She asked only for "a reasonable adjustment of the inequitable state of affairs".<sup>63</sup> Both the Canadian Minister in Tokyo and the Director of the Commercial Intelligence Service in Ottawa recognized the validity of the Japanese position. Unfortunately, their government did not share that viewpoint.

Precisely how long the stalemate would have ensued is a moot point. Kato wrote to Prime Minister Bennett on October 8, expressing his government's desire to resume negotiations at the earliest possible date. Almost three months had passed since the imposition of the

respective surtaxes, yet the Prime Minister declared his unwillingness to modify the Canadian position. At this juncture, however, a new cast of characters entered the fray.

The general election of October 1935 returned the Liberal Party headed by W. L. Mackenzie King to power. The electoral victory was decisive; the Liberals captured 171 of a possible 245 seats. The party platform, as announced in January 1935, had promised trade expansion, which necessarily required the elimination of unfair trade practices, price fixing and the juggling of tariff interpretations.<sup>64</sup> A week prior to the election, King vowed to "reduce the tariff particularly on the necessities of life and the implements of production; abolish arbitrary administration of custom duties, and get rid of hampering restrictions which have strangled trade."<sup>65</sup> Accordingly, soon after his accession to the Prime Minister's office, the Liberal leader focussed his attention upon resolution of the trade dispute with Japan.

Events moved swiftly. King took office on October 23, 1935. On November 6, King wrote to Kato, explaining that the policy of his administration was "to restore as speedily as possible the flow of trade between Canada and all other countries and not least Japan."<sup>66</sup> Consequently, the Prime Minister proposed to restrict the scope of the term 'goods of a class or kind made or produced in Canada' (thereby restricting the application of the special duties) to instances where goods were made in Canada in commercial quantities. Where changes in the industrial structure made it necessary to include as "goods of a class or kind made or produced in Canada", commodities formerly excluded

from that classification, the Canadian government would provide adequate notice of the transfer. The new administration also offered to return to the former practise whereby fixed valuations under section 43 of the Customs Act applied only to natural products of a class or kind produced in Canada. Thirdly, the Canadian government decided that in computing the value for duty of goods of a class or kind not made or produced in Canada, the current exchange value of the yen was acceptable. In computing the value for duty of goods of a class or kind which were made or produced in Canada, for both ordinary and special duties, the Canadian government offered to establish a new proclaimed value based upon the average value of the currency for the preceding five year period, and calculated at the beginning of each year. For the first twelve months of the agreement, the Canadian government calculated the yen's value to be 39.5 cents.

On December 14, the new Prime Minister gave the Japanese Minister a memorandum encompassing these proposals for transmission to the Japanese government. The memorandum also provided for the mutual cancellation of the surtaxes following an exchange of Notes, with the new agreement to become effective January 1, 1936.<sup>67</sup> On December 26, the Japanese Minister informed King that his government had accepted the agreement, including the January 1st operative date.

It was obvious from the relative ease and rapidity with which King obtained an agreement that neither party wished to prolong the dispute. The Japanese government repeatedly insisted upon the abolition of the exchange compensation duty, but concluded an agreement without

such a provision because the new Canadian government had gone a long way towards redressing other Japanese grievances. Certainly, there was considerable merit in the Japanese argument, as the Canadian government well knew. Dr. Skelton had acknowledged that the trade disparity was actually far greater than official Canadian statistics revealed. Japanese imports were valued at the old rate of exchange rather than at the depreciated current value of the yen. Including raw silk indirectly imported from the United States, as the Canadian government insisted, did little to redress the statistical disparity.

Furthermore, duties were levied not on the fair market value of Japanese goods, but on the value of the goods at the old par value of the yen, namely 49.85 cents. With the application of the exchange compensation duty as well as sales and excise tax in addition to ordinary duty, a duty of thirty percent ad valorem as set out in the Customs Tariff became a duty of 152 percent ad valorem.<sup>68</sup> Japanese imports did, in fact, suffer far more from the exchange compensation duty than other imports because the yen had depreciated to a far greater extent than other currencies. Canada had not imposed an exchange compensation duty during the period of extreme currency depreciation following the Great War, because depreciated currency inevitably resulted in increased domestic prices. She remained one of the few countries in the world which refused to value imports for duty purposes at the current rate of exchange. Thus it is was difficult to suggest that Canada did not practise a de facto discrimination against Japanese goods.

Regardless of the justification of the Japanese complaints,

self-interest rather than altruism prompted the Canadian initiative to end the dispute. The new administration was publicly committed to the removal of tariff barriers in order to accelerate trade, as the November 1935 trade agreements with the United States and New Zealand illustrated. Yet there was a greater urgency for seeking an accord with Japan. The Japanese surtax was seriously affecting exports to Canada's fourth best customer. As an External Affairs official recognized:

Canada was rapidly losing the market which it had built up in Japan over a long period of years for wheat, flour, wood pulp, wrapping paper, papermakers' felts and lumber. Every month that the dispute remained unsettled gave our competitors an opportunity to establish themselves in the market we had hitherto enjoyed making it more and more difficult for Canadian exporters to re-establish themselves in that market even after a satisfactory settlement should be achieved.<sup>69</sup>

The Vancouver Sun published trade statistics which confirmed the adverse impact of the surtax. The newspaper compared the sales of a number of leading exports for the period September through November 1935, with the sales in the identical period a year earlier. Wheat exports had declined from \$488,000 to \$133,000; flour dropped from \$220,000 to \$59,000; newsprint from \$691,000 to \$536,000; wrapping paper from \$94,000 to \$12,000; wood pulp from \$481,000 to \$44,000; and lumber products from \$380,000 to \$17,000.<sup>70</sup> The Canadian Legation in Tokyo reported that sales of wheat flour, averaging 100,000 sacks per month from January through July 1935, totalled only 20,000 in the month of September. To make matters worse, September wheat sales to Japan were practically negligible, while sales of Douglas Fir, pulp, and packing

paper simply did not take place.<sup>71</sup>

If the factors prompting the new administration's determination to resolve the dispute were clearly evident, the reasons underlying its predecessor's intransigence are not. True enough, R. B. Bennett had been elected a sincere protectionist. There may have been an element of truth in one newspaper's claim that he viewed imports as products of the devil which ought to be abolished.<sup>72</sup> Indeed, at the 1932 Imperial Economic Conference in Ottawa, Bennett had spearheaded the decision to raise tariffs vis-à-vis countries outside the Commonwealth bloc. Nevertheless, in the spring of 1933, Bennett had visited Washington looking for a means to increase the exchange of commodities, and had initiated the negotiations which led to an agreement between the United States and Canada on November 15, 1935, under which Canada granted the United States the intermediate tariff on more than eight hundred items. While Canada would lose twenty-five million dollars in duties, she was expected to experience a three hundred million dollar increase in exports due to the reduction of American tariff barriers.<sup>73</sup>

King maintained that Bennett had delayed signing the agreement with the United States because of the opposition of diehard protectionists within the Conservative Party. On the verge of an election, Bennett could not "admit that the self-containment policy had failed, that the blasting powder of the 1930 election had exploded in his own face."<sup>74</sup> The fact remains that the Bennett Administration negotiated a tariff reduction agreement with the United States while simultaneously refusing to negotiate a parallel arrangement with Japan.

Although the evidence is not conclusive, this inconsistency might be attributed to Canada's misconception of Japanese intentions. Some of the principal Canadian officials believed Japan, unlike the United States, was using the question of negotiated tariff reductions to illustrate her ability to coerce a weaker power. Japan had, after all, flexed her military muscle to deprive China of sovereignty over Manchuria. The attack on Canada's tariff policy was simply another manifestation of an aggressive power exuding her influence. Both Marler and Dr. Skelton agreed that Japan, as an example to the world, had attempted to coerce Canada into absorbing more Japanese exports.<sup>75</sup> Prime Minister Bennett had made it clear that there would be no concession that gave the impression of submission to Japanese pressure.

Despite Bennett's profession of concern for the standard of living and the wages of the Canadian populace, these considerations seem inadequate to justify the rigidity in the Canadian negotiating position, particularly given the merit of the Japanese arguments. More importantly, the Canadian government knew Japan's protest had merit. From the Canadian government's perspective, the dispute appeared to undergo a metamorphosis, whereby a question of protectionism became a matter of political prestige. Prestige prompted the Bennett administration to resist what they perceived to be an unwarranted exercise of pressure by a great power. Even Marler agreed with this assessment:

I want an agreement but I do not want the Japanese to say to the world that, having held Canada up at the point of a pistol, she succumbed to the Japanese threats.<sup>76</sup>

The Japanese initiative clearly antagonized Dr. Skelton. In a November 1935 memorandum, he observed that the spectacular growth of Japanese exports and their rapid conquest of other markets prompted country after country to take special protective measures against Japanese trade. Flushed by military success in China, and obsessed with economic nationalism, Japan had determined to halt these measures.<sup>77</sup> Skelton seems to have assumed a connection between military and economic aggression, which may explain the Canadian preoccupation with the symbolic nature of the dispute. In any event, it is quite evident that the Canadian government failed to recognize an earnest attempt to rectify a serious trade imbalance which threatened Japan's social and economic structure.

Throughout 1934 and 1935, Japan entered into a series of trade negotiations with many countries, including Uruguay, Salvador, Turkey, Portugal, Romania, Norway and Germany. Australia was added to the list in 1936. Japan needed to increase her export markets abroad in order to pay for an ever increasing volume of imported raw materials, vital to her expanding manufacturing sector. The high duties imposed by the Canadian government after the 1930 election made Canada a natural target of Japanese representations. It was sheer folly to consider that Canada had been singled out to illustrate how a minor power could be coerced into opening its domestic market to more exports. The Japanese government asked only that:

In view of the fact that Japan purchases yearly from Canada such large quantities of Canadian products, the tariff regulations

. . . should be modified with a view to securing for Japan a fairer share of the Canadian import trade.<sup>78</sup>

It is rather difficult to avoid the conclusion that the Canadian government was largely responsible for the breakdown in the Canadian-Japanese economic relationship. Keenleyside shared this opinion, but confined his remarks to his diary:

After some weeks of rather stupid bickering and argument on both sides, Japan imposed a surtax on Canadian goods that has just about stopped our sales here, and Canada has retaliated. . . . All the steps that have been taken are just as forecast in June and it is all quite stupid and unnecessary . . . I sit here and wait for sanity to return to the Canadian government.<sup>79</sup>

The implementation of the surtax was simply the culmination of a series of errors, beginning with the Canadian government's failure to heed the warning signals emanating from Japan. The government in Ottawa ignored the legation reports of an impending crisis in Canadian-Japanese trade relations until it had no alternative but to address the issue. Certainly, the government underestimated the opinion of their Minister in Tokyo, somewhat understandably in light of his pro-Japanese sympathies. Yet the government dismissed his valid analysis of Japanese intentions along with the more distorted material. Nor was it Marler's fault that the Canadian strategy in negotiation consisted, for the longest time, of repeating the same tired arguments without offering a concession with substance. In particular, the government failed to acknowledge the substantial impact of depreciated currencies on the price of imported raw materials.

acknowledge the substantial impact of depreciated currencies on the price of imported raw materials.

In retrospect, a viable resolution of the dispute without the mutual imposition of severe surtaxes was always possible. However, the Canadian government was not prepared to concede the validity of Japan's objections to its protectionist policies without discerning an ulterior motive. Canada apparently lacked the political acumen to deal with the issue at face value, a flaw which the acceptance of Marler's analysis of the dispute might have concealed. Ironically, the confrontations between Japan and the League of Nations following the invasion of Manchuria, and with the British Empire after the resumption of Sino-Japanese hostilities in 1937, never brought to the Canadian-Japanese relationship the enmity engendered by the trade dispute. While Canada constantly wrestled with the burden of political commitments which might draw her into a confrontation with Japan, her commitment to economic protectionism proved to be the greatest source of conflict in the entire decade of Canadian-Japanese relations.

Footnotes

<sup>1</sup>Vancouver Daily Province, 10 July 1935, p. 1.

<sup>2</sup>Public Archives of Canada (hereafter P.A.C.), William Lyon Mackenzie King Papers, MG 26, J1, vol. 208, pp. 179602-15, Summary of Trade Dispute Correspondence, 6 November 1935.

<sup>3</sup>The Canadian Annual Review, 1932 (Toronto: The Canadian Review Company Limited, 1933), p. 31.

<sup>4</sup>P.A.C., MG 26, J1, vol. 201, p. 172257, Marler to Secretary of State for External Affairs, 6 March 1934, no. 53. Hereafter, despatches to the Secretary of State for External Affairs will be abbreviated to read 'External.'

<sup>5</sup>*Ibid.*, vol. 200, p. 171344, H. L. Keenleyside to External, 2 May 1934, no. 100.

<sup>6</sup>*Ibid.*, p. 171351, Keenleyside to External, 23 May 1934, no. 123.

<sup>7</sup>P.A.C., Records of the Department of External Affairs, RG 25, G1, vol. 1707, Keenleyside to External, 12 June 1934, no. 149.

<sup>8</sup>*Ibid.*

<sup>9</sup>P.A.C., MG 26, J1, vol. 200, p. 171353, Keenleyside to External, 26 September 1934, no. 265.

<sup>10</sup>P.A.C., RG 25, G1, vol. 1707, file no. 522, Memorandum on Japan's Imports from Principal Countries which Exceed Exports, to Calendar Years 1930-1934, from Dominion Bureau of Statistics, External Trade Branch, 3 July 1935. In 1934, Japan imported goods valued at 54 million yen from Canada, while exporting goods valued at 5.6 million to Canada, an import-export ratio of approximately ten to one. The Japanese-Australian import-export ratio for 1934 was only three to one.

<sup>11</sup>P.A.C., MG 26, J1, vol. 201, p. 172260, Herbert Marler to External, 1 November 1934, no. 292.

<sup>12</sup>*Ibid.*, p. 172261.

<sup>13</sup>H. L. Keenleyside, The Memoirs of Hugh L. Keenleyside: Hammer the Golden Day (Toronto: McClelland and Stewart, 1981), I, 404-5.

<sup>14</sup>Robert Bothwell and John English, "Dirty Work at the Cross-words: New Perspectives on the Riddell Incident," Canadian Historical

Association, 1972, 269. Riddell, the Canadian Advisory Officer in Geneva, requested instructions after Italian forces crossed the Ethiopian frontier on October 2. Faced with the prospect of an Assembly resolution condemning Italian aggression, Dr. Skelton procrastinated, unwilling to issue instructions to the Canadian delegation. This indecision forced the principal Canadian delegate, G. Howard Ferguson, to telephone R. B. Bennett for instructions.

<sup>15</sup>See Roger Graham, Arthur Meighen: And Fortune Fled (Toronto: Clarke Irwin, 1963), II, p. 90 and M. G. Fry, "The North Atlantic Triangle and the Abrogation of the Anglo-Japanese Alliance," Journal of Modern History, XXXIX (March 1967), 46-64.

<sup>16</sup>p.A.C., MG 26, J1, vol. 201, p. 172264, Marler to External, 1 November 1934, no. 292.

<sup>17</sup>p.A.C., RG 25, G1, vol. 1696, Marler to External, 18 February 1935, no. 39.

<sup>18</sup>p.A.C., MG 26, J1, vol. 219, p. 188600, J. S. Langley to External, 8 August 1936, no. 272.

<sup>19</sup>Canada, Department of External Affairs, Documents on Canadian External Relations (hereafter D.C.E.R.), part II, 1939-41 (Ottawa: Information Canada, 1976), vol. VIII, no. 1133, High Commissioner in Great Britain to External, 29 March 1940.

<sup>20</sup>p.A.C., MG 26, J1, vol. 201, p. 172284, Marler to External, 27 December 1934, no. 320.

<sup>21</sup>Ibid., p. 172285.

<sup>22</sup>H. Gordon Skilling, Canadian Representation Abroad (Toronto: Ryerson Press, 1945), p. 242.

<sup>23</sup>Keenleyside, Memoirs, I, 296.

<sup>24</sup>In his memoirs, Keenleyside confessed that he found Marler to be a somewhat surprising choice for a ministerial post, since: "He was largely ignorant of history and economics, had travelled little, and was innocent of experience in foreign relations. His only active participation in international matters had been his leading role in the negotiation of a trade agreement with the West Indies."

Keenleyside, Memoirs, I, 253. It is interesting to note that while Dr. Keenleyside was gracious in his praise of Marler as a clever and successful businessman, his comments on Marler are noticeably devoid of compliments on the Minister's diplomatic abilities.

<sup>25</sup>p.A.C., RG 25, G1, volume 1708, unsigned memorandum, The

Canada-Japan Trade Dispute, 18 January 1936.

<sup>26</sup>Richard Veatch, Canada and the League of Nations (Toronto: University of Toronto Press, 1975), p. 37.

<sup>27</sup>Ibid., p. 32.

<sup>28</sup>Perley was acting Prime Minister because R. B. Bennett had sailed from New York on April 10, 1935 to attend the King's Jubilee Celebrations. He was accompanied by L. D. Wilgress from the Department of Trade and Commerce and L. B. Pearson from External Affairs.

<sup>29</sup>P.A.C., RG 25, G1, vol. 1707, Perley to Hanson, 25 April 1935.

<sup>30</sup>The assumption underlying the exchange compensation duty is that a depreciated currency enjoys a competitive advantage equivalent to the amount of depreciation. However, if costs of production have risen, the export bonus from depreciation is offset to some extent. Canadian valuation procedures had ignored the possibility of rising costs offsetting the exchange advantage.

<sup>31</sup>P.A.C., RG 25, G1, vol. 1707, Skelton memorandum, 7 May 1935.

<sup>32</sup>41.6¢ was the estimated value of the yen after consideration of the extent to which domestic price levels in Japan had risen and offset the export bonus resulting from exchange depreciation.

<sup>33</sup>P.A.C., RG 25, G1, vol. 1707, Skelton memorandum, 7 May 1935.

<sup>34</sup>P.A.C., MG 26, J1, vol. 208, p. 179189, Marler to External, 20 May 1935 (telegram) #15.

<sup>35</sup>Ibid., p. 179194, Marler to External, 20 May 1935, no. 122.

<sup>36</sup>P.A.C., RG 25, G1, vol. 1707, External to Marler, 23 May 1935, telegram #16.

<sup>37</sup>P.A.C., MG 26, J1, vol. 208, p. 179298, Marler to External, 1 June 1935, no. 138.

<sup>38</sup>Marler's rather mercurial changes in temperament resulted in a number of inconsistencies in his despatches. One wonders how much weight was attached to Marler's opinions by the Department of External Affairs, particularly if the Department had been privy to Keenleyside's diary entry for 27 February 1933:

"The Minister spent Saturday afternoon playing golf with the

British Ambassador and is consequently back again in his anti-Chinese, anti-league, pro-Japanese attitude from which he varied only after a lot of hard work on the part of Kirkwood and myself and some indirect comments from Dr. Skelton. At the moment he is boiling; I have never heard him in such a tantrum. . . . He now almost completely loses his head when he gets excited. Sometimes I think he is temporarily out of his mind."

Keenleyside, Memoirs, I, 425-26. By February 1934, Keenleyside had concluded that Marler should get out of Japan and stay out (see p. 435). The Minister himself, in a personal letter to Mackenzie King, admitted that he had had enough of the Tokyo Legation (see P.A.C., MG 26, J1, vol. 208, p. 179086, Marler to King, 8 January 1935). To what extent illness or fatigue affected Marler's perceptions of Canadian-Japanese relations is sheer conjecture. The fact remains that Marler was capable of sending a cable to Ottawa on May 20 pleading for concessions, and the same day dispatching a report recommending a course of courage:

"All nations seem afraid of Japan. To have Canada say that she intended to treat Japan no differently than she is treating the rest of the world . . . would certainly be commended by all students of international affairs."

See P.A.C., MG 26, J1, vol. 208, p. 179199, Marler to External, 20 May 1935, no. 122. To cite another example, following his 1 June 1935 despatch suggesting that Canada risk Japanese trade restrictions for the sake of her international prestige, he cabled Ottawa with instructions to ignore the cable. See P.A.C., MG 26, J1, vol. 208, p. 179314, Marler to External, 14 June 1935, telegram #25.

<sup>39</sup>Ibid., vol. 203, p. 174387, External to Marler, 11 June 1935, no. 22.

<sup>40</sup>Vancouver Daily Province, 10 July 1935, p. 2.

<sup>41</sup>Canada, Parliament, House of Commons, Debates (Ottawa: King's Printer, 27 June 1935), p. 4015.

<sup>42</sup>P.A.C., MG 26, J1, vol. 203, p. 174388, External to Marler, 11 June 1935, no. 22.

<sup>43</sup>Ibid., vol. 208, p. 179317, Marler to External, 17 June 1935, no. 26.

<sup>44</sup>This concession rang hollow on closer examination. In each of the years 1932-34, well over half of Japanese exports to Canada consisted of raw silk. Pottery and green tea were the only other significant exports. None of these items could be considered a staple industry in Canada. See P.A.C., MG 26, J1, vol. 208, p. 179136, Marler to External, 1 March 1935, no. 48.

<sup>45</sup>Ibid., p. 179319, Marler to External, 17 June 1935, no. 26.

<sup>46</sup>p.A.C., RG 25, vol. 1696, Marler to External, 22 December 1934.

<sup>47</sup>p.A.C., MG 26, J1, vol. 208, p. 179151, Marler to External, 23 April 1935, no. 107.

<sup>48</sup>Ibid., p. 179330, Marler to External, 18 June 1935, no. 152.

<sup>49</sup>Ibid., p. 179331.

<sup>50</sup>p.A.C., MG 26, J1, vol. 212, p. 182972, Wilgress to Parmalee, 19 June 1935.

