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Instruments of influence

Canada and arms exports to South Asia, 1947-1971

By

Omar Hayyat Khan, B.A. (Hons)

A thesis submitted to
the Faculty of Graduate Studies and Research
in partial fulfillment of the requirements for the degree of

Master of Arts
Department of History

Carleton University

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Graduate Studies and Research acceptance of the thesis

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submitted by

Omar Hayyat Khan, B.A. (Hons)

in partial fulfilment of the requirements

for the degree of Master of Arts

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21 April 2005

Abstract

The literature on arms exports and diplomatic relations with South Asia has underestimated the importance of Canada's arms sales to India and Pakistan during the Cold War. In the period between partition in 1947 and the Bengali War of Independence in 1971, Canada provided weapons systems and spare parts to the Indian subcontinent, at one time even becoming the principal supplier to Pakistan. Canadian government motives for the sales were twofold: the domestic need to maintain and further a military industrial base; and the larger strategic goals of assuring a balance between India and Pakistan to deter war between them, while gaining influence for Canada and the Western alliance in their Cold War struggle against the Soviet Union and China.

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Without the help of my family, my mother Sabira in particular, I am certain this thesis would not have seen the light of day. The staff at the National Archives, working at best under adverse circumstances, guided me through some dark days. Long chats over coffee with Ryan Touhey also molded much of my thinking on this topic. But most importantly, this project would simply not have seen fruition if not for the understanding and assistance of my loving wife Macarie.

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This thesis is dedicated to Amira. You are the special little girl in my life.

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Introduction

In the period between the partition of India in 1947 and the Bengali War of Independence in 1971, Canada quietly provided a variety of military equipment to southern Asia, at one time even becoming the principal supplier to Pakistan. Economic and industrial planning was certainly important to the decision-makers who allowed these sales, but broader international goals were thought to be served by selling armaments in the Indian subcontinent. In providing arms, Canada sought to gain influence for itself and the Western alliance in their Cold War struggle against the Soviet Union and China. Canadian diplomats were aware that their armaments could be used in a general war between India and Pakistan, and so their policies were also aimed at the maintenance of a balance of power on the Indian subcontinent. In this sense too, Canadian arms were used by successive governments as instruments of influence.

The trade in conventional armaments is one of the least examined elements of Canadian foreign policy. This is surprising, considering that the Cold War was a period in which Canada had a considerable trade in military equipment. These sales were sufficiently substantial that for a time Canada was one of the top five exporters of military equipment in the world.¹

Why has so little attention been paid by foreign policy experts to this issue? One reason is Cabinet secrecy. Cabinet met eighteen times between 1948 and 1971 to discuss the matter of Canadian arms to South Asia, and although the decisions varied greatly, one theme remained consistent – decisions and authorizations for sale were not to be revealed

¹ During the period 1955 to 1964, Canada ranked 5th in terms of arms exports, although it should be kept in mind that its market share remained tiny, at around 4%, compared to the 4 leaders. The United States, provided approximately 40 percent of the world's requirements during the same period. See Cindy Cannizzo, "Trends in Twentieth-Century Arms Transfers," in *The Gun Merchants: Politics and Policies of the Major Arms Suppliers*, ed. Cindy Cannizzo, (Toronto: Pergamon Press, 1980), p. 10

to the public. This secrecy, enforced by the Access to Information Act, has made it difficult for interested researchers to find information on arms sales in the records of various agencies and departments. The Department of Foreign Affairs and International Trade insists that some foreign governments wish to keep the type and volume of equipment they have purchased from Canada undisclosed, and that they are obligated to maintain such secrecy.² To further complicate matters, individual departments that retain the ability to screen archival records for political or strategic reasons have different perspectives on what information should be released. In the process of researching this thesis, some departments discharged files pertaining to Canadian arms sales to the public without any restrictions, while others found the release of similar material unacceptable. In some cases, Library and Archives Canada had to contact individual companies or their subsidiaries for permission to release information on arms sales because “trade secrets” are protected by the Access to Information Act.³

Policy-makers themselves are also responsible to a certain degree for this missing history. Although mandarins like Escott Reid and John Holmes have written about Cold War diplomacy, they have focused on issues relating to the status of Canada as a middle power or helpful fixer, bilateral relations with the superpowers, and multilateral diplomacy. Almost none of the former diplomats who have written retrospectively discuss the issue of the Canadian arms trade.⁴

One school of thought on Canadian arms sales is concerned with the motivations of government bodies in the exporting of weapons abroad, and argues that economics

² Canada, *Access to Information Act*, (R.S. 1985, c. A-1), Section 13(1)(a)

³ Access to Information and Privacy, Library and Archives Canada, File A-2003-00151/ad, Dufault to Khan, December 22, 2004

⁴ The only known exception is former Canadian diplomat Robert W. Reford’s article, “Merchant of Death?” *Behind the Headlines* 27(4) (October 1968)

played the essential role in decision making during the Cold War. There has been some work done on the Canadian arms industry and the government's role in allowing sales to the United States and abroad; much of it comes from Project Ploughshares at the University of Waterloo, but there is also the work of political theorists interested in state-corporate interactions.⁵ A basic supposition of this body of work is that Canada was and remains a "second tier" arms manufacturing state; that is to say Canada had such a small domestic market that, no matter what kind of restrictions were made on arms sales abroad, an economically sound manufacturing base could only be maintained during the Cold War by making large sales outside of the country.⁶ This contrasted with the "first tier" superpowers, whose domestic needs were so great that exports to other countries were not necessary to keep their military-industrial complexes afloat. Locked in an ideological struggle, these superpowers made foreign sales with strategic priorities in mind.

The government and industrialists in Canada, this argument continues, worked together to ensure the domestic viability of arms manufacturing in Canada by sending weapons systems and spare parts to Third World countries or Colonial powers. Once there, they were often used indiscriminately against civilian populations, in quelling legitimate struggles for independence, for large scale violations of human rights, and even to threaten or attack the recipient's neighbours. All this was accomplished through

⁵ See, for example, Ernie Regehr's two books *Arms Canada: The Deadly Business of Military Exports*, (Toronto: James Lorimer & Company, 1987), *Making a Killing: Canada's Arms Industry*, (Toronto: McClelland and Stewart Limited, 1975) and the presentations of different political theorists at the Conference on International Arms Transfers in Keith Krause, *The International Trade in Arms: Problems and Prospects. A Summary of Proceedings of a Conference on International Arms Transfers*, (Ottawa: Canadian International Institute for Peace and Security, 1987).

Also of value are the articles, studies and opinions presented at the Project Ploughshares website, "An ecumenical peace centre of the Canadian Council of Churches." www.ploughshares.ca

⁶ Krause, *The international trade in arms: problems and prospects. A Summary of Proceedings of a Conference on International Arms Transfers*, p. 6

the government's financial assistance to and marketing of the products of Canadian arms manufacturers. A corollary to this assertion is that defence sharing with the United States has meant that Canada became complicit in American misadventures throughout the Cold War, such as Vietnam, cruise missile testing and Star Wars, because Canada had become dependent on the United States for her economic well being. Comparisons between the policies of Canada and other "second tier" states, such as France, Japan, or Sweden, are then made largely based on the fact that they all had similar shares of the world market and gained similar economic benefits from sales to other states.⁷ These normative assumptions are largely based on evidence found in publicly available records, press accounts, Parliamentary Committees on defence or international relations, and Industry publications such as military product catalogues.

Whatever the value of these works by peace scholars and political scientists, they are generally not the result of an extensive examination of government records. Intentions and results are often considered to be the same thing in much of this writing tradition, and motives, a large part of the arms trade literature, have been assigned to different government actors without an actual examination of the records kept by interested departments.⁸

If it can be said that there is a tradition of writing on Canadian arms sales that has ignored South Asia, then it is equally true that there is a literature on Canadian-South

⁷ See Stockholm International Peace Research Institute, *The Arms Trade with the Third World*, (New York: Humanities Press, 1969), p. 284-294 and Krause, *The international trade in arms: problems and prospects. A Summary of Proceedings of a Conference on International Arms Transfers*, p. 6

⁸ Correspondence with the Access to Information and Privacy Division at Library and Archives Canada indicates that primary files in the 50000 series on Canadian arms export policy since 1945 have never been previously ordered for declassification.

Asian relations that has ignored arms sales.⁹ Writings on Canada-South Asian relations have focused on aid programs, the functioning of the Indo-Canadian rapport in international fora, the harmony (or not) of Indian and Canadian responses to international crises, and the failure of the nuclear assistance relationship. Of particular importance to political scientists and diplomatic historians is Escott Reid's thesis that India and Canada had a "special relationship" between 1947 and 1957.¹⁰ Others, such as Indian political scientist M.S. Rajan, have termed this the "Ottawa-New Delhi Axis."¹¹ Supporters of this concept argue that, during the Cold War, India and Canada forged an informal alliance that stemmed from their common perception of world problems and comparable experiences within the British Empire. The relationship ensured that both countries were able to work together on world problems, such as conflict in Korea and the Suez Crisis. It was of mutual benefit because Canada was able to moderate American foreign policy, and India was able to do the same with China. In this diagnosis, the special relationship functioned because of the identity of Canadian and Indian views of the Cold War, and despite disagreements between India and Canada such as Kashmir, American arms to Pakistan, Suez and Hungary, and the eccentricity of Indian defence minister Krishna Menon.