<sup>51</sup>p.A.C., RG 25, G1, vol. 1707, Wilgress to Skelton, 26 June 1935.

<sup>52</sup>It was in fact the inflated valuation of the yen for excise purposes which contributed to the importation of raw silk, duty free, through the United States. Japanese silk brought into Canada from the United States was subjected to excise tax based upon its actual cost in Japan, plus transportation and insurance charges. This amount was appreciably less than the value on which excise taxes would have been levied if the silk was imported directly. See P.A.C., RG 25, G1, vol. 1707, Skelton memorandum, 7 May 1935.

<sup>53</sup>p.A.C., MG 26, J1, vol. 203, p. 174414, Bennett to Kato, 6 July 1935.

<sup>54</sup>Ibid., p. 174413.

<sup>55</sup>Ibid., p. 174410.

<sup>56</sup>p.A.C., MG 26, J1, vol. 208, p. 179359, Marler to External, 13 July 1935, no. 34 (telegram).

<sup>57</sup>p.A.C. Department of External Affairs, vol. 1708, unsigned memo, 'The Canada-Japan Trade Dispute,' 18 January 1936.

<sup>58</sup>p.A.C., MG 26, J1, vol. 203, p. 174443, Bennett to Kato, 4 September 1935.

<sup>59</sup>Ibid., vol. 207, p. 177568, Kato to Bennett, 8 October 1935.

<sup>60</sup>Ibid., p. 177570.

<sup>61</sup>p.A.C., RG 25, G1, vol. 1707, Keenleyside to External, 20 August 1934, no. 244.

<sup>62</sup>Keenleyside, Memoirs, I, 305.

<sup>63</sup>p.A.C., MG 26, J1, vol. 207, p. 177571, Kato to Bennett, 8 October 1935.

<sup>64</sup>Bruce Hutchison, The Incredible Canadian (Toronto: Longmans, Green and Co., 1952), p. 193.

<sup>65</sup>Toronto Globe, 7 October 1935, p. 1.

<sup>66</sup>p.A.C., MG 26, J1, vol. 207, p. 177577, King to Kato, 6 November 1935.

<sup>67</sup>Ibid., vol. 211, p. 182299, King to Kato, 14 December 1935.

<sup>68</sup>For example, given an invoice of Japanese goods valued at 1,000 yen:

Market value of yen, 1000 @ 28¢	-	\$280.00
Value for duty purposes, 1000 @49.85¢	-	\$498.50
Exchange Compensation Duty	-	\$218.50
Add ordinary duty at 30%	-	\$149.55
Sales and excise tax 6% plus 3%	-	\$ 58.32

The total duty and tax therefore amounted to \$426.37, which is approximately 152% more than the original market value of \$280.00.

<sup>69</sup>p.A.C., RG 25, G1, vol. 1708, unsigned memorandum, 18 January 1936.

<sup>70</sup>Vancouver Sun, 27 December 1935, p. 5.

<sup>71</sup>p.A.C., MG 26, J1, vol. 208, pp. 179617-18, Marler to External, 6 November 1935.

<sup>72</sup>Toronto Globe, 7 October 1935, p. 4.

<sup>73</sup>Ibid., 18 November 1935, p. 1.

<sup>74</sup>Hutchison, The Incredible Canadian, p. 217.

<sup>75</sup>p.A.C., MG 26, J1, vol. 208, p. 179473, Marler to Skelton, 15 August 1935.

<sup>76</sup>Ibid., vol. 209, p. 179655, Marler to External, 19 November 1935, no. 252.

<sup>77</sup>p.A.C., MG 26, J4, vol. 219, p. C149758, Memorandum on the Japanese Trade Controversy by O. D. Skelton, November 1935.

<sup>78</sup>p.A.C., RG 25, G1, vol. 1708, unsigned memorandum, 18 January 1936.

<sup>79</sup>Keenleyside, Memoirs, I, 438.

## CHAPTER IV

## CANADA AND THE SINO-JAPANESE CONFLICT, 1937

Although the King government had moved quickly following its election victory in October 1935 to secure a new trade agreement, a legacy of ill feeling continued to affect the Canadian-Japanese relationship. No less a personage than O. D. Skelton maintained that Japan had selected Canada as a particularly vulnerable subject for a trade dispute, in the expectation that success against Canada would serve as an object lesson to other countries intent on implementing protective measures against Japanese exports.<sup>1</sup> When Japan invoked the Trade Protection Law against Australia in the summer of 1936, Marler bitterly observed that "Japan has little hesitation in attacking a weaker country, but has great hesitation in attacking, even economically, a Great Power."<sup>2</sup> His remark received some substantiation when Japan refused to retaliate against American tariffs on Japanese imports.

Such exhibitions of ill will were reinforced by the difficult domestic situation in which Legation staff members found themselves. During the trade dispute, the Japanese press had been so virulent in expressing anti-Canadian sentiments and agitating public opinion that there was some concern over a possible assault upon the Legation. Indeed, J. S. Langley, the Legation's Commercial Secretary, feared for his personal safety. He was closely identified with the commercial

policy of the Canadian government, and assassination of public figures had become a particularly disturbing aspect of Japanese political life since the early 1930's. Langley had reason to worry, as the commercial counsellor of the Soviet Embassy in Tokyo had been shot four times at point blank range outside his residence in 1931. Fortunately, Langley was merely subjected to some covert photography in front of his Tokyo home in June 1935.<sup>3</sup>

The presence of Sir Herbert Marler himself had also hampered the resumption of normal relations. The Minister had quarrelled repeatedly with both the vice president of the Japan-Canada Society and Saburo Kurusu, director of the Commercial Bureau of the Foreign Office and the most influential member of the Foreign Office in matters of trade. The poor personal relations between the two men, enhanced by the trade dispute, had made it impossible "to carry on any reasonably frank or friendly conversations." Moreover, on a number of occasions, Marler had expressed remarks which had unconsciously betrayed his dislike of the Japanese."<sup>4</sup> Clearly, he was increasingly ineffective in Japan. As Kenneth Kirkwood, the Second Secretary of the Legation observed in November 1935, Marler was "thoroughly sick of Japan and has lost all interest in his work . . ."<sup>5</sup> This awkward state of affairs was remedied in June 1936 with Marler's appointment as Canadian Minister in Washington. It was a post which, by his own admission, he cherished.<sup>6</sup>

Undoubtedly, Marler's departure and replacement by R. Randolph Bruce hastened the return of cordial relations between Canada and Japan.

Indeed, Bruce, a seventy-three year old engineer who had served as the lieutenant-governor of British Columbia, proclaimed the advent of a new era in the history of Canadian-Japanese relations. His enthusiasm stemmed from the Canadian government's invitation to Prince Chichibu, brother of Emperor Hirohito, to visit Canada on his way to the coronation of King George VI. This gesture was very well received in Japan and prompted a reciprocal invitation to Bruce to attend an Imperial luncheon. Bruce became the first foreigner ever to attend an Imperial luncheon, an honour of considerable significance given that he did not hold ambassadorial rank.<sup>7</sup> Nevertheless, these demonstrations of friendship, as symbols of a new era in Canadian-Japanese relations, lacked substance since Japan's East Asian policy, particularly in China, ranged her against both Great Britain and the United States. Realistically, Canada could not sacrifice British and American friendship to pursue closer relations with a country whose aggression in Manchuria and China, withdrawal from the League of Nations and denunciation of naval treaties had prompted her estrangement from the principal Western democracies.

The obstacles to the 'new era' in Canadian-Japanese relations quickly became apparent even as the bitter aftertaste of the trade dispute lingered. The resumption of hostilities between Japan and China in the summer of 1937 once again drew Canada into a conflict in East Asia due to her international obligations as a member of the League of Nations and a signatory of the Nine Power Treaty. Strict adherence by the international community to these obligations would have placed an

unbearable strain upon Canadian-Japanese relations, as Japan had undeniably violated China's territorial and administrative integrity. Yet, Canadian-Japanese relations survived a possible rupture as Canada remained an undistinguished participant in the Brussels Conference of November 1937, an ultimately ineffective gathering designed to bring the combatants to the negotiation table, ably assisted by those powers with interests in East Asia. As the Conference refused to consider overt steps to restrain Japanese aggression, there was little danger of an open break in Canadian-Japanese relations, although there was substantial public support in Canada for a boycott of Japanese imports and an embargo on strategic materials destined for Japan.

Following several months of futile deliberations at Brussels, Prime Minister Mackenzie King declared Canada's adherence to a policy of strict neutrality in the Sino-Japanese conflict.<sup>8</sup> Clearly this policy of neutrality was tempered by the knowledge that the United States and Great Britain, the two nations with whom Canada shared an irreplaceable relationship by reasons of economics, geography and tradition, opposed Japan's course of action. From this juncture until the declaration of war in December 1941, Canada's relations with Japan realistically hinged upon one issue--how far were the United States and Great Britain prepared to go to restrain Japan's aggressive external conduct.

While Canada and Japan retained a formally correct and cordial relationship following the new outbreak of war in China, public opinion in Canada displayed an increasing animosity towards Japan due to the ruthlessness with which she pursued her military goals in China.

Canadian newspapers regularly reported enormous casualties among the Chinese civilian population which they attributed to the systematic bombing of open towns and cities and to the atrocities of Japanese soldiers in captured areas. Although cognizant of this animosity, the Canadian government remained unwilling to implement sanctions against Japan, or for that matter, publicly condemn her behaviour.

Indeed, the Canadian government preferred to avoid public pronouncements on external policy wherever possible; to remain aloof from commitments in Asiatic affairs; and to delegate policy initiatives to those powers with direct interests in East Asia. As Anglo-American cooperation in the Pacific remained of fundamental importance to Canada,<sup>9</sup> the government continued to monitor the actions and statements of both Great Britain and the United States.

The Canadian approach to the Far Eastern crisis paralleled the general thrust of Canadian external policy during the prewar years, which emphasized Canada's domestic obligations. As Mackenzie King told the House of Commons in March 1936, Canada's first duty to both the League and Empire was to keep the country united.<sup>10</sup> Translating this objective into practise, Canada "took care to avoid not only legal but moral entanglements as well."<sup>11</sup> As a secondary power, she deferred to the great powers. The historian, C. P. Stacey, has observed that as the great powers would have to bear the chief burden of action in peace or in war, "it was arguably better that the great powers should be allowed to make basic decisions."<sup>12</sup> Stacey was referring specifically to Canadian external policy during the Italo-Ethiopian

Crisis in 1935, but the passage clearly has a wider application. Similarly, Mackenzie King supported British attempts to appease Germany. Convinced that Canada would go to Great Britain's aid in a major European war, King feared the damage to Canadian internal unity from participation in another war. Therefore, he adopted the policy of appeasement as a convenient means of preserving peace.<sup>13</sup>

The Canadian government's preoccupation with internal unity, and the decision to avoid commitments while leaving initiatives in external policy to the great powers, did not obviate Canada's political relationships with Great Britain or the United States. Significantly, both nations found Japan's foreign policy increasingly disturbing. Following the invasion of Manchuria, Japan had consolidated her position on the Asian continent, building a vast administrative and military machine to preside over the 500,000 square miles of territory forcibly detached from China. Encouraged by the success of this imperialistic venture and the reluctance of the western powers to interfere in her actions, Japan determined to expand her area of influence. In pursuit of this goal, Japan initiated a policy of economic penetration and pressure in North China.<sup>14</sup>

China, torn by sectional jealousies and the inability of the central government to consolidate its position, could do little to oppose Japan. The Chinese government, however, was attempting to unify the country and preserve her independence, primarily through a massive transfusion of foreign capital intended to create new industry and a banking system, to improve road and railway communications, and to

reorganize the armies under the supervision of  
Japan was considerably irritated by her policy  
for Chinese consolidation. As long as aid  
sources, China could ignore Japan; yet if  
be forced to accept Japanese aid on Japanese

Consequently, on April 17, 1934 J

spokesman Yeigi Amau issued a declaration criticizing foreign efforts to  
revitalize China and revealing Japan's determination to become the  
predominant power in East Asian affairs. Specifically, Japan announced  
she would not interfere with countries negotiating individually with  
China on trade and financial matters, except where the negotiations  
disturbed the peace and order in East Asia. Japan considered the  
delivery of war planes, the construction of aerodromes, the procurement  
of military supplies and advisors and the acquisition of loans for  
political purposes to fall within this exception.

The practical effect of the Amau Declaration was to warn the  
other Powers that Japan would not tolerate their interference in the  
affairs of China in any way detrimental to her own interests. The First  
Secretary of the Canadian Legation, Hugh Keenleyside, referred to the  
declaration as "the clearest and most definitive exposition to date of  
the determination of Japan to inaugurate a Monroe Doctrine for the Far  
East."<sup>15</sup> Despite Japan's April 26 statement denying any intention  
to infringe upon Chinese integrity or the rights of the other powers in  
China, Keenleyside assured Ottawa that the Amau Declaration represented  
the true China policy of the Foreign Office.

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That Japan would henceforth decide whether foreign attempts to aid China imperilled the peace and order of East Asia was not a vital concern to Canada. From an official Canadian perspective, the most unfortunate aspect of the situation was Japan's success in driving a wedge between Great Britain, which accepted Japanese promises to preserve the Powers' rights and interests, and the United States, which insisted upon strict adherence to the Nine Power Treaty and the principle of the Open Door.<sup>16</sup> Anglo-American cooperation in the Pacific was fundamental to Canadian external policy, as diverging policies would place Canada in an impossible conundrum vis-à-vis Great Britain and the United States. Moreover, their cooperation was absolutely essential in any attempt to avert Japanese dominance in Asia. A May 1934 Department of External Affairs memorandum, recognizing these factors, even recommended active Canadian participation in promoting a closer understanding between London and Washington.<sup>17</sup>

The Canadian government did not adopt the memorandum's recommendations. For that matter, it never seized the opportunity to promote Anglo-American cooperation as a means of restraining Japan's aggressive external policy in the Far East. Admittedly, such a chore would have been a difficult one. If the British recognized the value of American power to insure the security of their large investment in China, American officials realised "that the Open Door and the territorial integrity of China were not ideals for which the American people would fight".<sup>18</sup> However, Canada's unique position as a member of the British Commonwealth and strong ties to the United States

presented her with a unique vantage point from which to advocate Anglo-American cooperation vis-à-vis Japan.

This measure of participation was not beyond Canadian capabilities, given Canada's position as a secondary power without vital interests in East Asia. As A. R. M. Lower indicated in Canada and the Far East 1940, Canadian external policy oscillated between two great bodies, the United States and Great Britain. When the pull of either London or Washington became very strong, the limitations upon the independent initiative of Canadian external policy became painfully apparent. However, where there was an equilibrium between these forces, an opportunity for Canadian initiative in external policy did exist.<sup>19</sup> Throughout the 1930s, the Canadian government repeatedly failed to seize the initiative in external policy when the opportunity presented itself. Nicholas Mansergh, in his Survey of British Commonwealth Affairs, characterized these failures as 'sins of omission' which he attributed 'to irresolution, to a failure to concentrate upon the great essentials of policy . . .'<sup>20</sup>

If the response to the Amai Declaration represented a sin of omission on the part of Canadian external policy, the Declaration also placed Japan in opposition to Canada's principal partners, Great Britain and the United States. It clearly signalled Japan's determination to establish a protectorate over China and maintain the role of predominant power in East Asia. Subsequent events in the period prior to the resumption of Sino-Japanese hostilities in July 1937 only reaffirmed these objectives.

In December 1934, Japan announced her intention to abrogate the Washington treaties, formulated in 1922 to preserve peace in the Pacific. Released from the negotiated ratio of capital ship inferiority vis-à-vis the United States and Great Britain as of December 31, 1936, Japan intended to increase the size of her navy and realize a local naval superiority in the Far East. With abrogation, Japan would also be able to fortify her Pacific possessions at will.<sup>21</sup> In January 1936, following the refusal of both Great Britain and the United States to accept the Japanese demand for a common upper limit of naval armaments, Japan withdrew from the London Naval Conference. The Japanese navy subsequently formulated a policy whereby a southward advance would supplement the traditional objective of home defense.<sup>22</sup>

Simultaneously with this policy of naval expansion, Japan pursued the political and economic penetration of North China.<sup>23</sup> While western powers were preoccupied with affairs in Europe and Africa, Japan announced, in January 1936, a three point program requiring China to cease unfriendly acts and collaborate with Japan; to cooperate with Japan in seeking the eradication of Communism; and to normalize its relations with Manchoukuo, formerly China's sovereign territory. Negotiations for the general settlement of the issues between the countries began in February 1936 but ultimately foundered upon Japan's insistent demand for an autonomous federation of China's five northern provinces.

By the fall of 1936, Japan's China policy suggested an attitude which paralleled the Japanese attitude towards Manchuria immediately

prior to the Mukden Incident in 1931.<sup>24</sup> While the Japanese government continued to pursue a policy of diplomatic negotiation, there was a grave possibility that the military's patience was exhausted. To make matters worse, the military had a stranglehold on the political process in Japan which as the February Incident confirmed, it was unwilling to relinquish.<sup>25</sup>

On February 26, 1936, six days after national elections in which proletarian and liberal elements reasserted their strength in the Diet, a group of young officers engineered a violent but unsuccessful military coup. Their decision to murder the senior financial and military leaders and elder statesmen, whom they considered to be destroying the "national polity," appeared ill advised. As the Canadian government recognized, military power in Japan was above Diet control and could not be materially weakened by party realignment.<sup>26</sup> Ironically, the February insurrection seemingly enhanced the military's grip on the nation, a grip that stimulated Japan's growing attraction for the European dictatorships. As Langley reported:

It is characteristic of Japan to reflect in its national policy the world currents; e.g. free trade or protection, or economic nationalism, democratic or parliamentary government, or internationalism or military or fascist trends, as the case may be. At present the authoritarian state, with forms of state socialism, prevalent in Europe are being reflected in Japanese policy . . . There is every indication that Japan is definitely directed toward a strong military ideology characteristic of its former feudal period and the present European trend.<sup>27</sup>

This ideology prompted the transformation of Japan into a completely militarized state ready for instantaneous mobilization.

If Japan intended, as these policies seemed to indicate, to consolidate and construct an impregnable position as the leading power in Eastern Asia, a collision course with the principal western democracies was inevitable. In particular, the program of naval construction and southward expansion caused Great Britain to fear a challenge to her naval defenses in the Far East and her imperial outposts; and the expansionist movement into North China threatened the British economic and political position. While American interests were less easily defined, the United States had committed itself to upholding the territorial integrity of China as a signatory of the Nine Power Treaty.

From the Japanese vantage point, Great Britain remained the primary obstacle to Japanese ambitions until the pre-Pearl Harbor negotiations in Washington.<sup>28</sup> Japan resented Great Britain's decision to send its chief economic advisor, Sir Frederick Leith-Ross to China in order to restore the vitality of the Nine Power Treaty and to strengthen the Chinese economy. Japan also believed Britain was conspiring with the Soviet Union and the United States to preserve British interests in China. This rather paranoid attitude was an integral part of the Japanese national psychosis, which featured a deep preoccupation with the nation's isolation, potential encirclement and the menace of hostile neighbours. As J. S. Langley, the Commercial Secretary of the Canadian Legation in Tokyo remarked, this psychosis did not "reveal in any way a constructive attitude of international conciliation or cooperation or of constructive diplomacy. It is an

attitude of suspicion and fear."<sup>29</sup> For Ottawa's apparent edification, the British government forwarded the evaluation of a British official in Tokyo which emphasized that with the Army and Navy's exclusive hold on the reins of power, there was no reason to believe they had substantially modified their semi-mystical belief in Japan's destiny to dominate East Asia and the western Pacific. The report also contained the following analysis of the Far Eastern situation:

Japan is young in the world and is still finding her feet. She is intensely suspicious of the foreigner and not without reason. She is still suffering from an inferiority complex, nor is the fundamental hostility of the yellow races for the white a factor to be ignored. She is conscious of her vitality and capacity, and still believes that in many ways she can beat us at our own game. She is in a mood for expansion that may last for years. All these are influences which tend to stimulate in her the growth of a fierce nationalism and a refusal to tolerate advice or interference from abroad. She chiefly respects force. It is hardly logical to suppose that anything but force will persuade her to disarm.<sup>30</sup>

Japan's aggressive and intransigent attitude induced those Commonwealth members with interests in the Pacific to increase military preparations. In Canada the Joint Staff Committee recognized that the distinct possibility of war between Japan and some or all of the Anglo-Saxon communities with interests in the Pacific also brought Canada, "as a Pacific Power, face to face with definite local responsibilities concerning defense."<sup>31</sup> Because they believed the west coast of Canada was a likely target of Japanese naval and air attacks and possibly landing parties, and considered the existing Canadian forces incapable of defending the west coast, the Committee, in

the fall of 1936, urged the government to act. More significantly, the Committee tacitly assumed that hostilities in the Pacific would involve Canada. Despite the concerted post-war effort to forge an independent identity in the international community, and the concomitant concern to disentangle Canadian policy from imperial policy, the Committee implicitly accepted a bond of kinship among the components of Empire which successive Canadian governments had attempted to deny.