This is not a universally accepted theory, however, and it is the subject of debate. Detractors have pointed out that the affiliation between India and Canada was simply not

⁹ Scant references to arms provisions to South Asia can be found in Peter Harnetty, "Canada's Asian Policy: The Case of Pakistan." *South Asian Review* 3(2) (January 1970): pp. 117-129; Gwen Kerr, "Pakistan Air Force - The Canadian Sabre Goes to War." . Available at <http://www.pakdef.info/pakmilitary/airforce/ac/sabre.html> (3 January 2003); Christopher John Kukucha, "Canada and India: An analysis of the political and economic relationship, 1947-88," M.A. dissertation University of Windsor, 1989; Ronald Pickler and Larry Milberry, *Canadair: The First 50 Years*, (Toronto: CANAV Books, 1995); and Escott Reid, *Envoy to Nehru*, (London: Oxford University Press, 1981).

¹⁰ Escott Reid, *Envoy to Nehru*, (London: Oxford University Press, 1981).

¹¹ M.S. Rajan, "The Indo-Canadian Entente," *International Journal* 17 (1962): pp. 358-384.

as “special” to either country as their interests with different superpowers, which often constrained their ability to work together.¹² Others have emphasized that, instead of being an *entente* with close bilateral interests, the relationship between India and Canada was more opportunistic in nature, with each country seeking to maximize benefits from temporary identities in foreign policy.¹³

This thesis will examine some of the claims made in the literature about Canadian arms sales and Canada-South Asian relations. It will address how Canada, a “second tier” state, saw arms sales to the region as an aid to economic and industrial planning and how politico-strategic considerations fit into decision-making at External Affairs and Cabinet. It will also look at what modifications may be necessary to Escott Reid’s “special relationship” concept in light of Canadian arms sales to the region. Canada’s motivations in selling arms to South Asia will be explored in light of documentation at the Library and Archives Canada and the Department of National Defence that has never before been systematically used by scholars. Correspondence among three key government actors – the Departments of External Affairs, National Defence, and Trade and Commerce – is examined to view how Canada conceptualized and formulated an arms trade policy for the region, and what pressures foreign governments and Canadian defence industries placed on decision makers. The records of Cabinet were reviewed to determine the role of that body. In order to determine the size and nature of equipment sold to India and Pakistan, publications of the Bureau of Dominion Statistics were also studied.

¹² Stephen Clarkson, Review of *Envoy to Nehru*, by Escott Reid, *Canadian Historical Review* 63 (March 1982): 64-66.

¹³ Arthur G Rubinoff, Review of *Envoy to Nehru*, by Escott Reid, *Canadian Journal of Political Science* 15 (September 1982): 606-608.

This thesis has been divided into six chapters, with each chapter corresponding to a different stage in Canadian involvement in the region. The first chapter examines how Canada became involved in the arms exports business when the Second World War came to an end. It demonstrates how Canadian diplomats, initially wary about participating in arms trafficking and hopeful of the mission of the United Nations to reduce armaments, quickly became disillusioned. After 1948 they believed that they were caught in a crucible of tense international relations. In this threatening environment, the safety of Canadians could best be enhanced by selling weapons to states that were willing to promote the security of the Free World against Communist aggression and subversion. The fact that such transactions would assist in Canadian economic and industrial planning in Canada was widely appreciated in the Departments of National Defence and Trade and Commerce as an “inducing factor” for the selling of arms.

When India and Pakistan, two quarreling Commonwealth newcomers, requested armaments, the Canadian government hesitated. These two newly independent countries, it was believed, could become the victims of Soviet and Chinese aggression in the event of a world war that would certainly see Canadian involvement. There were also serious challenges to the internal stability of India and Pakistan, in the form of Communist inspired rebellions and rural gangsterism. The fact that the United Kingdom was no longer capable of providing weapons to either country, and that the United States had instituted an embargo because of the clash of views in Kashmir, increased the possibility that India and Pakistan would look to Communist states to provide for their needs, and perhaps fall into their sphere of influence.