Secondly, the Joint Staff Committee expressly admitted that the collective security system, embodied in the Covenant of the League of Nations, was a dismal failure. Of course, Canada had consistently striven to weaken that system by emphasizing the League's value, not as an instrument of enforcement, but as a means of international cooperation and a forum for debate. However, the Japanese invasion of Manchuria and the Italian invasion of Ethiopia had dramatically illustrated the inadequacy of collective security. As Prime Minister Mackenzie King declared in the House of Commons in June 1936, without the participation of all major nations and the unfailing commitment of all member nations to the use of force wherever and whenever required, the collective security system would not function.<sup>32</sup>

After 1936, it was clear that a secondary power could not rely upon Geneva to ensure its safety, and therefore must either strengthen the hand of the Great Power to whom it was closest, or isolate itself from international interaction.<sup>33</sup> Canada chose a schizophrenic policy. While she sought closer cooperation with Great Britain, particularly in the area of defense, her geographic isolation with the

United States facilitated her determination to avoid entanglements in Europe and Asia. Furthermore, President Roosevelt's speeches at Chautauqua in August 1936 and at Kingston in August 1938 reinforced the tendency to regard the United States as the main rampart of Canadian security.<sup>34</sup>

It behooved Canada to use her unique affiliation with these Great Powers as a springboard for a positive approach to the problem of Japanese expansion. Nevertheless, as the record of Canada's participation at the Brussels Conference will indicate, she deliberately declined to do so. Much has been written of the traditional Canadian aversion to external commitments in favour of internal unity, a policy intimately associated with Prime Minister Mackenzie King. King never seemed to lose his enthusiasm for espousing the negative rather than the positive aspects of governing Canada, as Nicholas Mansergh explained:

It became fashionable . . . to speak of regional and cultural tensions within but not of the growing sense of unity; of the conflicting pulls of geography and history to which indeed every settled country is subject but not of the immense strength of Canada's position in the heart of the English speaking world.<sup>35</sup>

Thus, Canada's immense strength lay dormant as policy makers considered 'commitments' in external policy to be synonymous with 'initiatives' in external policy. They preferred to implement what H. Blair Neatby described, when discussing the Canadian approach to successive European crises, as a 'back seat' policy.<sup>36</sup>

King's perspective on external relations was undeniably

reinforced by his long and close association with the Undersecretary of State for External Affairs, Dr. O. D. Skelton. Skelton did not believe in irresponsible forays into international politics, rejecting obligations to the League of Nations and retaining a deep and unabiding mistrust of Great Britain and the Empire. On the other hand, he favoured the development of a solid relationship with the United States, which shared the welcome haven of the North American continent with Canada and displayed strong isolationist tendencies in foreign policy. With respect to Canadian-Japanese relations, he favoured "a policy of inactivity and silence, except for a general support of such moral pressure on Japan as might be initiated by others. This approach was in keeping with his general approach toward Canadian involvement in international controversies."<sup>37</sup>

With King and Skelton's exclusive grasp on the direction of Canadian external policy, the government did little to encourage Anglo-American cooperation in the Pacific, or for that matter, anywhere else. Robert Bothwell and John English, analyzing Canadian policy during the 1935 Ethiopian crisis commented:

Far from being the effective linch-pin between British and American foreign policy, those parts of the Canadian Government that believed in dealing with the Americans also sympathized with isolation and distrusted the British. They feared, as Skelton did, that Canada would always be pulling the British "chestnuts out of the fire." Canada in this crisis does not appear to have attempted to interpret Britain to America, nor to have capitalized on its role as a "North American nation."<sup>38</sup>

These remarks are equally appropriate in describing Canadian

policy following the resumption of hostilities in the Far East. Great Britain was far more anxious to secure American support for her Far Eastern policies in 1937 than during the Manchurian crisis. The Brussels Conference provided Canada with an opportunity once again to act as a 'linch-pin' between British and American policy, but she refused to do so.

The Brussels Conference was organized as a response to renewed fighting between Japan and China. On July 7, 1937 a company of Japanese soldiers on night manoeuvres<sup>39</sup> had exchanged fire with troops of China's 29th Army in the vicinity of Lukouchiao, a railway junction roughly twenty miles from Peking. Nominal efforts by local Japanese and Chinese authorities to avert war were not successful, as bellicose preparations by both sides made a peaceful solution improbable. Japan sent three divisions from the main islands plus an unsubstantiated number from Korea and Kwantung; similarly, China issued mobilization orders to the Central Army in five provinces. E. D. McGreer, the new second secretary at the Canadian legation, predicted these two events would bring "an enlargement of scope and intervention on a national scale."<sup>40</sup>

Although it was not clear which party precipitated the incident,<sup>41</sup> Japan reached an agreement with local military authorities in North China on July 11, providing for the withdrawal of Chinese troops and the punishment of those 'responsible'. Chiang Kai-Shek's central government at Nanking, with a tenuous hold on North China, feared a localized settlement would discredit its authority and

prestige and, therefore, demanded a veto power over any agreement. With this diplomatic impasse, military incidents escalated to the point where at the end of July, the Japanese Army initiated a full military programme designed to subjugate North China.

During August, Japan pursued the war with vigour. Indeterminate, sporadic outbursts of fighting outside the confines of North China hastened the spread of the conflict. Within Japan itself, there appeared to be a deep national support to see the war through in China until the overthrow of Chiang Kai Shek was assured, regardless of cost.<sup>42</sup> To the chagrin of the United States, Great Britain and the other treaty Powers, who were understandably concerned for the safety of the city's large foreign population, fighting broke out at Shanghai on August 13. The very next day bombs dropped on the French Concession and the International Settlement killed almost two thousand civilians and injured many more. On August 25 Japan announced the imposition of a blockade of China's ports, extending from the mouth of the Yangtze River south to Swatow. This blockade was extended on September 5 to the entire coast of China.

By September a state of war had engulfed all but the far interior of China. Moreover, the pronouncements of the Japanese government made it more difficult than ever to allay suspicions of Japan's political designs upon Chinese sovereignty.<sup>43</sup> Great Britain faced the very real possibility of losing her large interests in China.

Therefore, with some urgency, Britain moved to limit the scope of the conflict by counselling moderation on both parties. The British

made a concerted effort to convince Japan to exercise restraint and institute formal and direct negotiations with the Chinese government. Britain's military weakness and the fear of simultaneous involvement in European and Asian hostilities precluded a hard line policy towards Japan. To strengthen their hand, the British twice asked the American Secretary of State, Cordell Hull, to consider joint Anglo-American representations to Tokyo whereby the Japanese and Chinese would suspend all troop movements and put forth proposals for settlement. The United States deferred, insisting on parallel but independent approaches to the Japanese,<sup>44</sup> since the Far Eastern Division of the State Department believed that cooperative action by the United States and Great Britain could not favourably influence developments unless the action involved sanctions.<sup>45</sup>

Hume Wrong, counsellor at the Canadian Legation in Washington, D.C., agreed with this assessment as did Joseph Grew, the American ambassador in Tokyo. Wrong recognized that Japan's impervious attitude towards treaty obligations and principles of international law and morality demanded diplomacy with an implicit threat of force. With respect to Japanese actions in the Far East, there appeared to be a better understanding between Great Britain and the United States than during the Manchurian crisis. Both governments were anxious to maintain their position and principles, and were well aware of the dangers inherent in another successful act of international spoliation. Yet, neither government was prepared to assume the role of policeman,<sup>46</sup> an assessment which their behaviour confirmed following China's appeal

to the League of Nations in September 1937. When Wellington Koo, China's chief delegate at Geneva, invited the League to consider the Japanese invasion of his country under Articles X, XI, and XVII, the League Council directed the Far East Advisory Committee (created in February 1933 to monitor the Sino-Japanese dispute) to examine the situation. Britain welcomed this maneuver, as it was designed to secure American participation, and the British cabinet wanted American support for any measures that might provoke Japanese retaliation.

The United States government, which refused to declare the extent of American cooperation until it had been informed of the functions of the Committee, rejected the responsibilities of League membership. While the United States was prepared to give careful consideration to League proposals, the American delegate, Leland Harrison, would not be permitted to vote. For that matter, the British delegate, Lord Cranborne, declared his country's policy would be "based on the need for maintaining peace, in order to ensure the economic and political development of the Far East, while safeguarding the legitimate interests of the States in that part of the world."<sup>47</sup>

These hollow actions and statements revealed little American or British determination to confront Japan and forcefully insist upon fulfillment of her treaty obligations. Canada's resolve was equally disillusioning. The Canadian government, invited to chair the Far East Advisory Committee, flatly refused to accept the position, even though the offer had been contingent upon American participation. Prime Minister Mackenzie King went so far as to relinquish Canada's place on

the Far East Advisory Committee to Australia.<sup>48</sup> When a Subcommittee was created on September 27 to examine the situation in the Far East and submit proposals, Mackenzie King instructed Walter Riddell, the Canadian Advisory Officer in Geneva, not to participate in its deliberations and expressed the government's displeasure at its creation.<sup>49</sup>

Accordingly, Canada's delegates, Riddell and Senator Raoul Dandurand, abstained from the vote approving the formation of the Subcommittee.

The Subcommittee produced two reports and a draft Assembly resolution for presentation to the Main committee on October 5. The first report declared Japan's actions had clearly contravened the Nine Power Treaty and the Pact of Paris (the Kellogg-Briand Pact). Japanese military operations could not be justified on the basis of existing legal instruments or on the grounds of self-defense. The second report expressed moral support for China; advised League members to refrain from taking any action which would weaken China's power of resistance; and recommended that those members of the League who were signatories to the Nine Power Treaty should initiate consultations as provided under the latter agreement.

The Far Eastern Advisory Committee adopted these reports without the benefit of Canadian participation. Dandurand cabled the Prime Minister on October 1, indicating his decision to support the Subcommittee's unanimous report of aggression in Main Committee if unanimity was possible. Nevertheless, he asked for instructions in the event that a general division of opinion would force a vote by committee members. Dandurand personally wanted to adopt the same attitude as the

United States and Great Britain.<sup>50</sup>

Mackenzie King would not send specific instructions until the Subcommittee's report had been reviewed in Ottawa. As a result, when the Committee convened on October 5 to consider the Subcommittee's work, the Canadian delegation had not received instructions. Ironically, they arrived one hour following the meeting, directing the delegation to vote in favour of the texts. To justify the delegation's abstention, the Canadian government insisted that no responsible government in Canada would permit issues requiring grave steps to be decided without reference to Cabinet.<sup>51</sup>

In retrospect, this argument appears rather specious and untenable. An even harsher perspective appears in the remarks of M. J. Coldwell, the National Chairman of the C.C.F., who observed that "Senator Dandurand's refusal ... to give immediate support to the calling together of the signatories of the Nine Power Pact to consider Japanese aggression again places Canada in an unenviable light before the civilized world."<sup>52</sup> At the very least the government's reaction to the reports, consistent with its 'hands-off' attitude towards the Far East Advisory Committee itself, suggested a careless indifference to the issue, if not outright negligence.

However, it would be inconsistent with subsequent events to suggest that Canada deliberately delayed instructing her delegates in order to evade her international obligations. On October 16, the President of the League Assembly invited Canada to participate in a Nine Power Conference, and the Belgian government invited the signatories of

the Nine Power Treaty to meet in Brussels on October 30 to examine the Far East situation and study means of hastening the end of the conflict. On October 18, the Canadian government accepted. For that matter, the Japanese refused to attend the Conference, as they insisted upon direct negotiations between the parties to the dispute.

Undoubtedly, the knowledge of American participation made the decision to accept easier for the Canadian government. On October 7, Leland Harrison, the American representative on the Advisory Committee, informed the League's Secretary General that the United States generally agreed with the conclusions reached at Geneva. Coming on the heels of President Roosevelt's October 5 speech in Chicago, which seemed to hint at the employment of sanctions to 'quarantine' an aggressor, American participation at the Brussels Conference appeared a certainty. More significantly, the Quarantine speech offered the prospect of American leadership at the Conference in taking a firm stand against Japanese aggression, or so it appeared.

British press and official opinion retained a healthy skepticism towards the degree of American commitment. It was difficult to reconcile Roosevelt's determination to quarantine aggressors with his stated reaffirmation to keep the United States out of war, as the Manchester Guardian recognized:

Economic sanctions are decidedly not one of such measures 'as will minimize risks'. On the contrary if sanctions are effective they must involve a risk of war and if the United States is not ready to risk war she is probably not ready to apply sanctions.<sup>53</sup>

The Guardian, the London Daily Mail and other British papers expressed a fear that Great Britain might be led into hasty action on the assumption of American support. That support was not assured, as the persistent doubt remained whether American public opinion would allow Roosevelt to play an active part in the Pacific.

Official British opinion, jaded by the failure of the Ethiopian sanctions and reluctant to become involved in the Far East due to increasing tensions in Europe and the Mediterranean, counselled against hasty or ill considered action. Moreover, in the weeks prior to the to the Brussels Conference, queries from the Foreign Office to the State Department regarding joint economic measures against Japan had produced evasive replies. The Dominions Secretary, Malcolm MacDonald, relayed a detailed summary of the British attitude towards the impending Brussels Conference in an October 18 message to the Canadian government. Great Britain believed that the primary goal of the Conference, peace by agreement, would be difficult to achieve in the absence of Japan and considered mere delay or moral condemnation unacceptable. Unwilling to acquiesce in the face of Japanese aggression, the British favoured active assistance to China or economic sanctions against Japan. However, fearing successful sanctions might compel Japan to attack a sanctionist power or seize territory from which essential war materials could be derived, Britain refused to impose sanctions unless she received an assurance from the other participants that military aid would be forthcoming in the event of action by Japan.<sup>54</sup>

Of course, in British eyes, the only participant of any

consequence with respect to military guarantees was the United States. To the Canadian government, it appeared as though Great Britain would no longer permit the United States to talk vaguely of quarantine or pressure. The United States had to recognize that effective pressure meant hard and fast military commitments in advance. Furthermore, as British commitments in Europe, the Near East and the Far East far outweighed her ability to uphold them simultaneously, the brunt of responsibility in the event of Japanese retaliation would fall upon the United States. While recognizing that the United States might drift into war or undertake a course leading to war, the Canadian government found it difficult to conceive of the American Congress or Senate committing the United States to military assistance in advance.<sup>55</sup> In fact, the United States did not even wish to discuss the question of sanctions at the Brussels Conference. It preferred to secure an armistice, initiate peaceful negotiations and seek a method of stabilizing conditions in the Far East.

The Canadian government aligned itself with the American position. It considered sanctions to be outside the scope of the Conference, as the Nine Power Treaty provided only for consultation among the signatories. There was no provision comparable to Article 16 of the League Covenant. Canada's attitude reflected her long standing opposition to collective security involving the implementation of sanctions. Her role as a secondary power with limited international interests, and her physical isolation from international crises, predicated her response. In the continuing conflict between the forces

of geography and history, geography won the round. Mackenzie King outlined the Canadian position in a letter to Malcolm MacDonald:

under existing conditions coercive or punitive methods do not offer a feasible or wise solution of such international situations as the present. My colleagues and myself are unable to discover any grounds that would justify us in considering the responsibility of committing the people of Canada to a course of sanctions or of seeking or giving the military and territorial guarantees in question, a responsibility in effect involving a readiness in the end to ask them to participate in a war against Japan.<sup>56</sup>

Since the Canadian government regarded the Conference's function as one of conciliation, it rejected any moral condemnation of Japan. Canada naively placed its faith in the emergence of economic or military changes within Japan which might facilitate a settlement of the conflict.

Canada was determined to avoid active participation in punitive action against Japan, as well as active participation in the Conference proceedings. When Senator Raoul Dandurand, Canada's chief delegate to the Brussels Conference, cabled Ottawa that he might be approached to chair the Conference, he was bluntly told to refuse the position.<sup>57</sup> Moreover, the day after the Conference began, the Department of External Affairs advised him to 'beware of initiating positive steps or of any suggestions which might come to be viewed or broadcast as Canadian proposals.'<sup>58</sup>

These admonitions, which reflected the zealotry with which the government feared external commitments, were quite unnecessary. Foreign Secretary Anthony Eden had announced on November 1 that Britain

would only go as far as the United States in adopting measures to end the Sino-Japanese War.<sup>59</sup> Since the Americans wished to avoid all discussion of sanctions, the dismal outcome of the Conference was effectively predetermined. Moreover, Japan's refusal to participate ended the Conference's role as a mediator. Canada's participation at Brussels, therefore, carried a minimal risk.

With Japan's refusal to cooperate, the American, British and French delegations prepared a draft declaration asserting the interests of other countries in terminating the war and threatening further action. The latter gesture originated with Norman Davis, the chief American delegate, who hinted that President Roosevelt might permit him to propose the non-recognition of territorial gains and a moratorium on commercial loans to Japan. Mackenzie King, in his instructions to Dandurand, remained wary of the implications of Canadian support for any initiative:

Whether a proposal is innocuous or not may depend upon circumstances. Upon any proposals which may be under consideration I should welcome at any time as full appreciation as you may be in a position to give as to the effect or sequel which the proposers have in mind.<sup>60</sup>

Although the Prime Minister directed Dandurand to agree with the draft, given the strong British and American support for it, Canadian support remained subject to the proviso that Dandurand would not be called upon to issue a special statement. The Declaration, adopted on November 15, also announced that the Conference would adjourn for one week to allow delegates to consult their governments regarding the

adoption of a common attitude, given Japan's refusal to consider its action within the purview of the Nine Power Treaty.

Japan's refusal to participate sealed the Conference's fate. It reminded Hume Wrong, technical advisor to the Canadian delegation, of "Hamlet without the Prince of Denmark, or perhaps more accurately, Othello without Iago."<sup>61</sup> Moreover, it was increasingly clear to the delegates that Norman Davis had not been issued instructions which supported any kind of pressure on Japan. Isolationist sentiment in the United States remained strong; Davis confided to Dandurand that American public opinion "would not risk the life of one soldier for the protection of American interests in China."<sup>62</sup> Even his proposals for the nonrecognition of Japan's territorial gains and a moratorium on loans to that country did not have the support of his government, a fact readily apparent on reassembly. The American government simply did not believe the Conference was the proper agency for the determination of any policy of economic sanctions. In fact, it seemed that the United States "was mainly concerned with using the Conference to educate her public away from isolationism."<sup>63</sup>

The realization that the Brussels Conference would likely end in an impasse, and the regretful recognition of the impossibility of mediation presented difficulties for Canada. The Sino-Japanese problem would be returned to Geneva for consideration of the Far East Advisory Committee, with the additional possibility that the Assembly would be reconvened. The Canadian government opposed reconsideration of the matter by the Far East Advisory Committee, as it would resurrect the

spectre of punitive action against Japan. Therefore, during the week's hiatus from the Conference, the government reviewed several options which Dandurand believed might prevent reconsideration at Geneva.

Unwilling to support the Davis proposals, or for that matter any form of sanctions, the Canadian government favoured an indefinite adjournment, thereby allowing the United States and Great Britain to continue consultations looking towards settlement.<sup>64</sup> The government refused to consider a formal denunciation of Japan. Canada would not initiate any policy that might strip away the veneer of cordiality existing between the two nations. Mackenzie King's summary of the Canadian attitude at Brussels was a microcosm of Canada's external policy vis-à-vis Japan:

In our day to day attitude . . . we have realized that, since the leading Powers command the practical resources and equipment essential to any effective intervention and since they would chiefly suffer or benefit from the outcome of intervention, initiatives must be left to them and we are concerned that it should be made to appear clearly that any initiatives are their own.<sup>65</sup>

In fact, the United States, Great Britain and France privately agreed on a course of action to be undertaken by Conference participants upon reassembly on November 22. The participants were only asked to approve an objective report of the proceedings and a resolution of adjournment. The Draft of this resolution denounced the resort to force as it disturbed the international treaty structure, compelled nations to rearm and created universal uncertainty. While the Conference was to be temporarily suspended, it would be reconvened by the Chairman or any two

members if deliberations could be 'advantageously resumed.'

The results of the Conference were so completely negative that Dandurand cabled Ottawa, expressing his fear that it would be difficult to refuse a Chinese demand for a meeting of the Advisory Committee.<sup>66</sup> He immediately received instructions which directed him to resist such a meeting and hinted at a Canadian boycott of further Committee meetings. However, when Ottawa learned that Norman Davis had privately warned Wellington Koo, the Chinese delegate, that any return to Geneva would likely endanger the cooperation of the United States, the Department advised Dandurand not to resist further meetings of the Far East Advisory Committee but merely to withhold support for them. Canadian fears of another Committee meeting were subsequently laid to rest following British assurances that no further action would be taken.

The adoption of the Draft Resolution on November 24 effectively ended Canadian participation at the Brussels Conference. While the veneer of cordiality in Canadian Japanese relations remained, public opinion in Canada, stimulated by the resumption of hostilities in China, regarded Japan with a mixture of fear and loathing. Fear for the safety of the Pacific Coast prompted numerous representations to the federal government. Understandably, many of these representations came from British Columbia, and originated with groups such as the Victoria Conservative Association, the Britannia Branch of the Canadian Legion (also from Victoria), the Vancouver Island Provincial Association, as well as the National Council of the Defense of Canada League.

These groups alleged that Japanese interests were systematically acquiring timber and mineral rights and properties with strategic significance in British Columbia. Furthermore, these groups believed the Japanese had made surveys along the British Columbia coastline.<sup>67</sup> The Japanese population of British Columbia soon became the target of unsubstantiated allegations. Stories circulated that military and naval personnel from Japan lived in the fishing villages, that most of the British Columbia Japanese adhered to a concealed form of discipline emanating from Japan, and that locally owned fishing vessels met vessels from Japan offshore for the express purpose of smuggling Japanese nationals into the country. In fact, the unsubstantiated, but widely held conviction, that the Gentlemen's Agreement on Immigration had been violated, led directly to the establishment of a federal Board of Review in March 1938.<sup>68</sup>

Indeed, the perceived external threat from Japan accentuated the underlying and long-standing animosity towards the resident Japanese population of British Columbia. It took little effort to merge these separate concepts into one issue, as a February 10, 1938 editorial of the Vancouver Sun illustrated:

These people, living at a low standard, are interfering intolerably with our retail merchants, with our fruit growers, with our fishermen. And withal, more than a few of them have been known to talk grandiosely about what Japan is going to do to this country when she gets through with China.<sup>69</sup>

It seemed easier to justify the abrogation of the Gentleman's Agreement on immigration when it was lumped together with higher

considerations of external policy:

it is intolerable to think of these people sneaking into this country in unknown numbers to steal jobs, acquire valuable mining and timber lands and to disrupt industries where they intrude with their low living standards. The picture growing out of these facts is . . . made all the more acrid by a knowledge of the contempt with which the Japanese have been treating British rights across the Pacific.<sup>70</sup>

British Columbia newspapers were certainly not adverse to publishing stories involving suspected stores of Japanese arms, and ammunition hidden on the west coast of Vancouver Island, or rumours of oil storage tanks and secret bases. While these stories did not appear to stimulate much interest in Ottawa, the Minister of National Defense, and member of Parliament for Vancouver Centre, Ian MacKenzie, was interested in the extent of Japanese interests in British Columbia's natural resources, and made inquiries of the provincial government.<sup>71</sup> Undoubtedly local political considerations rather than the national interest piqued the Minister's curiosity.

If these rather incredible newspaper stories fueled hysteria only in British Columbia, reports of the barbarous methods which Japanese employed in China fueled public indignation across the country. The Japanese Air Force indiscriminately bombed hospitals, educational institutions and religious missions in a deliberate attempt to inflict terror upon the civilian population. Diplomats and foreign military personnel were not immune from the violence. The British ambassador, Sir Hughe Knatchbull Huggessen was seriously wounded when Japanese planes strafed his car on the road between Nanking and Shanghai. On December

14, 1937 Japanese forces sank the American gunboat Panay and three Standard Oil tankers and shelled the British vessel Ladybird. Repeated air attacks on Nanking, the capital and location of foreign embassies, drew loud protests from the British and American ambassadors in Tokyo. In particular, the capture of Nanking in December 1937 by Japanese ground forces had a tremendous impact on foreign opinion which recoiled at well substantiated reports of Japanese soldiers robbing, raping and murdering non combatants. Estimated cases of rape reached 20,000 and some 40,000 civilians lost their lives. In addition, Japanese forces deliberately razed large sections of the city.

In Canada, news of the savagery of such attacks mobilized anti-Japanese sentiment and raised considerable public support for a boycott of Japanese imports and an embargo on essential raw materials destined for Japan. There were isolated instances of individual protest as well. One of the most publicized involved a Vancouver man, R. M. Forsyth, who in January 1938, unsuccessfully endeavoured to blow up the Japanese liner Hiye Maru while it was berthed in Seattle. He drowned attempting to secure a floating bomb (consisting of 369 sticks of dynamite in a suitcase) to the stern of the ship.<sup>72</sup>

The impetus for a boycott was not confined to the Pacific coast. The Trades and Labour Congress, in association with the British Labour Party and the American Federation of Labour, declared its support, as did the Canadian Teachers Federation, the Canadian Legion, the National Council of Women and the Council for Social Service for the Church of England.<sup>73</sup> Diverse groups such as the York Township Council, the

Kitchener City Council, the Winnipeg Youth Council, the Saskatchewan Branch of the United Farmers of Canada, the Native Sons of British Columbia, the Women's Institutes of British Columbia, and the Victoria Trades and Labour Council, supported the action as well. However, only one major political party, the Cooperative Commonwealth Federation, urged Canadians to boycott Japanese goods as an expression of their revulsion over the barbarous attacks on the Chinese populace.

Neither the government nor the Official Opposition was willing to align itself with the CCF position. In January 1938 Mackenzie King admonished the House of Commons "to refrain from doing anything or saying anything which in any way can cause our neutrality to be suspected."<sup>74</sup> He rationalized the need for extreme caution in Canada's public statements and actions as a function of Canada's geographical proximity and close relationship with the United States as well as her membership in the British Commonwealth. In essence then, he was implicitly recognizing that Canada's 'neutrality' in the Sino-Japanese conflict hinged upon British and American policies in the Far East, rather than upon Canadian policies per se.

The boycott itself, if widespread, was unofficial and had no visible impact upon Canadian-Japanese relations. The Vancouver Daily Province considered the boycott largely to be the work of women who thought they were teaching Japan a lesson, and not a terribly effective lesson at that.<sup>75</sup> The Toronto Globe and Mail referred to the 'lukewarm attempts' to implement a boycott.<sup>76</sup> The fact remained that a boycott of Japanese products such as silks, textiles and toys was

largely theatrical with little impact on the Japanese war effort. The real sacrifice, as the Victoria Daily Times noted, was not in a boycott on the purchase of Japanese products, but an embargo on sales to Japan. The real issue was whether Canada was willing to forego the export of those materials essential to the Japanese war effort.<sup>77</sup>

The Canadian government confronted the question in February 1938 following the introduction of a resolution by Angus MacInnis, CCF member for Vancouver East. The MacInnis resolution called for an embargo on the export to Japan of those raw materials necessary to the production of war material, such as nickel, copper, aluminum, lead and scrap iron. Of course, with the government's proclivity for avoiding any overt acts of external policy, the likelihood of an official embargo was realistically out of the question. Nevertheless, an assortment of churches, missionary groups, farm, labour and veterans organizations had, for several months prior to the MacInnis resolution, lobbied for a trade embargo. The government also received between 8,000 and 10,000 written protests from individuals. Not since the Great War had there been so strong or widespread a movement in favour of withholding essential Canadian raw materials destined for munitions manufacture.<sup>78</sup>

In reviewing the government's policy options in response to the resolution, Dr. Skelton did not even consider the implementation of an embargo. However, he did recognize that strong arguments for an embargo did exist. In the first place, a comparison of trade statistics for the years 1930 and 1937 revealed large increases in the export of nickel,

copper, lead, scrap iron and steel. Particularly noticeable in the months following the resumption of hostilities in China were the large increases in lead, nickel and aluminum shipments to Japan. With respect to these latter three items, Canada was Japan's chief course of supply. The heavy sales of essential materials made Canada a de facto economic ally of the Japanese.

Another difficulty for the King government lay in the Liberal Party's endorsement of an embargo policy prior to the 1935 election. As Leader of the Opposition, Mackenzie King had told the House of Commons in April 1935 that violators of the collective security system should be denied all forms of assistance. In fact, in a December 1936 speech to the National Liberal Federation, King argued in favour of trade embargoes:

A policy of this kind, to be wholly effective would require united action. Is there any reason, however, why the nations which believe in the necessity and efficacy of such a step should not begin by adopting it as part of their own national policy. In this, as in all else, it is necessary that some country should take the lead. May I ask my fellow Liberals if there is any reason why, in a matter of so great importance to the world, Canada should wait for any other nation to take the lead. This country should definitely declare, not only that it will give no succour to any nation which wantonly disturbs the world's peace, but that it will provide neither arms nor foodstuffs nor credits to such a nation . . .<sup>79</sup>

King spoke as a Liberal politician to a partisan crowd, temporarily abandoning his characteristic reticence for public comment on the conduct of Canada's external relations. In his capacity as Secretary of State for External Affairs he constantly rejected the concept of

sanctions as a viable instrument of Canadian external policy. Given Dr. Skelton's long-standing opposition to the League of Nations, King's speech must have displeased him, as it was rather awkward to dismiss such remarks without explanation, but dismiss them he did.

Finally, Skelton perceived the irony inherent in providing material support for Japan while simultaneously spending large sums fortifying the Pacific coast against the possibility of a Japanese attack. To support Japan now would ultimately bring disastrous consequences for Canada or other parts of the Commonwealth. Skelton recognized that "if we have reason to fear Japan now when she is without coal, iron, cotton and other essential war materials, what will our position be if Japan acquires control of the immense manpower and resources of China?"<sup>80</sup>

Notwithstanding the validity of these arguments, and with an obvious disregard for public opinion, Skelton determined that Canada would not adopt any policy that would aggravate Canadian Japanese relations. He reasoned that no one could expect Canada to take the initiative with respect to an embargo, "in the altered circumstances of the present day with Japan herself the aggressor and none of the other nations . . . prepared to apply an embargo."<sup>81</sup> Such a course of action would be politically unwise and economically futile.

Skelton admitted to Prime Minister Mackenzie King that he could not combat the moral argument, namely, that the Canadian government should not permit any of its citizens, for private profit, to provide Japan with the means for waging war against China. He advised King to

direct any discussion of embargo away from moral precepts, and towards economic and political arguments.

In defending a policy of formally correct and cordial relations with Japan, Skelton argued that exports to Japan must be viewed as part of a broad general improvement due to the recent industrial revival. Moreover, it was not fair to imply that the metals sold to Japan were used exclusively to manufacture implements of war. Since Canada was at peace with Japan, she could hardly refuse to sell her commodities for use in industry, transportation, mining or agriculture. It would be virtually impossible to distinguish between the military and industrial uses of these commodities. Skelton also maintained that no system of administrative control devised could prevent Canadian nickel, lead, zinc, copper, aluminum or scrap iron from reaching Japan through third parties. For that matter, with the exception of nickel, the Japanese could purchase metals from other sources.

The Prime Minister adopted Dr. Skelton's position without reservation in a May 24, 1938 address on Canadian external relations to the House of Commons. If King had once honestly entertained the policy espoused in his speech to the National Liberal Federation, Skelton had obviously convinced him to change course. After all, the MacInnis Resolution called upon Canada not merely to implement an embargo, but to do so alone. Skelton firmly believed Canada should not act alone in applying sanctions against Japan, when the United States and Great Britain continued to supply Japan with raw materials as well as arms and munitions. It was far wiser to wait for those nations with greater

interests at stake to give evidence of a willingness to apply sanctions. Ultimately, the policy of the Canadian government with respect to the embargo rested upon a fear of initiative:

Canada, as a small and comparatively unarmed nation, should, in her dealings with other nations and particularly with Great Powers, maintain a sense of proportion and take no initiatives in matters of this kind.<sup>82</sup>

Policymakers regarded initiatives in external policy as cardinal sins. In July 1937, in the midst of the Spanish Civil War, the Canadian government had passed an order in council prohibiting the export, from Canada to Spanish territory, of arms, ammunition, war material and aircraft. Loring Christie distinguished between the Spanish embargo and the possibility of a similar measure against Japan by noting that the Spanish case had not been a Canadian initiative, as the Japanese case would be. Some 27 European nations as well as the United States were applying similar embargoes against Spain.<sup>83</sup> A veteran External Affairs Staff member, J. S. MacDonald, echoed Dr. Skelton in advocating that the initiative for an embargo should originate with the great powers holding vital interests. However, if such were the case, he recognized that the Canadian government would have little choice but to cooperate.<sup>84</sup>

In a broad sense, the Canadian attitude towards an embargo reflected the Canadian policy towards the entire Sino-Japanese conflict. That policy encompassed three principles. Firstly, countries not involved in the conflict should confine themselves to exploring

conciliatory methods to assist in the settlement of the conflict; secondly, the exercise of coercion by sanction without an assurance of overwhelming support and power was not a means of obtaining peace; and finally, it was not for a country, in Canada's circumstances to take initiatives toward positive intervention. Initiatives belonged to the Great Powers who commanded the political resources and equipment essential to a victorious intervention, as they would suffer or benefit directly from the outcome of intervention.<sup>85</sup>

These principles governed Canadian policy *vis-à-vis* Japan virtually until the outbreak of the war in December 1941. Of course, the only Great Powers of vital importance in Canadian opinion were the United States and Britain. Canada's approach to the Sino-Japanese conflict mirrored the approach of the British and American counterparts, as clearly evidenced by the 1938 amendments to the Canada Shipping Act. The amendments permitted the Governor-in-Council to designate a territory in a state of war or armed conflict. It would henceforth be unlawful for a Canadian ship to carry arms, ammunition or other implements of war from a Canadian or foreign port to the designated area. Both Great Britain and the United States had adopted similar legislation in December 1936 and May 1937 respectively. Furthermore, the Prime Minister, in seeking to silence discussion of external relations in the House of Commons, asked its members to consider whether Canada should outrun the United States or Great Britain by adopting policies those countries were not prepared to consider. He reminded the House that these powers, while deeply interested in all that happens in China

believed "it wisest in the present world situation to refrain from taking some steps ... (and therefore) perhaps we ourselves are not acting unwisely, either in their interests or our own, in being equally cautious."<sup>86</sup>

The fact remains that Great Britain, with a worldwide distribution of interests, was unable to concentrate sufficient force to restrain the Japanese. Britain lacked the power to do anything more than effect a diplomatic holding action. Conversely, the United States had the power but not Britain's depth of interest in the Far East. Canada used the shield provided by British diplomacy and American promises of security to maintain its cordial relationship with Japan. The government was unwilling to use Canada's unique position to attempt a reconciliation of American power with the preservation of British interests.

In so doing, Canada ignored fundamental tenets of external policy such as the respect for territorial integrity, the sanctity of treaties and the preservation of peace. While in large measure this was due to her determination to avoid commitments to a specific course of action, another contributory factor was a particular perception of the Canadian role in international affairs. The Prime Minister described it as follows:

Our foreign and external policy is . . . a policy of trying to look after our own interests and to understand the position of other governments with which we have dealings. It is a policy which takes account of our political connections and traditions, our geographical position, the limited numbers and the racial composition of our people, our stage in economic

development, our own internal preoccupations and necessities--in short, a policy based on the Canadian situation . . . It is not . . . a spectacular head line policy; it is simply the sum of countless daily dealings with other countries . . . We must keep a sense of perspective. Resolutions or speeches . . . may afford an emotional outlet but they do not give our country any power to shape the destiny of other peoples.<sup>87</sup>

This evaluation of policy underestimated the role Canada could play as an effective broker between its two foremost allies. Together they retained the self interest and power needed to restrain Japanese aggression, but without the essential cohesion of policy, they were unable and unwilling to stop the disintegration of peace in the Pacific. Self-deprecation precluded any Canadian initiatives that might have attempted to halt that destructive process.

The terrible irony of this situation lies in the fact that Canada's vociferous opposition to the renewal of the Anglo-Japanese alliance, for the sake of Anglo-American cooperation in the Pacific, had been instrumental in its demise. There is no doubt that as a result of the decision to scrap the Anglo-Japanese Alliance the security of the Commonwealth, particularly in the Pacific, was substantially diminished after 1921.<sup>88</sup> Yet Canada never seemed to acknowledge the situation she helped to create. Nor, for that matter, did she actively encourage Anglo-American cooperation as a means of restraining Japanese power. Canada remained a silent observer as Japan and Canada's two principal partners drifted towards war in the Pacific.

Footnotes

<sup>1</sup>Public Archives of Canada (herefter P.A.C.), William Lyon Mackenzie King Papers, MG 26, J4, vol. 219, p. C149578, Memorandum on Japanese Trade Controversy by O. D. Skelton, November 1935.

<sup>2</sup>P.A.C., MG 26, J1, vol. 222, p. 190992, Herbert Marler to Secretary of State for External Affairs, 2 June 1936, no. 193. Hereafter, despatches to the Secretary of State for External Affairs will be abbreviated to read 'External.'

<sup>3</sup>P.A.C., Kenneth P. Kirkwood Papers, MG 27, 111, E3, vol. 2, Diplomatic Diary, 16 March 1931.

<sup>4</sup>Ibid., vol. 3, Diplomatic Journal, 2 June 1935.

<sup>5</sup>Ibid., 5 November 1935. Marler's acrimonious relations with Japanese officials were not the only difficulties encountered by the Minister in his last years in Japan. In 1934, Sir Robert Clive succeeded Sir Francis Lindley as British Ambassador to Japan. Marler insisted that the Canadian Legation should not be subservient to the British Embassy, and was entitled to complete equality before the public. Marler complained that Clive considered the British Embassy to have retained a superior status, despite the position of equality which Canada and Britain shared as members of the Commonwealth. Clive, according to the Canadian Minister, shared no desire for consultation with Canadian representatives in Japan except on matters directly pertaining to Canada. The different perceptions of Canada's function as a Commonwealth member had resulted in somewhat strained relations between the British Embassy and the Canadian Legation. See P.A.C., MG 26, J1, vol. 222, pp. 191062-69, Marler to External, 24 January 1934, no. 21.

<sup>6</sup>Ibid., p. 190961, Marler to King, 29 May 1936.

<sup>7</sup>P.A.C., MG 26, J1, vol. 232, p. 199233, R. Randolph Bruce to King, 24 February 1937.

<sup>8</sup>Canada, Parliament, House of Commons, Debates (Ottawa: King's Printer, 14 February 1938), p. 391.

<sup>9</sup>Canada, Department of External Affairs, Documents on Canadian External Relations (hereafter D.C.E.R.), 1931-35 (Ottawa: Queen's Printer, 1973), vol. V, no. 356, External to High Commissioner in Great Britain, 9 March 1933, telegram #30.

<sup>10</sup>House of Commons, Debates, 23 March 1936, p. 1933.

<sup>11</sup>R. A. MacKay and E. B. Rogers, Canada Looks Abroad (Toronto: Oxford University Press, 1938), p. 97.

<sup>12</sup>C. P. Stacey, Canada and the Age of Conflict (Toronto: University of Toronto Press, 1981), II, 187.

<sup>13</sup>J. L. Granatstein and Robert Bothwell, "A Self-Evident National Duty: Canadian Foreign Policy 1935-39," Journal of Imperial and Commonwealth History (January 1975), 213.

<sup>14</sup>P.A.C., Records of the Department of External Affairs, RG 25, G1, vol. 1608, Marler to External, 24 January 1934, no. 21.

<sup>15</sup>Ibid., H. L. Keenleyside to External, 18 April 1934, no. 88.

<sup>16</sup>Ibid., Skelton to Herridge, 23 May 1934.

<sup>17</sup>Ibid., unsigned memorandum, 'The Far Eastern Situation,' 17-29 May 1934.

<sup>18</sup>F. S. Northedge, The Troubled Giant: Britain Among the Great Powers 1916-1939 (London: G. Bell and Sons, 1966), p. 459.

<sup>19</sup>A. R. M. Lower, Canada and the Far East, 1940 (New York: Institute of Pacific Relations, 1940), pp. 94-95.

<sup>20</sup>Nicholas Mansergh, Survey of British Commonwealth Affairs: Problems of External Policy 1931-1939 (London: Oxford University Press, 1952), p. 50.

<sup>21</sup>Marler considered abrogation of the treaties to be a necessary adjunct to Japan's policy of expansion. He believed Japan intended to capture markets for its exports, and required a larger navy to secure these areas from British and American interference. He correctly identified Manchuria, Inner Mongolia, China, the Philippines, the Dutch East Indies and Siam as ideal targets of Japanese aspirations. Of course, all these areas to one degree or another, were subjected to Japanese occupation. See P.A.C., RG 25, G1, vol. 1696, Marler to Bennett, 22 December 1934, no. 335.

<sup>22</sup>P.A.C., MG 26, J1, vol. 222, p. 190938, Marler to External, 19 May 1936, no. 159.

<sup>23</sup>Ibid., vol. 208, p. 179530, Marler to External, 23 October 1935, no. 234.

<sup>24</sup>Ibid., vol. 219, p. 188663, J. S. Langley to External, 31 August 1936; no. 310.

<sup>25</sup>Ibid., vol. 222, p. 190605, Marler to External, 12 February 1936, no. 48. The military secured a dominant position within the government because a constitutional provision gave the Chief of Staff direct access to the throne, thereby permitting him to advise the Emperor on matters of defense. Furthermore, while the Minister of War was nominally a political appointee, he was in fact only appointed with the consent of the Army. Indeed, several cabinets had been overthrown when the Army refused to appoint a Minister of War and this threat was used to dictate imperial policy.

<sup>26</sup>Ibid., p. 190666, Marler to External, 24 February 1936, no. 58. This arrangement permitted the military to receive enormous budgetary appropriations at the expense of the agrarian classes desperately in need of relief.

<sup>27</sup>P.A.C., RG 25, G1, vol. 1696, Langley to External, 24 July 1936, no. 261.

<sup>28</sup>Christopher Thorne, Allies of a Kind: The United States, Britain and the War against Japan, 1941-45 (London: Hamish Hamilton, 1978), p. 33.

<sup>29</sup>P.A.C., MG 26, J1, vol. 219, p. 188602, Langley to External, 8 August 1936, no. 272.

<sup>30</sup>Ibid., vol. 242, p. 208262, Dominions Secretary to External, 24 August 1937.

<sup>31</sup>Ibid., vol. 221, p. 189803, Ian MacKenzie to King, Memorandum of the Joint Staff Committee, Department of National Defense, 8 September 1936.

<sup>32</sup>House of Commons, Debates, 1936, p. 3871.

<sup>33</sup>Gwendolen Carter, The British Commonwealth and International Security: The Role of the Dominions, 1919-1939 (Toronto: Ryerson Press), p. 251.

<sup>34</sup>Lower, Canada and the Far East, p. 96.

<sup>35</sup>Mansergh, Survey of British Commonwealth Affairs, p. 111.

<sup>36</sup>H. Blair Neatby, The Politics of Chaos: Canada in the Thirties (Toronto: Macmillan, 1972), p. 174.

<sup>37</sup>Richard Veatch, Canada and the League of Nations (Toronto: University of Toronto Press), p. 117.

<sup>38</sup>Robert Bothwell and John English, "Dirty Work at the Crossroads: New Perspective on the Riddell Incident," Canadian

Historical Association, Annual Report, 1972, p. 281.

<sup>39</sup>By the terms of the Boxer Protocol of 7 September 1901, Japan, as a treaty Power, maintained the right to station troops in North China.

<sup>40</sup>P.A.C., MG 26, J1, vol. 237, p. 203408, McGreer to External, 14 July 1937, no. 324.

<sup>41</sup>E. D. McGreer supported the Chinese contention that the Japanese military had prearranged the armed confrontation, although his evidence was purely circumstantial. For instance, Japanese secret service agents had been arrested in Peking just days prior to the Lukouchiao incident. Furthermore, the maneuvers themselves had been distinctly provocative, as they were conducted at night in a known danger zone. To McGreer, however, the most critically indicative factor remained the rapidity of Japan's response. Within four days of the incident at Lukouchiao, Japan's Third Fleet returned to Shanghai from its South China patrol, the military appointed a new garrison commander for North China, and additional troops were despatched to the troubled area. The rapid succession of conferences, cabinet meetings, and Imperial audiences indicated to McGreer that preparations were well laid. Developments proceeded hour by hour with clocklike regularity. See *ibid.*, pp. 203408-9. British authors Christopher Thorne, in Allies of Kind, p. 32 (see footnote 27) and Bradford Lee, in Britain and the Sino-Japanese War, 1937-39 (Stanford: University Press, 1973), p. 15 deny Japan deliberately engineered the incident.

<sup>42</sup>P.A.C., MG 26, J1, vol. 237, p. 203482, E. D. McGreer to External, 20 August 1937, no. 383.

<sup>43</sup>*Ibid.*, p. 203537, McGreer to External, 7 September 1937, no. 434.

<sup>44</sup>Dorothy Borg, The United States and the Far Eastern Crisis of 1933-38 (Cambridge: Harvard University Press, 1964), p. 287.

<sup>45</sup>*Ibid.*, p. 294.

<sup>46</sup>P.A.C., MG 26, J1, vol. 244, p. 209698, Hume Wong to External, 8 September 1937, no. 1024.

<sup>47</sup>*Ibid.*, vol. 240, p. 206617, P. E. Renaud to External, 14 October 1937, no. 241.

<sup>48</sup>*Ibid.*, p. 2-6870, External to Canadian Advisory Officer, 19 September 1937, no. 25.

<sup>49</sup>*Ibid.*, p. 206888, External to Canadian Advisory Officer, 23 September 1937, no. 29.

<sup>50</sup>Ibid., p. 206910, Canadian Advisory Officer to External, 1 October 1937, no. 103.

<sup>51</sup>p.A.C., MG 26, J4, vol. 211, p. C144757, Canadian Attitude on the Sino-Japanese Conflict, by J. S. MacDonald, undated.

<sup>52</sup>Ibid., p. C144751, quoting Montreal Gazette, 6 October 1937.

<sup>53</sup>p.A.C., MG 26, J1, vol. 238, p. 205246, High Commissioner in Great Britain to External, 8 October 1937, no. 609.

<sup>54</sup>Ibid., vol. 242, p. 208452, Dominions Secretary to External, 18 October 1937.

<sup>55</sup>Canada, Department of External Affairs, Documents on External Relations (hereafter D.C.E.R.), 1936-1939 (Ottawa: Information Canada, 1972), vol. VI, no. 835, unsigned memorandum, 20 October 1937.

<sup>56</sup>p.A.C., MG 26, J1, vol. 242, p. 208470, External to Dominions Secretary, 27 October 1937.

<sup>57</sup>D.C.E.R., vol. VI, no. 843, External to Minister in France, 1 November 1937, telegram #86.

<sup>58</sup>p.A.C., MG 26, J1, vol. 233, p. 200361, External to Dandurand, 4 November 1937, no. 3.

<sup>59</sup>Toronto Globe and Mail, 1 November 1937, p. 3.

<sup>60</sup>p.A.C., MG 26, J1, vol. 233, p. 200379, External to Dandurand, 14 November 1937, telegram #5.

<sup>61</sup>Ibid., vol. 244, p. 209753, Wong to Skelton, 17 November 1937.

<sup>62</sup>Ibid., vol. 233, p. 200383, Dandurand to King, 16 November 1937.

<sup>63</sup>Bradford Lee, Britain and the Sino-Japanese War, p. 71.

<sup>64</sup>p.A.C., MG 26, vol. 233, p. 200386, External to Dandurand, 18 November 1937, telegram #7. When the Conference discussed the advisability of appointing Great Britain and the United States to seek a peaceful solution to the problem, Norman Davis, as American representative, rejected it. He had been apprized of the agitation in his country against any action which "would have the effect of pulling the chestnuts out of the fire for Great Britain." See D.C.E.R., vol. VI, no. 857, Dandurand to External, 15 December 1937.

<sup>65</sup>Ibid., p. 200388.

<sup>66</sup>P.A.C., MG 26, J1, vol. 233, p. 200398, Dandurand to External, 21 November 1937, telegram #11.

<sup>67</sup>P.A.C., MG 26, J4, vol. 182, pp. C129253-54, unsigned, undated.

<sup>68</sup>On March 4, 1938, Mackenzie King announced in the House of Commons that a Board of Review would be created to investigate charges that Oriental aliens had entered Canada illegally and in large numbers. Hugh Keenleyside chaired the Board; while Inspector G. W. Fish of the RCMP and F. W. Taylor, the District Superintendent of Immigration were the other members. For a brief summary of its findings, see Hugh L. Keenleyside, Memoirs of Hugh L. Keenleyside: Hammer the Golden Day (Toronto: McClelland and Stewart, 1981), I, 479-82.

<sup>69</sup>Vancouver Sun, 10 February 1938, p. 6.

<sup>70</sup>Ibid., 14 February 1938, p. 4.

<sup>71</sup>pattullo Papers, ADD MSS 3, vol. 69/8, pp. 15-16.

<sup>72</sup>Victoria Daily Times, 21 January 1938, p. 1.

<sup>73</sup>These groups comprised the Steering Committee of the League of Nations Society.

<sup>74</sup>House of Commons, Debates, 31 January 1938, p. 65.

<sup>75</sup>Vancouver Daily Province, 1 October 1937, p. 8. The impetus for the boycott seems to originate in some degree with the Women's Institute of British Columbia. See Daily Province, 8 October 1937, p. 3.

<sup>76</sup>Toronto Globe and Mail, 22 December 1937, p. 15.

<sup>77</sup>Victoria Daily Times, 9 October 1937, p. 4.

<sup>78</sup>P.A.C., MG 26, J4, vol. 219, p. C149753, O. D. Skelton to E. A. Pickering, The Question of an Embargo on the Sale of Canadian Raw Materials to Japan, 12 February 1938.

<sup>79</sup>Ibid., p. C149769-70.

<sup>80</sup>Ibid., p. C149754.

<sup>81</sup>Ibid., p. C149770.

<sup>82</sup>Ibid., p. C149787.

<sup>83</sup>p.A.C., MG 26, J4, vol. 167, p. C119720, Memorandum on the Far Eastern Conflict by L. C. Christie, 18 January 1938.

<sup>84</sup>p.A.C., MG 26, J4, vol. 211, p. C144760, Memorandum 'The Canadian Attitude on Sino-Japanese Conflict' by J. S. MacDonald, undated.

<sup>85</sup>p.A.C., MG 26, J4, vol. 167, pp. C119713-15, Memorandum on the Far Eastern Conflict by L. C. Christie, 18 January 1938.

<sup>86</sup>House of Commons, Debates, 31 January 1938, p. 65.

<sup>87</sup>Ibid., 24 May 1938, p. 3178.

<sup>88</sup>Nicholas Mansergh, Survey of British Commonwealth Affairs, p. 54.

## CHAPTER V

## THE BREAKDOWN IN RELATIONS 1938-1941

Fundamental to the period of Canadian-Japanese relations under review has been the primacy of Canada's political relationships with Great Britain and the British Commonwealth, the United States, and to a lesser degree, the League of Nations. Canadian disdain for the collective security system, heightened by the Manchurian and Ethiopian failures, diminished the League's impact on Canadian external policy after 1935. Canada used the shield provided by British diplomacy and American proximity to maintain a cordial relationship with Japan, despite the latter's increasing hostility towards Great Britain and the United States. Concomitantly, Canada took no initiatives towards positive intervention in the Sino-Japanese conflict, believing initiatives belonged to those powers who would suffer or benefit directly from intervention. Indeed, R. MacGregor Dawson, writing in Canada in World Affairs,<sup>1</sup> correctly commented that between 1939 and 1941, the Canadian government did little but follow the course pursued in Japanese relations by the United States and Great Britain, with minor deviations due to incidents involving Canadian interests in the Far East, the increasing hostility towards Japanese nationals and Canadians of Japanese racial origin in British Columbia, and finally, the controversy surrounding the shipment of strategic raw materials to Japan after she became closely tied to the enemy powers, Germany and Italy.

In reality, Canadian interests in the Far East were minimal. Although increasing hostility towards the Japanese in British Columbia remained a source of considerable embarrassment to the government in Ottawa, immigration policy never attained the significance reserved for the strategic materials embargo in the conduct of Canadian-Japanese relations. Loring Christie, Canada's Minister in the United States from September 1939 until shortly before his death in April 1941, argued that such a policy actually amounted to "political measures of the highest category."<sup>2</sup> The embargo became the political weapon in an ultimately unsuccessful attempt to wean Japan away from a path of military conquest in the Far East.

Somewhat surprisingly, given Canada's long standing reluctance to pursue an active external policy, the Canadian government found itself taking the leading role in applying export controls against a country with whom Canada had an amicable relationship. This policy, adopted in response to Japanese pressure against British and American interests in China, revealed the extent to which Canada's primary interests in Anglo-American cooperation affected the course of Canadian-Japanese relations. Intent upon avoiding initiatives in external policy, the deteriorating situation in the Far East compelled Canada to abandon that axiom and to pursue a double-edged policy vis-à-vis Japan between 1938 and 1941. Canada retained a fiction of cordiality in her relationship with Japan while simultaneously implementing a program of export restrictions designed to impair Japanese industrial capacity.

The resumption of the Sino-Japanese conflict in July 1937 acted as the catalyst for the changes in the Canadian-Japanese relationship. The hostilities had a most brutal and direct impact on Canada's interests in China, which were limited to the personal safety and property of Canadian missionaries. As of April 1940, at least four Canadian missionaries had been killed as a result of Japanese military action and the Japanese air force had bombed Canadian missionary establishments on at least twenty substantiated occasions.<sup>3</sup> Moreover, mobs organized and led by Japanese nationals had attacked Canadian missionaries and institutions in Japanese occupied areas of China.

Following severe fire damage to the United Church mission at Changte in the Province of Honan in February 1940, the Department of External Affairs instructed E. D. McGreer, Canada's Chargé d'Affaires in Tokyo to:

express to the Foreign Office the very deep concern of the Canadian Government at the continued and serious injuries suffered . . . by Canadian interests as a result of Japanese activities in China . . . Only in one single and very minor instance had the Japanese government taken steps to repair the damage done, or to reimburse the individuals who have suffered in their persons or property. The Canadian Government cannot view this situation with equanimity, particularly in view of the fact that reparation is apparently being made in a number of comparable cases involving citizens of the United States. Public opinion in Canada is becoming greatly disturbed over injuries suffered by Canadians as a result of belligerent activities in China.<sup>4</sup>

Despite granting reparations to certain Americans, the Japanese government paid scant attention to Canada's repeated requests for compensation for her nationals. The Canadian government was clearly

annoyed that the Japanese distinguished between American and Canadian claims merely because the United States had abrogated its commercial treaty with Japan and maintained a more threatening attitude.<sup>5</sup> So frustrated was McGreer that in March 1940 he recommended Canada consider the termination of the Immigration Agreement as a means of bringing pressure on Japan. Dr. Skelton realized such a manoeuvre would have little impact as Japanese immigration had ceased to be a factor of any importance. He advised the Prime Minister that existing controls on the shipment of raw materials were much stronger and more flexible instruments of policy.<sup>6</sup>

There is no evidence that Canada obtained reparations for the personal injuries or property damage suffered by its nationals in China prior to the outbreak of war in December 1941. It definitely failed to obtain redress for damages following the bombing of the Canadian Pacific liner, Empress of Asia, by Japanese naval fliers on September 14, 1940. Although the Canadian government accepted the Japanese government's apology and assurance that naval authorities would pay compensation for injuries and damages, the claims remained unsettled at the declaration of war.<sup>7</sup>

The Canadian government experienced a similar sense of frustration and outrage due to the harassment of its nationals residing in the Japanese home islands. Throughout the 1931 - 1941 decade, a number of Canadians had been arrested for allegedly engaging in so-called 'subversive' activities. With the increase of tension between Japan and Great Britain in 1939, such arrests became more frequent.

They were part of a campaign designed to intimidate foreigners resident in Japan; to reduce the effectiveness of Christian missionary activities; and to express Japanese hostility towards Great Britain and the United States. In October 1941, at least seven Canadians still languished in Japanese prisons.<sup>8</sup>

The most outrageous case involved Marcel Fournier, a missionary arrested in December 1940 on sex charges involving a Japanese boy. The criminal matter became of secondary importance following accusations in May 1941 that the Dominican priest had engaged in acts of espionage. Admittedly, Fournier had been indiscreet in asking questions concerning military movements. Yet the Japanese based their espionage charge on a letter allegedly written by E. D. McGreer, asking Fournier to procure military secrets. Despite the absurdity of the forgery, Fournier was found guilty of espionage and sentenced to five years imprisonment. Although the trial judge made no reference to McGreer or the legation, Japanese authorities could not or would not discover the origin of the forged document, and did not apologize to McGreer. Keenleyside saw the allegation against McGreer as a clear manifestation of Japanese hostility towards Canada.<sup>9</sup> On this occasion, Prime Minister Mackenzie King called in the Japanese Minister, Seijiro Yoshizawa, and insisted, unsuccessfully, upon withdrawal of the allegation against McGreer.<sup>10</sup>

Similarly, official protests to the Japanese government regarding the destruction of Canadian property and physical attacks on Canadian nationals garnered no response. As a result, the Tokyo

legation advised Canadian nationals in October 1940 to leave Japan and Japanese-controlled areas of China. Significantly, this action paralleled evacuations undertaken by both the British and American governments.<sup>11</sup>

Notwithstanding the reprehensible nature of these incidents, they were isolated events which had little impact on the overall conduct of Canadian-Japanese relations. Yet public criticism of Japan's actions did tear at the fabric of social relations between the white and Japanese populations of British Columbia. That the demand for Japanese exclusion did not become a source of tension between Canada and Japan between 1938 and 1941 can be attributed to the low level of Japanese immigration to Canada and Canada's determination not to allow exclusionist agitation to jeopardize Britain's tenuous position in East Asia.

Despite vocal representations to the contrary from British Columbia, actual Japanese immigration to Canada had ceased to be a factor of any real significance.<sup>12</sup> In 1939 and again the following year, only 44 Japanese were admitted to Canada; and in 1941, the number dropped to four. If the Canadian government refused to implement any policy which might jeopardize Britain's tenuous position in the Far East,<sup>13</sup> the racial agitation in British Columbia could not simply be ignored, and therefore the government adopted some measures to appease the populace. Admittedly, the racial fabric in British Columbia never had been tightly woven. The traditional antagonism to the Japanese subsided during the early 1930s due to preoccupation with the Depression.

and continued restrictions on immigration. In the summer and fall of 1937, regular reports of Japanese atrocities in China revived the racial animosity within the province.<sup>14</sup> Added to the traditional arguments for exclusion, namely that the Japanese could not assimilate and provided an unfair source of economic competition to the white population, there was now the spectre of Japanese, whether nationals or Canadian born, as risks to the security of Canada's Pacific coast.

Archdeacon F. G. Scott of Quebec City acted as a catalyst for this new aspect of the anti-Japanese agitation, when, in November 1937 he alleged that Japanese naval officers were living in disguise in fishing villages on the British Columbia coast.<sup>15</sup> A Conservative member of the British Columbia Legislative Assembly, Captain Macgregor McIntosh, supported Scott's accusations and used the publicity to resurrect the issue of illegal immigration, and to demand an inquiry into the full extent of Oriental penetration into British Columbia.<sup>16</sup> Yet the immediate impetus for the Board of Review created in March 1938 to investigate these charges of illegal entry, came from A. W. Neill, the Independent member of Parliament for Comox-Alberni. On February 1, 1938, Neill introduced Bill no. 11, by which he proposed to place Japanese immigration to Canada on the same plane with Chinese immigration. As the 1923 Chinese Immigration Act had effectively eliminated all Chinese immigration to Canada,<sup>17</sup> there was no doubt as to Neill's intentions.

The government's position was clear from the outset. Dr. Skelton advised King that neither the time nor method was

appropriate for legislation excluding Japanese immigration.<sup>18</sup> On February 17, 1938 Neill moved second reading of his bill and received the endorsement of eight British Columbia members of Parliament, representing all the major political parties.<sup>19</sup> R. B. Bennett, leader of the Opposition, while acknowledging the government's difficulties in dealing with an exclusion order in light of the Japanese Empire's ambitions and knowledge of the British Columbia coastline and resources, favoured restrictions on the Japanese. The Prime Minister would have none of it. He asked, rhetorically, whether it was advisable for Parliament to enact exclusion laws against Japanese nationals in light of the situation in the Orient and throughout the world. The question of immigration was best settled by agreement, rather than exclusion, as no single measure was more likely to arouse the indignation of a people than an exclusion act singularly directed at them by another nation. King, recalling the furor created in Japan following the 1924 Exclusion Act passed in the United States, warned that the adoption of Neill's proposals would create Japanese resentment against the entire Commonwealth. The Prime Minister recoiled against any Canadian action which might increase the enmity between Japan and Great Britain.<sup>20</sup>

The Prime Minister's remarks were apparently much appreciated in Japan,<sup>21</sup> but did little to quell the hostility emanating from British Columbia. Anti-Oriental groups constantly complained that the Japanese were violating the Gentlemen's Agreement; dominating fruit farming in the Okanagan and Nicola valleys and the fishing industry; and

menacing Canadian moral and social standards. Furthermore, with the spectre of an aggressive, militarized Japan looming across the Pacific, rumours of Japanese spies and propagandists infiltrating British Columbia's Japanese population received an all too real credibility.

The government feared the attendant publicity and embarrassment of a full dress debate on Japanese exclusion. It required a mechanism which would stop debate in the House of Commons, postpone the need for positive action for several months and supply factual material for future policy, while simultaneously pacifying British Columbia agitators.<sup>22</sup>

Accordingly, at a meeting on February 28, 1938, representatives of the Immigration, Fisheries and External Affairs departments, the Census Bureau and the R.C.M.P. decided to establish a Board of Review to determine the truth with respect to allegations of a massive influx of illegal immigrants from Asia, particularly Japan, into British Columbia. On March 4, 1938 the Prime Minister announced the formation of the Board of Review and a re-examination of the situation in British Columbia by an existing interdepartmental Committee.

The Board of Review, with members H.L. Keenleyside of the Department of External Affairs, F. Taylor of the Department of Immigration and Inspector G. W. Fish from the R.C.M.P., provided every opportunity to those organizations and individuals in British Columbia to provide evidence of their allegations regarding illegal Japanese immigration. Following the Board's first meeting in Vancouver on March 21, 1938, it visited various parts of the province, holding in camera

sessions and detailing a special R.C.M.P. unit to investigate these accusations. As Dr. Keenleyside noted in his memoirs, the results were meagre. Those making representations either had no information or were relying on rumour. Since this technique proved unsatisfactory, the Board resorted to a controlled sampling of Japanese communities throughout the province. Every Japanese within a selected community was checked, and, of the 1862 Japanese examined, 1854 were legally resident in Canada.<sup>23</sup> The Board of Review concluded that not more than one hundred Japanese were illegally in the country, and resolved only to recommend methods for improvement of immigration procedures.

Interestingly enough, Keenleyside's memoirs do not touch upon the findings of the interdepartmental committee, of which he was also a member, along with Dr. Skelton; A. L. Jolliffe, the Commissioner of Immigration; S. T. Wood, the Commissioner of the R.C.M.P.; Lieut.-Col. M. A. Pope from the Department of National Defense; Dr. R. H. Coates, the Dominion Statistician; and representatives from the Departments of Labour, National Revenue and Fisheries. This group submitted its confidential report to the Prime Minister in August 1938. The Interdepartmental Committee adopted a rather drastic approach to the Oriental 'problem' in British Columbia. Accepting that even a very limited Japanese immigration contributed strongly to the psychological condition prevalent in British Columbia, the Committee recommended adopting provisions "for the definite discontinuance of Orientals to Canada as immigrants."<sup>24</sup> The Committee, cognizant of Mackenzie

King's February 1938 remarks denouncing exclusion acts, urged revisions to the existing Immigration Agreement with Japan in order to adopt a method of exclusion which would apply equally to Japanese and Chinese. Specifically it proposed new agreements whereby subjects of China and Japan must belong to certain professional or business categories to gain admission to Canada. Admission would be for a stated period only--there would be no admission for permanent residence. Of course, Canadians would be bound by the same rules when seeking to enter China or Japan, a concession for the appearance of equity. Furthermore, Japanese in Canada would not be permitted to bring wives and children to Canada. Since the actual number of Japanese professionals desiring to enter Canada would be limited by the fact that "few, if any white Canadians would employ Orientals of this type,"<sup>25</sup> there would be no form of permanent Japanese immigration. The Committee argued that their approach would satisfy British Columbia agitators and meet with Japan's approval if rationalized as an act of economic necessity.

The Report of the Interdepartmental Committee on Orientals in Canada clearly expressed the Prime Minister's approach to the problem. Mackenzie King intended to put all migration between Japan and Canada on a reciprocal basis. Exclusion was the objective, but it would be attained quietly, in an inoffensive manner. Neill's bold attempt at exclusion worried King to the point where he determined not to allow the bill to pass beyond a second reading.<sup>26</sup> Accordingly, on May 24, 1938, Bill no. 11 went down to defeat in the House. Within a week, Neill's introduction of a bill providing for a European language test,

borrowed from Australia's restrictive immigration laws [and attempted by British Columbia early in the century] was also voted down by a large margin. The recalcitrant member of Parliament from Port Alberni claimed he wanted no loftier epitaph than the words 'sacrificed to appease the Japanese government'.<sup>27</sup> Notwithstanding the hyperbole in Neill's claim, it did contain at least an element of truth.

The Prime Minister was concerned that his moderate approach to the immigration question received the approbation of official Japanese opinion. He advised R. Randolph Bruce, the Canadian Minister in Japan, to stress in his "talks with leading Japanese . . . how valiantly I am fighting to avoid any step being taken which might be either resented or misunderstood by Japan."<sup>28</sup> Apparently, the Japanese were impressed with the Prime Minister's efforts. Bruce reported that King's dignified response to the immigration bills had created a 'happy Canadian atmosphere' among Japanese authorities. He then commented:

To them it is in welcome contrast to the flood let loose by speeches in public and by the press in Great Britain, the United States and even in the Canadian house . . . The fact that the bills, which meant total exclusion, have been introduced, wounded their pride and threatened loss of face--a powerful element in their make-up.<sup>29</sup>

Ironically, the injustice of exclusion never became an issue with the Prime Minister or his government, given the recommendations of the Interdepartmental Committee on Orientals in Canada. As indicated by his remarks in the House of Commons, the political demands of the British Commonwealth required King to defuse a source of potential

tension between Canada and Japan by publicly renouncing exclusion. Nevertheless, he remained convinced that a ban on future Japanese immigration was justified. Since Great Britain, the most powerful member of that organization, had experienced great difficulties maintaining her position in the Far East against the increasingly belligerent Japanese, King's approach to the issue was the most prudent course to follow.

Japan, however, was not receptive to any exclusion plan, no matter how carefully it was disguised as a reciprocal agreement. Before the Interdepartmental Committee completed its report, the Prime Minister approached Baron Tomii seeking approval for such an arrangement. The Prime Minister unsuccessfully urged him to keep the objective of the accord in mind, as "an agreement for the preservation of international good will by whatever means it could be determined, would be worth more than all else."<sup>30</sup> In August 1938, having received no encouragement from the Japanese, Mackenzie King attempted to exert some pressure on Tomii and a visiting ex-Consul General, Matsunaga, by warning that unless they helped him to effect some arrangement by which Japanese immigration to Canada would cease, he might not be able to prevent the enactment of an exclusion bill.<sup>31</sup>

Public opinion in British Columbia seemed indifferent to the larger repercussions of exclusion. A Vancouver Sun editorial, while professing to understand the Prime Minister's reluctance to frame an exclusion bill that might add to "the load of embarrassment carried by the British Empire in the Orient," demanded exclusion as a means of

removing the tremendous economic burden of Japanese immigration:

We do not believe that any Canadian cognizant of the facts, will believe for one minute that Japanese exclusion would have any effect whatsoever on our foreign relations . . . The Japanese situation in British Columbia transcends in importance any incident of foreign policy.<sup>32</sup>

The Daily Province argued in a similar fashion:

Mackenzie King must be made to heed. If he balks at the word 'exclusion', let him find a better, so long as it is effective. If he will negotiate a new agreement with Japan under which the flow of Japanese this way will be reduced practically to nothing, British Columbia will be content . . . The relations between the Empire and Japan are, as a matter of fact, pretty badly strained at the moment, and Canada's refusal to accept further immigrants could do very little to make them worse.<sup>33</sup>

The intermittent stream of invective emanating from British Columbia throughout 1938, combined with Tomii's unresponsive attitude, prompted King to seek the advice of the British Foreign Secretary, Lord Halifax, and the British Ambassador in Tokyo, Sir Robert Craigie. In January 1939, therefore, he informed London that the Canadian government had been pressured to introduce legislation banning Japanese immigration. Opinion in British Columbia was 'practically unanimous' in support of such a proposal. King wanted the Foreign Secretary's observations on the international ramifications of such action and his permission to use British opposition to exclusionist legislation as a rationale for his own government's inaction.<sup>34</sup>

Mackenzie King's determination to consult Great Britain reaffirmed Canada's implicit recognition of the extent to which

Canadian-Japanese relations were tied to the British position in the Far East; and illustrated the division between legal and de facto autonomy in the conduct of Canadian external relations. Since the Czechoslovakian Crisis in the fall of 1938, King had accepted the fact that Canada would acknowledge her 'self evident national duty,' in the event of Britain's entry into a European war, to consider herself as part of the British Empire. King, and even the die hard Skelton recognized the difficulty in resisting "the call of the blood".<sup>35</sup> In requesting a British opinion on the Canadian issue of Japanese exclusion, King soberly acknowledged the extent to which the bonds of Empire had drawn Canada into the struggle for the preservation of Britain's Far Eastern interests.

Undoubtedly, Canada's political relationship in the Commonwealth prompted the decision to bury the issue of Japanese exclusion. The Gentlemen's Agreement, initially negotiated in 1908, remained in effect until the outbreak of war.<sup>38</sup> There was, however, one concession to British Columbia. On October 1, 1940 the King government appointed yet another committee. The Special Committee on Orientals in British Columbia, consisting of Lt. Col. A. W. Sparling of the Department of National Defense, H. L. Keenleyside and F. J. Mead, Assistant Commissioner of the R.C.M.P., convened that same month in Victoria and Vancouver. Its duties involved discovering the extent and causes of hostility towards Orientals in British Columbia, and determining whether the hostility between whites and Orientals constituted a danger to national security or the internal security of the province. In December

1940, the Committee recommended the registration of all persons of Japanese race. The R.C.M.P. began registration procedures in March 1941. While initially confined to British Columbia, the procedure was extended to encompass all provinces and completed in late August 1941. Of course, the crux of the issue remained exclusion, not registration. As the Vancouver Daily Province recognized, registration merely meant the construction of new bureaucratic machinery.<sup>39</sup>

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Registration was the only concession the Canadian government would make to British Columbia opinion, given the fragility of the British position in the Far East. Undoubtedly, Canadian officials realized that excluding Japanese nationals would aggravate existing tensions in the Canadian-Japanese relationship created by the stringent controls on the export of strategic raw materials. Racial humiliation combined with deliberate economic injury produced an explosive package. Canada's economic policy, adopted in conjunction with the United States and Great Britain, was a deliberate response to an increasingly antagonistic attitude which Japan had displayed towards China and the Occidental Powers.

In March 1938, the Japanese government announced it would have no further dealings with the Nationalist government of China and, through a newspaper article in the Japan Advertiser, warned the Japanese populace of an impending long term war. Clearly, Japan had revised its foreign policy objectives:

The object of long term warfare now that we have entered the second phase of the China hostilities is no longer mere armed chastisement of the anti-Japanese regime. . . . The object of the Empire . . . is to construct a civilization in East Asia founded on the moral ideals of the East. . . .<sup>40</sup>

This statement followed a speech by Foreign Minister Koki Hirota, reopening the 73rd Diet on January 22, 1938. He directed Great Britain and the United States to recognize the 'new conditions' prevailing in China and to cooperate in the establishment of a new order in the Far East. Simultaneously, Hirota insisted that foreign rights and interests would be respected, and invited foreign capital to participate in the future reconstruction on China. It was quite apparent, however, that Japan would not respect the interests of the other powers in China. As R. Randolph Bruce observed:

The violations of the rights and interests of Western Powers, notably the United States and Great Britain, hitherto, in Shanghai, in Yangtze river traffic, in the Chinese Maritime Customs, in the unilateral abolition of extraterritorial rights in Manchukuo, in foreign owned railways, and in property damage and personal assaults, are thus far inconsistent with the professions of the Tokyo government.<sup>41</sup>

Both Sir Robert Craigie, and the American ambassador, Joseph Grew, made repeated protests to the Gaimusho over Japanese transgressions in China. In a July 4, 1938 conversation with General Kazushige Ugaki, Hirota's successor as Foreign Minister, Grew objected to the widespread damage to American property in China by the Japanese army and navy. He insisted on maintaining the rights of American citizens to visit and control their goods and properties in Japanese controlled

areas of China, and on preserving equal commercial opportunity in such areas.<sup>42</sup> Despite this protest, and the American decision to implement a moral embargo on the export of aircraft and aircraft parts, Japanese excesses continued unabated. As a result, the American government initiated a comprehensive diplomatic effort to secure the treaty rights of its citizens. Grew delivered a note on October 6 which summarized repeated violations of the Open Door, and hinted at economic reprisals.

For its part, the British government also concluded that Japanese authorities in China intended "to undermine, discredit and discriminate against British interests in that country by every means in their power"<sup>43</sup> Since the fall of 1937, British government departments had discussed the feasibility of economic retaliation against Japan. The Board of Trade and Treasury had been skeptical, and the Dominions Office believed the Dominions would be loathe to cooperate in sanctions.

Nonetheless, the increasingly critical situation demanded a response. In October 1938 the Japanese Army launched new offensives directed at the Wuhan complex, a principal industrial and trading centre in the heart of the wealthy Yangtze Valley, and at Canton, the principal city in southern China. These operations brought the Japanese closer to important centres of British trade and investment. Indeed, at the end of the 1938 campaigns:

the Japanese were in control of most of the chief cities of China and most of her railway and river communications,

including China's main channels for contact with the outside world, through which flowed her foreign trade and supplies of war equipment from abroad.<sup>44</sup>

As a corollary to the military success in China, Japan issued a series of policy statements which bluntly portrayed a profoundly ambitious and aggressive foreign policy. On November 3, 1938 Japan announced the establishment of a New Order based on the tripartite relationship of Japan, Manchoukuo and China in political, economic and cultural fields. Japan intended to perfect a joint defense against Communism while creating a new culture and realizing a close economic cohesion throughout East Asia. As long as the Kuomintang of Chiang Kai Shek persisted in its anti-Japanese and pro-Communist policy, Japan would not lay down its arms. The very next day, the Japanese Prime Minister's radio broadcast was even more inflammatory. Prince Konoé told the nation that the China Incident, the Japanese term for the undeclared war in China, had made Japan keenly aware of the need to collaborate with Germany and Italy in the reconstruction of the world order. Japan's vital mission was the reconstruction of East Asia, with Konoé exclaiming that China was now completely in Japanese hands, 'to do with it what we like'.<sup>45</sup>

Further amplification of the New Order followed in December 1938, when Prince Konoé insisted that China accept Japanese troops on permanent station in that country and recognize free residence and trade for Japanese subjects in the Chinese interior. Both the United States and Great Britain protested that the New Order represented a unilateral

modification of the Nine Power Treaty and insisted that Japan adhere to the terms of that agreement.

Diplomatic protest notwithstanding, the reality of Japanese pressure against Western economic interests remained, compelling western opinion to question the prudence of shipping vast amounts of strategic war materials to Japan. In January 1939 Skelton again turned his attention to this issue. He was convinced Japan intended to exploit China for her own military and commercial profit, and would exclude foreign interests from any share in those profits, irrespective of treaty provisions or earlier assurances. China would, in his words, "become another Manchoukuo". He detected the hardening of British and American attitudes towards Japan, which he attributed to a number of factors, notably Japan's sympathetic ties to Germany and Italy, and the increasingly open contempt and antagonism for the western world expressed by Japanese political and military leaders. In addition, Britain's professed hope that a sympathetic neutrality would allow British traders to share in the development of Chinese resources under a stable Japanese government, had proven to be unfounded.

Although Skelton believed economic weapons could be used successfully against Japan if concerted action by Great Britain and the United States was ensured,<sup>46</sup> the Canadian government maintained that policy initiatives remained the exclusive domain of the Great Powers, as they stood to gain or lose the most from such initiatives.<sup>47</sup> Moreover, an economic embargo was not feasible unless participating countries were prepared to support it with military guarantees.<sup>48</sup>

As Skelton remarked, "the necessity of such an undertaking and the difficulty of securing it are practically as great as a year ago."<sup>49</sup>

Public opinion, particularly in British Columbia, did not share the government's rather detached approach to Japanese actions in China. In May 1939, the Vancouver Embargo Council,<sup>50</sup> a group of organizations working to prevent the export of war materials from Canada to aggressor nations, forwarded a petition signed by 41,098 Vancouver residents, urging the government to place an embargo on war material shipments to Japan. Members of Parliament received representations from a variety of church and labour organizations supporting an embargo. Several Parliamentarians, notably British Columbia Conservatives Howard Green and H. J. Barber, and a number of C.C.F. members, were conspicuously critical of the continued shipment of war material to Japan. T. C. Douglas, a C.C.F. M.P. from Saskatchewan, remarked:

We have no power to stop the Japanese from killing the Chinese, but I do say, sir, that we have the power . . . to see that the Japanese do not get Canadian nickel and Canadian war materials with which to carry on their bloody and barbarous business.<sup>51</sup>

When Angus MacInnis, the C.C.F. member from Vancouver East, endorsed an embargo on essential war materials, he observed that Canada did not seem to have a foreign policy of its own. This perceptive comment reflected the difficulty inherent in Canada's propensity to defer to Anglo-American policy in the Pacific. The government had to contend with the taunts of those members of Parliament who desired a more

forthright foreign policy. As MacInnis himself declared, "when profound changes were taking place in international affairs, when undeclared wars were carried on against defenceless people, when women and children were being bombed and machine gunned, not one word of protest came from this government."<sup>52</sup>

Public opinion in Canada, especially since it seemed to represent minority interests, did not deter the government from its determination to avoid controversial policies which might affect Britain's Far Eastern position. As Dr. Skelton explained to Major General F. S. Piggot, military attaché at the British Embassy in Tokyo, the majority of Canadians reserved an overwhelming sympathy for China as a victim of aggression and were more concerned with the moral issues involved in the invasion of China than with the material and prestige interests involved in the preservation of British trade and military stations in the Far East. Nonetheless, Skelton confessed that the Canadian government had made every effort to prevent actions, whether in the form of exclusionist legislation or an embargo on war materials, that might give Japan grounds for retaliation against Great Britain.<sup>53</sup> In other words, for the sake of Britain's material interests in the Far East, the Canadian government had implemented a policy directly contradictory to the wishes of public opinion in Canada.

This state of affairs changed in June and July 1939, after the Japanese blockaded the British concession at Tientsin, and stripped and searched British nationals at the surrounding barricades. Britain's

military weakness forced her to negotiate with Japan, and in resolving the crisis, she moved a considerable distance towards accepting the legitimacy of Japanese military operations in China. Both President Roosevelt and Secretary of State Cordell Hull maintained that Great Britain should have stood up to Japanese pressure. In order to stiffen the British attitude, the United States announced on July 26, 1939, that the 1911 commercial treaty with Japan would be terminated, effective January 26, 1940.

Britain, well aware that only the United States could confront Japan decisively, now determined to move along parallel lines with American policy. The prospect of British denunciation of the Anglo-Japanese Commercial Treaty worried both Skelton and First Secretary Norman Robertson. If the British denounced the Treaty, Canadian adherence would automatically be terminated. Skelton feared the possibility of Japanese military reprisals against Canada.<sup>54</sup> Knowing full well that Britain could not provide adequate support, he wanted discussions with the United States prior to any decision.<sup>55</sup>

In a sense, Skelton's suggestion foreshadowed the reorientation of Canadian defense policy towards a North American viewpoint, as evidenced by the Ogdensburg Agreement in August 1940, which established the Canadian-American Permanent Joint Board on Defense. Yet, the most immediate and serious ramification of the Commercial Treaty's demise involved tariff structures, not defensive arrangements. As Norman Robertson pointed out, because of differences in British, American and Canadian tariff structures, denunciation would find Canada in the

position of taking directly punitive measures against Japanese trade when neither Great Britain nor the United States was similarly committed. For instance, if Britain terminated the Anglo-Japanese Commercial Treaty, she would be free to impose punitive tariffs, curtail financial credits or even prohibit the export of essential war material. Yet none of these consequences followed automatically from termination. Although the American commercial agreement with Japan was set to expire in January 1940, the United States retained an option to maintain Japan's most favoured nation status. If the United States did withdraw most favoured nation treatment, the only appreciable effect would be the absence of benefits as may have accrued to Japan as a result of trade agreements between the United States and third parties. Since these agreements had been carefully drafted to minimize the incidental advantages which Japan secured by virtue of the most favoured nation clause, the termination of the Treaty would not be a serious blow to the Japanese export trade.

In contrast, there was little flexibility in the Canadian position. Once the Anglo-Japanese Commercial Treaty ended, most favoured nation treatment would automatically be withdrawn and Japanese imports would consequently become subjected to both the rates of duty under the General Tariff as well as a three per cent excise tax. As a result, Canada would be left holding onto an exposed and probably untenable salient, taking isolated economic action against Japan while Britain and the United States continued to accord de facto most favoured nation treatment to Japanese goods.<sup>56</sup>

The Department of External Affairs' objections did not prevent the Prime Minister from supporting Britain's decision to terminate the commercial agreement with Japan. King relished Britain's decision to bring her Far Eastern policy into closer alignment with American policy, as he had long believed economic and political cooperation between the United States and Great Britain would enhance world stability.<sup>57</sup> Besides, it was in Canada's best interests that her principal partners draw together. Of course, King had done little to bring the parties together, but once Britain had taken the initiative, he was eager to endorse it. Recognizing the possibility of the developing scenario as portrayed by Robertson, King's message to the British government took pains to illustrate a critical difference between the Anglo-American and Canadian positions. Canada had no special interests in China beyond missionary activity. In fact, there was no distinctly Canadian interest in the Far East that would lead Canada to support economic retaliation against Japan. He also reminded London that Canadian trade with Japan was considerably more important than her trade with China. Finally, he indicated that termination of the Treaty might affect the power of the Dominion to curb provincial legislation which discriminated against Japanese resident in Canada.

Weighed against this series of objections was the singularly attractive prospect of greater Anglo-American cooperation, a consideration the Canadian government could not and did not ignore.<sup>58</sup> With the British declaration of war against Germany on September 3, 1939, close cooperation with the United States became a fundamental axiom of

British policy. Preoccupied with events in Europe, and with the future course of United States policy unclear despite the termination of the American Japanese Commercial Treaty, Great Britain did not renounce her commercial relationship with Japan. Instead, Britain asked the Canadian government to restrict the supply of nickel exported to Japan, at the very minimum, to the level of normal Japanese requirements. The impact of the Canadian initiative in this matter transcended the immediate request for restrictions on nickel supplies, as the Dominions Secretary carefully emphasized in a despatch to the government:

we are confident that [the Canadian government], equally with the United Kingdom Government, will be impressed by the important long range issues which may well be involved and with the desirability of cooperation as far as possible with the United States authorities.<sup>59</sup>

Uncharacteristically, Canada moved into heretofore uncharted territory, seizing the initiative in her external policy rather than stepping into line behind the major powers. The desirability of Anglo-American cooperation in the Pacific, which the war in Europe only re-emphasized, finally conquered Canada's traditional aversion to a specific course of action in the conduct of external policy. Indeed, Robertson recommended expanding the embargo on nickel to include all strategic material exports to Japan, and the Prime Minister readily agreed.

Technically, the implementation of the wider embargo was not difficult. With the Canadian declaration of war against Germany on September 10, 1939, exports of such minerals as nickel, copper, lead, zinc, aluminum and asbestos had been subjected to licensing by the

Minister of National Revenue. Permission to export was ostensibly withheld in order to conserve supplies for domestic and military requirements, or to prevent material reaching an enemy destination. In actual fact, until the British made their request, export licenses had been granted for everything but scrap iron.<sup>60</sup> With this request, Canada's approach to export licensing changed dramatically.

The Canadian government recognized the difficulty in drawing a line between nickel and other metals required for military purposes. It seemed counterproductive to prohibit the former while permitting metals such as copper, lead, and zinc to move freely. Moreover, it feared initiating an isolated embargo on a particular export to Japan. The government therefore proposed:

we propose to grant licenses from time to time for export to Japan of nickel and other metals subject to export licensing provisions, having in mind volume of exports in normal years, demand for particular products for our own or Allied military and domestic uses, adequacy of available supplies, our needs for foreign exchange, and the desirability of coordinating our policy in respect of exports to Japan with that of the United Kingdom and the United States.

A stipulation added to the message forwarded to the British government on October 20, 1939, capsulized Canada's double-edged policy towards Japan in the last two years of peace:

We do not wish to be placed in the position of initiating anything that could be construed as an embargo on exports to Japan, and at the same time [we] are prepared to try without any public announcement to limit exports in accordance with [the] considerations outlined . . .<sup>62</sup>

The Canadian government's decision realistically amounted to the application of limited sanctions against Japan, and at least one official, Hugh Keenleyside, was concerned that neither Great Britain nor the United States had indicated any intention to follow suit.<sup>62</sup> Indeed, Loring Christie, the Canadian Minister in Washington, indicated there was no reason to believe President Roosevelt would encourage Congress to impose an economic embargo against Japan upon the January 1940 expiration of the Commercial Treaty.<sup>63</sup> Thus, it is not surprising that when the United States sought Canadian assurances that nickel supplies would not reach Japan in the event the Americans banned molybdenum exports, a nickel substitute, Canada's reply revealed a strong dislike for her exposed position:

It is of great importance from the Canadian point of view that this country should not be forced to appear to have taken the initiative in a matter of this kind. If an embargo is to be raised against exports of war materials to Japan it would appear necessary that it be done as a common measure. The United States would doubtless recognize the special responsibilities which would fall on it in the Pacific in the event of such a step leading the Japanese to take overt retaliatory action.<sup>64</sup>

This concern notwithstanding, the Canadian government had reason to be encouraged as 1940 approached. The United States' insistence on China's territorial integrity and equality of commercial opportunity for western interests could only benefit Great Britain. The extent of British interests in China and the growing hostility in the British Isles towards Japan made the prospect of a rift in Anglo-American policy vis-à-vis Japan increasingly unlikely.

Yet both the United States and Great Britain continued to lag behind the Canadian policy of limited sanctions, forcing the Canadian government to bear the brunt of Japanese protests. Canada was clearly uncomfortable with her exposed position, but the prospect of increased Anglo-American cooperation in the Far East, stimulated by the Canadian ban on strategic materials, outweighed any consideration for harmonious Canadian-Japanese relations. As Keenleyside had predicted, it was difficult to conceal the punitive nature of Canadian economic policy. When the government cited heavy British orders to rationalize an export license refusal for nickel orders in January 1940, the Japanese were not satisfied. Baron Tomii, aware of the enormous reserves of nickel actually available, demanded an explanation. Dr. Skelton told him rather bluntly that "it was no part of our duty to afford explanations" and reminded him of the total absence of replies to repeated Canadian representations over the loss of lives and property of Canadian missionaries in China.<sup>65</sup>

The Japanese were persistent. They complained to the British government about the Canadian reluctance to export nickel, only to be told the supply position was not sufficiently clear. For that matter, Great Britain continued to wait for a clearer signal from Washington regarding economic policy. The British believed the ban on nickel was the pivotal element needed to secure American cooperation in the restriction of strategic material shipments to Japan, and therefore asked Canada to hold firm against Japanese requests. They feared any export from Canada might lead the United States to reconsider the

imposition of an embargo.<sup>66</sup>

Consequently, Canada remained in the vanguard of the restrictive policy on exports to Japan. At the end of April 1940, there had been no shipments of nickel or aluminum in two months,<sup>67</sup> the export of cobalt in ore had ceased as had the shipments of zinc, and a ban on the export of scrap iron and steel had existed for six months. In fact, Canada had "placed very severe restrictions on exports to Japan of all key commodities entering normal trade with the exception of asbestos and lead."<sup>68</sup>

To Baron Tomii's dismay, Dr. Skelton advised him on May 4, 1940 that, due to Allied war requirements, Canada could not guarantee to supply nickel or aluminum to his, or any other, neutral country. Of course, Skelton knew that the Canadian production of nickel was well in excess of Allied needs, and that Canada continued to supply the neutral United States with large amounts of nickel. Skelton acknowledged that the Japanese knew the truth of the matter, but believed there was little alternative but to lay the blame for the restrictions on war requirements.<sup>70</sup>

No matter how irritating Japan found Canadian economic policy, Great Britain remained the true object of Japanese displeasure. In large measure, the Japanese attributed their failure to subdue China to British contributions to the Chinese war effort. In June 1940, Japan demanded that Britain close the Burma Road, the principal supply route for Chinese forces. At this time, of course, the British Isles faced the imminent danger of invasion. The 'phoney' war in Europe suddenly

became all too real in the spring of 1940 with the successive German attacks on Scandinavia and the Low Countries. Allied resistance in France disintegrated in the course of May and early June. Marshal Petain sued for peace on June 17, leaving Britain to continue the war alone.

The situation in Europe meant the British could not singlehandedly resist Japanese aggression in the Far East. If they refused the Japanese demand for closure of the Burma Road, they risked war. Therefore, without American support, closure was the only alternative. The United States government indicated it would maintain a fleet in the Pacific and intensify its efforts, through diplomatic pressure and economic threat, to restrain Japanese aggression, but would not adopt a course of action that might involve the United States in a Far Eastern war. The Canadian government agreed with the British decision to close the Burma Road for three months, effective July 18, 1940, in the belief that a war in the Pacific would likely result in a German victory in Europe.<sup>70</sup>

This decision did not countenance the preservation of harmonious Canadian-Japanese relations. In fact, little harmony remained in the Canadian-Japanese relationship. The restrictions on exports to Japan reflected, not only sympathy for China, but anger at the "extraordinary open and unrestrained anti-British attitude" prevalent among Japanese political and military leaders. Then, too, the Canadian government was angered that repeated representations to the Japanese government regarding "instances of mistreatment, destruction of

property and destruction of life, in our missionary missions in China at the hands of Japanese authorities or Japanese controlled mobs" had been ignored. It particularly galled Dr. Skelton that such atrocities could take place when Canada had "not lifted a finger to help China" yet permitted the export of indispensable supplies for the Japanese war effort.<sup>71</sup>

Japan's adherence to the TriPartite Pact in September 1940 irreparably damaged Canadian-Japanese relations in the prewar era. By its terms, the TriPartite Pact could only be construed as "a thinly veiled threat against the United States";<sup>72</sup> with its conclusion, the battle lines for future conflict were drawn. Canada informed Great Britain of her position in light of this agreement quickly and without reservation:

The German-Italian-Japanese alliance is openly and avowedly designed to deter the United States from affording aid to the United Kingdom and other parts of the British Commonwealth in their effort to resist German and Italian aggression and to preserve freedom. Hostile action by Japan against the United States arising out of the German-Italian-Japanese alliance would, therefore, be directed as much against the United Kingdom, Canada and other parts of the British Commonwealth as against the United States. It is inconceivable that in such circumstances we should take any other course other than to join our new ally in its conflict with the new and well as the old enemies.<sup>73</sup>

Undoubtedly, the feverish rearmament in the United States following the blitzkrieg in the spring of 1940, combined with the growing coordination of American diplomatic and military policies with the Commonwealth, encouraged the Canadian stand.<sup>74</sup>

Indeed, following President Roosevelt's re-election in November 1940, the Americans exercised their role as a nonbelligerent ally of the Commonwealth with increasing determination. The United States implemented a licensing system for exports of strategic commodities and placed a total embargo on the sale of a few special commodities such as aviation gasoline, scrap iron and molybdenum. Britain, encouraged by this action, wary of the TriPartite Pact and determined to prevent Japan from stockpiling strategic raw materials, persuaded other Commonwealth countries to erect licensing machinery in order to limit the volume of essential exports to Japan to the level of normal trade. Stricter embargoes would be enforced where possible on the grounds of Allied requirements. Determined to bring the American economic policy into closer alignment with Commonwealth policy, the British also wanted the United States to extend the list of commodities requiring export licenses to include all minerals, and to limit exports to Japan to normal figures where more stringent restrictions were not already in place.

The Canadian government welcomed the direction of British policy. It permitted her to maintain a low profile, since the embargo would be a common rather than singular measure. Canada's conscious effort to avoid the limelight effectively concealed a rather remarkable fact. At the end of 1940, Canadian restrictions on exports destined for Japan were actually "greater than those of other parts of the Empire and certainly greater than any hitherto adopted by the United States."<sup>75</sup>

Scrap iron, steel, zinc, nickel, aluminum, cobalt, lead and copper were

barred from export to the Japanese market. While exports to Japan in 1939 had exceeded \$28 million, the highest figure since 1930, 1940 exports fell to approximately \$11.4 million (By the end of 1941, Canada's deliberate emasculation of her trade with Japan reduced exports to \$1.5 million).<sup>76</sup>

The Canadian government policy in withholding the export permits required for all shipments of essential raw materials to Japan had been shaped by three considerations. The paramount necessity remained the military and civilian requirements of Great Britain and, to a lesser extent, the United States. Secondly, the Canadian government feared that materials exported to Japan might reach German or Italian destinations. Finally, the government determined to maintain a close liaison with the American policy on exports to aggressor nations, not only on the grounds of general policy, but ultimately, in response to public opinion in Canada as well.<sup>77</sup> Canada considered American collaboration on an embargo essential, given that transshipment through the United States would preclude effective export restrictions. Furthermore, the Canadian government viewed the United States as a source of alternative markets for goods formerly destined for Japan. Since December 1939, Canada had remained in close and continuous touch with American authorities regarding the export of key metals, notably nickel, to Japan; and without explicitly revealing the fact, had kept the export control system in line with the United States moral embargo and export licencing policy.<sup>78</sup>

The decision to bring external policy and public opinion into

closer alignment brought the government great embarrassment. Public opinion had rarely influenced policymaking in the Skelton era of Canadian external relations. As C. P. Stacey indicated in Canada and the Age of Conflict:

[public opinion] had no visible effects upon . . . staff in the East block. The little world of External Affairs and the Privy Council Office lived to itself surprisingly oblivious, it would seem, to the greater world outside. The tone, clearly, was set by the admired Doctor, and of course it was isolationist.<sup>79</sup>

However, Dr. Skelton died suddenly on January 28, 1941, and the Prime Minister chose Norman Robertson to succeed Skelton as Under-Secretary of State for External Affairs.<sup>80</sup> Robertson, a Rhodes scholar and former Harvard lecturer, was not an isolationist nor was he willing to ignore public opinion to the same extent as his predecessor.

In February 1941, the Canadian government passed an order-in-council adding wheat and wheat flour to the list of commodities requiring export permits. This decision did not sit well with Hugh Keenleyside, now head of the Far East Division in the Department of External Affairs. Keenleyside, strongly influenced by his long association with Skelton, raised an important, albeit familiar, argument. Canada, by imposing a wheat embargo against Japan, would be placed in the vanguard of nations employing sanctions against Japan. Moreover, the refusal to sell wheat to the Japanese could not be camouflaged as a policy imposed due to Canadian or Allied war requirements. Therefore, Keenleyside advocated maintenance of the existing restrictive measures combined with "the implicit threat of

others."<sup>81</sup> Significantly, Keenleyside did concede that a wheat embargo would satisfy public opinion in Canada. The decision to embargo wheat and the order-in-council of March 25, 1941, which placed licensing requirements upon all exports to Japan and thereby effectively prohibited the export of pulp to Japan, was based on considerations of public opinion.

In reference to the export of wheat and pulp, Robertson observed in a memorandum to the Prime Minister that:

In neither case can we plead the necessity of conserving supplies as an explanation of our refusal to permit exports, nor are there any compelling "economic warfare" reasons for totally prohibiting shipments of these commodities. Our policy in respect of these commodities has been determined, primarily, by domestic political considerations. Public opinion in Canada is undoubtedly strongly opposed to the export of anything to Japan which could remotely or indirectly be useful for military purposes, and there is a certain risk that the export of wheat from Vancouver or pulp logs from Vancouver Island points would provoke local demonstrations which could easily exacerbate the strong anti-Japanese sentiments in British Columbia.<sup>82</sup>

Pulp had actually been the only remaining article of importance available to Japanese importers, and with the latter enactments, Japan considered economic relations with Canada to have been severed.

In a formal note of protest handed to D'Arcy McGreer, the Canadian Chargé d'Affaires, Japan characterized the enactments as a 'blunt manifestation of ill will entertained by Canada against Japan.' The Vice Minister of Foreign Affairs also informed McGreer that the need for Canadian representation in Japan had now disappeared,<sup>83</sup> a suggestion which clearly implied the end of diplomatic relations. Two

days later, when Robertson and Keenleyside met Seijuro Yoshizawa, Baron Tomii's successor as Minister to Canada, they ignored the Vice Minister's warning to McGreer. Robertson and Keenleyside emphasized the increasing domestic pressure to which the Canadian government had been subjected, noting that every report of actual or prospective shipments provoked bitter comment in the Canadian press and inundated the government and members of Parliament with representations. While Robertson and Keenleyside also expressed the fear that any shipment from a British Columbia port to Japan might create serious difficulties for Japanese nationals in Canada, Yoshizawa remained intransigent, contending their fears were exaggerated.<sup>84</sup>

Faced with an incipient breakdown of diplomatic relations with Japan, Robertson changed course on April 23. In so doing, he echoed a more traditional refrain:

As regards wheat and logs we are imposing restrictions on exports to Japan which have no counterpart in the United States or other Commonwealth countries. We are, therefore, in a rather exposed position as compared with the other Commonwealth countries and the United States . . . None of us at the present moment are in a position to pursue a 'rough, reckless or debonair policy.' I am inclined to believe that we should, for the time being, make some modification of our policy. . . .<sup>85</sup>

As a result, the Canadian government notified the Japanese Minister on April 28 that export permits would be granted for wheat and pulp logs purchased prior to the date of permit requirements. This abrupt change in external policy may have soothed Japanese feelings, but it was certainly bound to anger Canadian public opinion, particularly in

British Columbia. The Prime Minister moved quickly to mute the criticism and thereby avoid a public explanation that could only embarrass his government. On April 29, King gathered all the members of Parliament from British Columbia in his office, in order to obtain their support for the government's policy retreat. He also sought to secure their silence, reminding the members that "we must, at all costs, avoid anything which would lead to an additional burden on the shoulders of Britain at this time."<sup>86</sup> Unfortunately for the Prime Minister, he did not take the Leader of the Opposition, R. B. Hanson, into his confidence, and the matter became public knowledge in June 1941 when Hanson raised the matter in the House of Commons. King acknowledged that the decision to resume limited exports of wheat and pulp logs followed the realization that Canada could seriously embarrass Anglo-Japanese relations. He confessed "the Japanese would not distinguish between an act by this government and what they would interpret as a direction . . . of the United Kingdom."<sup>87</sup> In the final analysis, this episode could only have convinced the government that Canadian public opinion could not form an integral part of an external policy which considered it vital to avoid any controversy imperilling Britain's tenuous position in the Far East.

Notwithstanding the resumption of wheat and pulp log exports to Japan, Mackenzie King assured the Dominions Secretary that the Canadian government would consider any further financial or economic restraints which Great Britain or the United States were prepared to implement. If further economic measures were contemplated, King recommended

termination of the Anglo-Japanese Commercial Treaty in order that Commonwealth policy remained firmly in line with the policy of the United States.<sup>88</sup> He opposed any unilateral approach by the Commonwealth, believing it an "undesirable and retrograde step to contemplate measures which . . . throw us back to the period when British-American policies in the Far East were unrelated."<sup>89</sup>

Britain actually terminated the commercial treaty following the Japanese occupation of southern Indochina in July 1941. The United States indicated that it intended to respond to this latest act of Japanese aggression by stopping all oil shipments to Japan and freezing all Japanese assets in the United States. This measure would effectively block all trade between the United States and Japan. While the British feared Japan would move southward against their territory to replace the prohibited source of raw materials, they believed a greater danger existed in lagging behind American economic policy.<sup>90</sup> Canada agreed with this observation, although she remained troubled by Britain's failure to obtain an American assurance of active, armed support in the event of an attack on British territory.<sup>91</sup>

Accordingly, the United States, Great Britain and Canada all issued orders freezing Japanese funds in their respective countries, effective July 26, 1941. That same day Great Britain notified Japan of the termination of the 1911 Anglo-Japanese Treaty of Commerce and Navigation; Canada, an adherent to the agreement since May 1, 1913, simultaneously gave formal notice of termination in a letter handed to

the Japanese Minister by Mackenzie King himself.

This gesture truly symbolized the demise of prewar Canadian-Japanese relations. Following the implementation of the wheat and pulp log embargo, the Japanese themselves had stated that without a trading relationship the raison d'être for Canadian representation in Japan had disappeared. Clearly, by September 1941 Canada's trade and financial relationship with Japan had realistically ceased to exist, a fact that the government readily admitted:

Our policy in this matter is based on the same principles as that of both the United Kingdom and the United States, and broadly speaking achieves the same results. Trade between Canada and Japan is now virtually at [a] standstill.<sup>92</sup>

In reality, the United States freezing order by itself would have terminated Canadian-Japanese trade, as Canadian goods were exported to Japan against payment in United States dollars, which the freezing order effectively prevented the Japanese from obtaining.<sup>93</sup> Nevertheless, as a political gesture, it emphasized the close coordination of Canadian external policy with its Anglo-American counterparts. Similarly, when the United States and Great Britain determined, despite the freezing order, to permit a limited exchange of goods with Japan to continue, Norman Robertson wrote:

Discussion with Japanese regarding possible future trade should be kept within limits fixed by United States and United Kingdom for themselves, viz., that permitted exports should bear close relationship to essential import requirements.<sup>94</sup>

Robertson formulated this policy even though Dana Wilgress had

informed him that Canada did not import any goods from Japan which came within the classification of essential imports.<sup>95</sup> Subsequently, in September 1941, the government passed an order-in-council prohibiting all Japanese imports, except those permitted under license and classified as essential. Since the freezing order had practically destroyed all Canadian-Japanese trade, and there were no 'essential' Japanese imports, the order was obviously designed to illustrate the coordination of Canadian, British and American policies towards Japan.

Fortunately, from the Canadian government's point of view, Canadian-Japanese relations had been supplanted by a collective and less visibly Canadian policy vis-à-vis Japan. When the Prime Minister informed Mr. Yoshizawa that the Canadian government construed the occupancy of the Indo-Chinese bases as foreshadowing an attack on British and American interests in the Far East, it amounted to a tacit admission that Canada's relations with Japan realistically remained a function of the Canadian relationship with Great Britain and the United States. At the same time, however, it must have been comforting for King to observe the synchronization of Anglo-American policy in the Pacific. Canada did not have to face the awful possibility of a divergence in British and American policies with respect to Japan. Both countries were determined to obtain the restoration of the status quo on Indo China; the evacuation of Chinese territory by Japanese armies; and the re-establishment of the Open Door. Negotiations between Japan and the United States in the fall of 1941 ultimately foundered precisely upon these points.

During these final months of peace, Canada remained a mere observer of the negotiations, her relationship with Japan existing as little more than a formality. Her one major concern, the degree and immediacy of American support in the event of war between the British Commonwealth and Japan, was not resolved until December 4, 1941. On that date, President Roosevelt assured the British Ambassador, Lord Halifax, that any Japanese attack on British territory would bring the instantaneous armed support of the United States. Leighton McCarthy, Christie's successor as Minister to the United States, informed Mackenzie King immediately. With this guarantee, Canada could face the prospect of war in the Pacific with relatively little apprehension, knowing the immense power of the United States would be directed at the defeat of Japan.

It was small consolation indeed, as the last years of the prewar Canadian-Japanese relationship had been particularly difficult. Never comfortable with the export restriction policy, Canada preferred to let Great Britain or the United States take the initiatives in restraining Japan. When it became clear that, by force of circumstance, Canada appeared in the vanguard of export restrictions, she quickly revealed her discomfort with that role. Even though this economic policy later served to facilitate greater Anglo-American cooperation in political and military fields, a fundamental objective of Canadian external policy, the Canadian government feared being thrust into a leadership role.

Although unwilling to take the initiative by reason of limited interests in the Far East, she could not ignore, as a Commonwealth

member, the threat Japan represented to British interests and therefore agreed to the British requests for restrictions on the export of strategic materials to Japan. At the same time, she maintained what can best be described as a fiction of cordiality in her relations with Japan.

Canada maintained this illusion until the British denunciation of the Anglo-Japanese Treaty of Commerce and Navigation and the concomitant seizure of Japanese assets in late July 1941. Without question the fiction of cordiality represented the conscious Canadian effort to avoid any controversy imperilling the British position in the Far East, hence the government's decision to resist the pressing demands for exclusion of Japanese nationals and the repeated rationalization of the export restriction policy on the basis of Allied war requirements. The Prime Minister insisted in the House of Commons, that Canada was anxious to avoid any incidents which could be construed as acts of an 'offensive character' towards Japan.<sup>96</sup> Ironically, that term describes precisely the nature of the economic policy implemented by the Canadian government between 1939-1941.

The fiction of cordiality also reflects the schizophrenia inherent in Canada's external policy, caught between external commitments as a Commonwealth member and a conscious effort to seek out and develop stronger Canadian relationships outside the Commonwealth orbit. It is hardly coincidental, that on the last day of peace, Prime Minister King insisted that, in any further representations to Japan involving the British Ambassador, the Canadian Chargé d'Affaires would accompany him

and deliver a separate note associating Canada with the British position.

Nevertheless, the most astonishing aspect of this entire episode in Canadian-Japanese relations remains the fact that despite Canada's traditional preference for noncommitment in the conduct of external relations, force of circumstance led her to accept a leading role in the application of export restrictions against a country seeking to expunge western influence from the Far East. Canada adopted this policy at the behest of Britain, who deemed it essential if American cooperation in the Far East was to be secured. If the bonds of Empire contributed to the decision, the prospect of Anglo-American cooperation secured Canadian participation. The adoption of the export restriction policy forced Canada not only to treat Japan as a prospective and formidable adversary, but to accept the notion that British and American interests in the Far East would ultimately determine the future course of Canadian-Japanese relations.

Footnotes

<sup>1</sup>R. Macgregor Dawson, Canada in World Affairs: Two Years of War, 1939-1941 (Toronto: Oxford University Press, 1943), p. 278.

<sup>2</sup>Public Archives of Canada (hereafter P.A.C.), Records of the Department of External Affairs, RG 25, G1, vol. 1749, Note on the Proposals for a Canadian Embargo on War Materials to Germany, Italy and Japan, by Loring C. Christie, 29 March 1939.

<sup>3</sup>Canada, Department of External Affairs, Documents on Canadian External Relations (hereafter D.C.E.R.), part II, 1939-1941 (Ottawa: Information Canada, 1976), vol. VIII, no. 1011, H. L. Keenleyside memorandum, 'Japanese Interference with Canadian Missionaries in China,' 11 April 1940.

<sup>4</sup>D.C.E.R., vol. VIII, no. 1005, E. D. McGreer to Secretary of State for External Affairs (hereafter 'External'), 27 February 1940, telegram #17.

<sup>5</sup>Ibid., no. 1009, Keenleyside to O. D. Skelton, 4 March 1940.

<sup>6</sup>Ibid., no. 1010, Skelton to Mackenzie King, 4 March 1940.

<sup>7</sup>Ibid., no. 1072, McGreer to External, 27 September 1940, telegram #99.

<sup>8</sup>Ibid., no. 1057, Keenleyside to Norman Robertson, 21 October 1940.

<sup>9</sup>Ibid., no. 1034, H. L. Keenleyside Memorandum, 5 August 1941.

<sup>10</sup>King saw the Japanese Minister on August 6. However, in a memorandum to Norman Robertson, dated October 21, 1941, Keenleyside mentions that McGreer had still not received an apology. Therefore it is doubtful that the allegation against McGreer was ever withdrawn. See D.C.E.R., vol. VIII, no. 1057.

<sup>11</sup>D.C.E.R., vol. VIII, no. 1014, McGreer to External, 14 October, 1940, telegram #102. On October 8, 1940, McGreer received instructions from Ottawa to contact representatives of the Canadian community and discuss the steps to be taken in the event of a break with Japan. Six days later McGreer informed Ottawa that he had advised the wives and children of missionaries, teaching groups, and others whose presence was not essential, to leave as soon as possible. See D.C.E.R., vol. VIII, no. 1013, External to McGreer, 8 October 1940, telegram #76. Although the published documents do not reveal whether this action was coordinated with the American and British evacuation, it is unlikely

Canada would have taken this initiative alone, given her concern to avoid any action that might imperil the British position in the Far East.

<sup>12</sup>D.C.E.R., vol. VIII, no. 1010, Skelton to King, 4 March 1940.

<sup>13</sup>Canada, Parliament, House of Commons, Debates (Ottawa: King's Printer, 17 February 1938), p. 573.

<sup>14</sup>P.A.C. William Lyon Mackenzie King Papers, MG 26, J4, vol. 173, p. C122756, H. L. Keenleyside memorandum, 'The Oriental Problem in British Columbia,' 8 February 1938.

<sup>15</sup>P. E. Roy, "Educating the East: British Columbia and the Oriental Question in the Interwar Years," BC Studies, XVIII (Summer 1973), p. 63.

<sup>16</sup>Ken Adachi, The Enemy That Never Was (Toronto: McClelland and Stewart, 1976), p. 180. Adachi indicated that the R.C.M.P.'s 1931 discovery of an illegal smuggling ring involving Japanese nationals provided the basis for rumours of surreptitious entry throughout the decade. Roughly 2,500 Japanese were found to have entered the country illegally in a 15 year period ending in 1931. Some 2,200 were said to have fled, while the R.C.M.P. arrested 323, of which 161 were deported. Only 120 were deemed to be at large.

<sup>17</sup>In fact, Chinese merchants were admitted to Canada as immigrants; diplomatic and consular officers, their servants and students were permitted to enter Canada as visitors. In practise, temporary entry under bond or permit was granted to Chinese in transit, visitors, tourists, actors, actresses, teachers and priests. See P.A.C., MG 26, J1, vol. 246, pp. 210497-99, Report of the Interdepartmental Committee on Orientals in Canada, 30 August 1938.

<sup>18</sup>P.A.C., MG 26, J4, vol. 173, p. C122598, O. D. Skelton memorandum, 'The Japanese Exclusion Bill,' 4 February 1938.

<sup>19</sup>The eight M.P.s: Howard Green (Conservative, Vancouver South); Thomas Reid (Liberal, New Westminster); C. G. MacNeil (C.C.F., Vancouver North); H. J. Barber (Conservative, Fraser Valley); Angus MacInnis (C.C.F., Vancouver East); J. J. Taylor (Independent, Nanaimo); Grote Stirling (Conservative, Yale); T. J. O'Neill (Liberal, Kamloops).

<sup>20</sup>See footnote 13.

<sup>21</sup>P.A.C., MG 26, J1, vol. 252, p. 214856, Sotomatsu Kato to King, 23 March 1938.

<sup>22</sup>P.A.C., MG 26, J4, vol. 173, p. C111758, H. L. Keenleyside

memorandum, 'The Oriental Problem in British Columbia,' 8 February 1938.

<sup>23</sup>H. L. Keenleyside, The Memoirs of Hugh L. Keenleyside: Hammer the Golden Day (Toronto: McClelland and Stewart, 1981), I, 482.

<sup>24</sup>p.A.C., MG 26, J1, vol. 246, p. 210493, Report of the Interdepartmental Committee on Orientals in Canada, 30 August 1938.

<sup>25</sup>Ibid., p. 210496.

<sup>26</sup>p.A.C., MG 26, J1, vol. 246, p. 210811, King to R. Randolph Bruce, 2 April 1938.

<sup>27</sup>House of Commons, Debates, 24 May 1938, p. 3199.

<sup>28</sup>p.A.C., MG 26, J1, vol. 246, p. 210812, King to Bruce, 2 April 1938.

<sup>29</sup>p.A.C., MG 26, J1, vol. 247, p. 211105, Bruce to King, 15 July 1938.

<sup>30</sup>p.A.C., MG 26, J1, vol. 246, p. 210893, King to Bruce, 4 June 1938.

<sup>31</sup>p.A.C., MG 26, J1, vol. 247, p. 211126, King to Bruce, 27 August 1938.

<sup>32</sup>Vancouver Sun, 28 February 1938, p. 4.

<sup>33</sup>Vancouver Daily Province, 24 February 1938, p. 4.

<sup>34</sup>p.A.C., MG 26, J1, vol. 278, p. 234819, External to Dominions Secretary, 10 January 1939, no. 8.

<sup>35</sup>J. L. Granatstein and Robert Bothwell, "A Self-Evident National Duty: Canadian Foreign Policy 1935-39," Journal of Imperial Commonwealth History (January 1975), 221.

<sup>36</sup>p.A.C., MG 26, J1, vol. 278, p. 234879, Dominions Secretary to External, 25 January 1939, no. 12.

<sup>37</sup>p.A.C., MG 26, J1, vol. 271, p. 229736, McGreer to External, 30 January 1939, no. 3.

<sup>38</sup>On February 25, 1941, Neill again alleged that a number of Japanese had illegally entered British Columbia, and wondered how every Japanese would be registered since fellow Japanese would not inform on the illegals. He also criticized the Gentlemen's Agreement, and the Japanese school system in British Columbia, which he believed encouraged

unswerving loyalty to the Emperor. Contrary to the Prime Minister, Neill did not believe Members of Parliament should refrain from speaking out on the Japanese issue. See House of Commons, Debates, 25 February 1941, pp. 1017-22.

<sup>39</sup>Vancouver Daily Province, 9 January 1941, p. 4.

<sup>40</sup>p.A.C., RG 25, G1, vol. 1832, Bruce to External, 2 March 1938, no. 115.

<sup>41</sup>p.A.C., MG 26, J1, vol. 246, p. 210959, Bruce to External, 1 February 1938, no. 55.

<sup>42</sup>p.A.C., MG 26, J4, vol. 182, p. C129281, Notes on Conversation between Grew and Ugaki, 4 July 1938.

<sup>43</sup>p.A.C., MG 26, J1, vol. 246, pp. 210831-32, Bruce to External, 15 April 1938, no. 235.

<sup>44</sup>F. S. Northedge, The Troubled Giant: Britain Among the Great Powers, 1916-1939 (London: G. Bell and Sons, 1966), p. 467.

<sup>45</sup>p.A.C., MG 26, J1, vol. 253, p. 215836, McGreer to External, 5 November 1938, no. 664.

<sup>46</sup>p.A.C., MG 26, J4, vol. 211, p. C144805, O. D. Skelton memorandum, 'Recent Developments in the Sino-Japanese Conflict,' 7 January 1939.

<sup>47</sup>p.A.C., RG 25, G1, vol. 1749, Note on the Proposals for a Canadian Embargo on War Materials to Germany, Italy and Japan, by Loring C. Christie, 29 March 1939.

<sup>48</sup>*Ibid.*, Proposals for Embargo on Exports of Raw Materials, by Max Wershof, 31 March 1939.

<sup>49</sup>p.A.C., MG 26, J4, vol. 211, p. C144806, O. D. Skelton memorandum, 'Recent Developments in the Sino-Japanese Conflict,' 7 January 1939.

<sup>50</sup>The Vancouver Embargo Council remains a rather vague organization. The December 20, 1938, minutes of the Vancouver, New Westminster and District Trades and Labour Council meeting reveal that a Mrs. Grey and a Mrs. Wheldon appeared to explain the purpose of the Embargo Council, although the explanation was not recorded. A January 4, 1939, Province article noted that the Trades and Labour Council appointed an observer to the Embargo Council, but offers no help in determining precisely who constituted this group. Similarly, Hansard for May 18, 1939, records the petition being presented to the House, but offers no explanation.

<sup>51</sup>House of Commons, Debates, 3 April 1939, p. 2522.

<sup>52</sup>Ibid., 4 April 1939, p. 2565.

<sup>53</sup>D.C.E.R., vol. VIII, no. 1104, Skelton to King, 1 December 1939.

<sup>54</sup>Secret staff talks in January 1938 between Canada and the United States, held in Washington, D.C., conceded raids by cruisers or armed merchant vessels were a possibility, but considered large scale raids by the enemy fleet or large scale landings improbable due to the distance from Japan. See Gregory Allen Johnson, "Canadian Foreign Policy vis-à-vis Great Britain, the United States and the Far East, 1937-41," unpublished M.A. thesis, University of British Columbia, 1982.

<sup>55</sup>P.A.C., MG 26, J4, vol. 211, p. C144822, Skelton to King, 1 August 1939.

<sup>56</sup>Ibid., vol. 220, pp. C150019-22, Norman Robertson memorandum, 'Termination of the Anglo-Japanese Commercial Treaty and the Position of Canada,' 5 August 1939.

<sup>57</sup>J. L. Granatstein and Robert Bothwell, A Self-Evident National Duty, p. 216.

<sup>58</sup>P.A.C., MG 26, J1, vol. 279, pp. 235672-76, King to Dominions Secretary, 21 August 1939, no. 46.

<sup>59</sup>D.C.E.R., vol. VIII, no. 1111, Dominions Secretary to External, 24 December 1939, telegram #127.

<sup>60</sup>P.A.C., RG 25, G1, vol. 1749, Norman Robertson memorandum, 'Export of Base Metals to Japan,' 5 October 1939.

<sup>61</sup>Ibid., External to High Commissioner for Canada in Great Britain, 20 October 1939, no. 457.

<sup>62</sup>D.C.E.R., vol. VIII, no. 1098, Keenleyside to Skelton, 10 October 1939.

<sup>63</sup>D.C.E.R., vol. VIII, no. 1102, Loring C. Christie to External, 25 November 1939.

<sup>64</sup>P.A.C., RG 25, G1, vol. 1749, Skelton to Christie, 26 December 1939, no. 778.

<sup>65</sup>D.C.E.R., vol. VIII, no. 1117, Skelton memorandum, 11 January 1940.

<sup>66</sup>Ibid., no. 1137, High Commissioner in Great Britain to External, 2 April 1940.

<sup>67</sup>On February 9, 1940, an export permit issued for 435 tons of nickel exhausted the International Nickel Company's contracts outstanding on the outbreak of war in September 1939. See D.C.E.R., vol. VIII, no. 1125, External to High Commissioner in Great Britain, 12 February 1940.

<sup>68</sup>Department of External Affairs, File 592-40, 'Economic Policy towards Japan, April 1940-November 1941 (hereafter referred to as File 592-40), J. L. Ralston to Dominions Secretary, 23 April 1940, no. 60. Department of Trade and Commerce Statistics for 1941 indicate that the ban on trade with Japan was never absolute. Vegetable food products, herring, hides, logs, wood pulp, machinery and small amounts of asbestos continued to be exported in 1940 and 1941. On the other hand, wheat flour, wool, timber tools, iron castings, copper, lead, nickel, silver, zinc, and non-ferrous metals were not exported to Japan in 1941. See Canada, Department of Trade and Commerce, Annual Report of the Trade of Canada for the Year Ended December 31, 1941 (Ottawa: King's Printer, 1942), I, 189-90.

<sup>69</sup>D.C.E.R., vol. VIII, no. 1144, Skelton to King, 11 April 1940.

<sup>70</sup>Ibid., no. 1174, Skelton memorandum, 'Notes on Far Eastern Situation,' 9 July 1940.

<sup>71</sup>Ibid., no. 1187, Skelton to King, 28 August 1940.

<sup>72</sup>P.A.C., RG 25, G1, vol. 1798, McGreer to External, 9 October 1940, no. 206.

<sup>73</sup>D.C.E.R., vol. VIII, no. 1211, External to Dominions Secretary, 11 October 1940, telegram #179.

<sup>74</sup>In August 1940, following a meeting between Prime Minister King and President Roosevelt at Ogdensburg, New York, Canada and the United States created a Permanent Joint Board of Defense. To C. P. Stacey, this agreement signified the developing relationship with the United States and the loosening of ties with Great Britain. See C. P. Stacey, Canada and the Age of Conflict (Toronto: University of Toronto Press, 1981), II, 312.

<sup>75</sup>D.C.E.R., vol. VIII, no. 1235, M. M. Mahoney to External, 21 December 1940.

<sup>76</sup>Canada, Department of Trade and Commerce, Annual Report of the Trade of Canada for the Year Ended December 31, 1941 (Ottawa: King's Printer, 1942), I, 37.

<sup>77</sup>File 592-40, External to Dominions Secretary, 30 August 1940, telegram #155.

<sup>78</sup>D.C.E.R., vol. VIII, no. 1223, Mackenzie King to the High Commissioner of the United Kingdom in Canada, 16 November 1940.

<sup>79</sup>Stacey, Canada and the Age of Conflict, II, 236.

<sup>80</sup>Both Hume Wrong and L. B. Pearson took the news of Robertson's appointment badly. See James Eayrs, In Defence of Canada: Peacemaking and Deterrence (Toronto: University of Toronto Press, 1972), p. 33.

<sup>81</sup>D.C.E.R., vol. VIII, no. 1246, H. L. Keenleyside memorandum, 'Wheat Sales to Japan,' 1 February 1941.

<sup>82</sup>File 592-40, Robertson memorandum, 'Control of Exports to Japan,' 23 April 1941.

<sup>83</sup>Ibid., McGreer to External, 17 April 1941, no. 62.

<sup>84</sup>Ibid., Robertson memorandum, 19 April 1941.

<sup>85</sup>See footnote 84.

<sup>86</sup>D.C.E.R., vol. VIII, no. 1276, Mackenzie King memorandum, 29 April 1941.

<sup>87</sup>House of Commons, Debates, 9 June 1941, p. 3783.

<sup>88</sup>File 592-40, External to Dominions Secretary, 3 May 1941, no. 71.

<sup>89</sup>Ibid., External to McGreer, 8 April 1941 (copy of telegram forwarded to McGreer).

<sup>90</sup>D.C.E.R., vol. VIII, no. 1309, Dominions Secretary to External, 22 July 1941, no. 172.

<sup>91</sup>Ibid., no. 1311, External to Dominions Secretary, 23 July 1941, no. 132.

<sup>92</sup>File 592-40, External to Dominions Secretary, 19 September 1941, telegram #192.

<sup>93</sup>D.C.E.R., vol. VIII, no. 1311, External to Dominions Secretary, 23 July 1941, no. 132.

<sup>94</sup>Ibid., High Commissioner for Canada in Great Britain to External, 26 August 1941, no. 1525.

<sup>95</sup>Ibid., L. D. Wilgress to Norman Robertson, 8 August 1941.

<sup>96</sup>House of Commons, Debates, 9 June 1941, p. 3785.

## CONCLUSION

Several themes emerge from the examination of Canadian-Japanese relations in the decade prior to the outbreak of war in the Pacific. Although it is sometimes difficult, in reviewing the various episodes comprising the Canadian-Japanese relationship, to determine which policy considerations predominate at any single point in time, one factor remains constant. It is quite evident that Canada's political relations with Great Britain and the United States, as opposed to issues of trade, immigration, national unity or collective security, formed the critical elements of Canadian external policy vis-à-vis Japan. Indeed, these political relationships reduced Canadian flexibility in the conduct of external relations. The shadows of Great Britain and the Commonwealth, as well as the United States, always loomed over the Canadian-Japanese relationship, despite the rapid advances in the area of Canadian autonomy. For the most part, Canada's approach to Japan reflected a British perspective, a characteristic reinforced by the strong emotional attachment for Britain and the Empire among English-speaking Canadians. Consequently, in the 1930s, both the Conservative and Liberal administrations tried to reconcile the conflicting forces of sentiment and autonomy but produced a schizophrenic external policy. The desire to assert a strong autonomous external character coexisted with an acknowledgment that Britain's attempt to preserve her Far Eastern interests in the face of Japanese encroachment would ultimately determine the true course of the Canadian-Japanese relationship.

Canada's self-interest demanded that Great Britain and the United States maintain parallel external policies in the Pacific, as Canada would be placed in an impossible position if those nations drifted apart on vital issues. Canada's opposition to the renewal of the Anglo-Japanese Alliance amply illustrated this point. Nevertheless, when Anglo-American policies in the Far East diverged in response to Japan's aggressive actions, Canada failed to pursue a reconciliation of their respective policies due to Canada's strong preference for noncommitment in the conduct of external relations. This aspect of external policy, first evident in the opposition to Article X of the League of Nations Covenant, remained prominent throughout the interwar period, unhindered by the change in government. Both the Bennett and King administrations opposed international obligations, favouring a comfortable anonymity nestled between British and American policies. Bennett couched his opposition in terms reflecting the Canadian aversion to collective security. Canada's geographical isolation and proximity to the United States made the burdens and benefits of League membership terribly unequal. Mackenzie King feared serious repercussions for Canadian national unity as a result of international undertakings. After his return to power in October 1935, King rejected any form of collective security within the League or the Commonwealth, as Canada's continued membership in these organizations invited a Canadian role in future international crises. At the same time, he refused to adopt a posture of strict neutrality and generally succeeded in cloaking Canadian external policy in silence and inactivity.

Unquestionably, this preference for noncommitment played an important role throughout the decade of Canadian-Japanese relations. During the Manchurian Crisis, the Canadian government feared that Japan's annexation of sovereign Chinese territory might drive an irreparable wedge between Great Britain and the United States, but made little effort to bring their diverging policies together. The propensity for noncommitment prevented the development of a distinctive policy which would promote Canada's interest in Anglo-American cooperation. Again, in 1937, following the resumption of hostilities between China and Japan, Canada refused to attempt a reconciliation of American power with British interests in an effort to halt Japanese aggression. In contrast to the British position during the Manchurian Crisis, Britain was far more receptive to American cooperation, as the resurgence of Germany had impaired her ability to defend her Far Eastern interests. While Canada might have acted as an effective broker between the parties, she insisted that all initiatives must originate with the major powers. In the Canadian lexicon, the terms 'initiative' and 'commitment' were synonymous.

Despite Canada's concerted effort to avoid commitments, her fundamental political relations with Great Britain and the United States drew her inexorably closer towards increasing tensions in the Far East. Significantly, when Canada determined to take a leading role in the application of a strategic material embargo against Japan, the initiative originated with Great Britain. The Commonwealth was at war with Germany and the British emphasized the importance of an embargo for

long-term Anglo-American cooperation. With American assistance critical to the war effort, Canada adopted the restrictive policy on strategic exports to Japan, although she remained quite uncomfortable with such a prominent role. The export restrictions policy revealed the degree to which Canada's primary interest in Anglo-American cooperation affected the course of Canadian-Japanese relations, since that policy was adopted in response to Japanese pressure against British, and to a lesser extent, American interests.

The long-standing aversion to political commitments did not extend to economic relations. Canada's staunch commitment to economic protectionism, and ostensibly, to the wages and living standards of Canadians, ensured the failure of a negotiated settlement of the trade dispute in the spring and summer of 1935. Nonetheless, it seems reasonable to conclude that the element of prestige precluded a more accommodating Canadian attitude, as Canadian officials feared concessions would be viewed as a retreat in the face of a coercion by superior military power. The government failed to distinguish between Japan's military aggrandizement in the Far East, and her concentrated assault against world export markets. This assault, which intensified after the Second World War, was based upon low wages and a depreciated currency to some degree, but also upon a comparative trade advantage attained through rationalization of industry, a fact the Canadian government chose to ignore.

The government also ignored the advice of its senior diplomat in Tokyo at the time of the trade dispute. Certainly, Sir Herbert Marler,

a businessman with few qualifications for his appointment as Minister to Japan, had given his government good cause to ignore his despatches in the past. However, his analysis of the trade dispute revealed insights worthy of the government's consideration. That the government dismissed these insights only served to illustrate the folly of designating political appointees for diplomatic posts which demanded the services of skilled professionals.

Marler's inadequacies aside, the fact remains that he went to Japan intent upon developing markets for Canadian exports. The commercial promise of the early years was, in fact, never fulfilled. Indeed, the element of Canadian-Japanese trade underwent an unusual transformation in the 1930s. What began as a source of mutual profit soon turned to a source of bitter recrimination, and ultimately emerged as a political weapon designed to restrain Japanese ambition. At best, the Canadian-Japanese trading relationship in the 1930s revealed the depth of Japan's commitment to the conquest of export markets.

With the disappointment in the level of trade, the absence of immigration as an issue outside of British Columbia, and the overwhelming influence of Canada's British and American political relationships, one may question the point of establishing a diplomatic presence in Japan. Nevertheless, the legation did serve a purpose. Canada's maturity as a nation, reflected in the growth of industries, the increase in population and the expansion of trade, required a commercial and political knowledge of other nations. The Legation provided the requisite point of contact. Notwithstanding the negative

aspects of the Canadian relationship with Japan in the 1930s, this exchange of knowledge remains the most enduring and positive aspect of Canadian-Japanese relations during the decade.

Admittedly, the legation did not contribute to the development of a specific Canadian policy for Japan. Yet this was not a fatal flaw, given that the essentially negative character of Canadian external policy did not require the formulation of specific objectives designed to enhance Canadian interests. The negative character of Canadian policy was a function of the fundamental anomaly of Canada's external relations. Canada had to reconcile powerful British and American political influences with a growing consensus for autonomy and above all, an ingrained preference for noncommitment in the conduct of external policy. Buffeted by these elements, Canadian external policy towards Japan lacked coherence, seemingly content to react to events as they occurred rather than act in a manner conducive to Canada's self-interest.

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