The West and the Commonwealth would gain much political capital, Chapter One goes on to argue, if Canada helped these two countries acquire weapons that would bolster their military strength. Canada decided to provide the armaments in the knowledge that the conflict in Kashmir was becoming a more serious affair and that arms delivered to either country could see use in that area. The possibility that the conflict would become a more general war between India and Pakistan also worried Canadian politicians and diplomats. The choice of selling arms was one of a lesser evil, however, with the possibility of Soviet aggression and influence seen as a more serious threat.

Chapter Two demonstrates that, while arms sales to India were significant, Pakistan received more equipment in an attempt to create some balance in the region. Between partition in 1947 and the signing of a security agreement with the United States in 1954, Canada not only became Pakistan's main supplier of armaments, but the new state also became Canada's greatest foreign arms customer. Although the conflict over Kashmir had officially ended, the sales occurred in an environment of significant tensions between India and Pakistan.

After this initial period of intense Canadian involvement in the arms buildup in South Asia, sales became less significant, especially after American involvement in the region increased. Chapter Three examines the Canadian reaction to American arms sales to Pakistan, starting in 1954. These sales not only upset India, but also strained relations with Canada, as foreign minister Lester Pearson identified Canadian interests with U.S. Cold War aims. Despite Indian concerns, intelligence assessments led Pearson to believe that American and Canadian arms sales to Pakistan would not upset the balance of power in the subcontinent.

The fourth chapter deals with events a decade later, when China attacked and occupied large parts of Indian territory during the Cuban Missile Crisis. Canada's emergency provision of arms for the defence of India, as well as its supply of major weapons systems in 1963 and 1964, represented the largest contribution of the Canadian Military Assistance program, aimed at creating maximum goodwill in India. Canadian officials were sensitive to criticism of this program and sought means to appease Pakistan. Despite significant pressures from Canadian military industries to render further assistance to India, Canada wanted to maintain good relations with Pakistan and found some requests unacceptable because of the negative impact additional sales might have on bilateral relations with Karachi and on the balance of power in the region.

The continuing diplomatic failures to settle the Kashmir dispute and the resulting increase in Indo-Pakistani hostility led to an outbreak of war between the two countries in 1965. Pearson, now Prime Minister, attempted to broker a peace that eventually failed, but Canada engaged in a peacekeeping role that did restore the status quo. During and after the conflict, Canada, in concert with most other Western countries, maintained an embargo on weapons to the region. Chapter Five examines the impact of the embargo on India and Pakistan as both countries struggled to acquire or replace lost equipment. India, in particular, found the embargo difficult because Canadian-provided transport aircraft were inoperable without Canadian spare parts.

In 1966, West Germany sold 90 CF-86 Sabres to Iran, after receiving permission from Ottawa and Washington. In collusion with Iran, Pakistan surreptitiously acquired these fighters, considerably augmenting her air defence capabilities. Canada put diplomatic pressure on West Germany to have the planes returned and, when this effort

ultimately failed, embargoed Iran as well. When Canada began relaxing its arms embargo to the subcontinent, Pakistan requested spare parts for the CF-86s. The final chapter deals with the debate within the Canadian government over this issue. As in the past, commercial factors were brought up in Cabinet to support the sale, but familiar goals about the balance between India and Pakistan and the containment of an unpredictable and isolated China were also thought to be served.

Chapter 1: Canada - Cold Warrior

Canadian arms sales to 1948

In the 1930s, it was still possible for private companies in Canada to sell weapons and strategic materials to foreign governments with virtually no restrictions. As the international situation in Europe worsened in 1937, the government became concerned about arms and resources finding their way into conflict zones such as Spain, Manchuria and Ethiopia. Many Canadian mining companies were also providing the fascist powers with important weapon making minerals; nickel, for example, was an important Canadian export.¹⁴ In April 1937, the King government announced revisions to the Customs Act that would place export controls on war material and allegedly take the “profit out of war.”¹⁵ As well as enacting an armament program for Canada, the Prime Minister hoped that limiting the fascist world’s access to weapons and raw materials might deter further aggression and limit the capabilities of those countries in the event of a war. On July 30, 1937, the government went a step further and implemented a permit system under the administration of the Department of Trade and Commerce. Although this department became the clearinghouse for arms requests within the government, the real decision-making about individual transactions occurred at the level of Cabinet and within the confines of the Department of External Affairs.

As soon as the Second World War broke out, the government enacted the War Measures Act which allowed for the control of arms exporting.¹⁶ The Allied war effort

¹⁴ “Dominion to take profits from war,” *Globe and Mail*, April 3, 1937, p. 1

¹⁵ “Dominion holds whip hand over war: Export ban might halt arms race,” *Globe and Mail*, April 2, 1937, p. 1

¹⁵ “Canada would take profits out of war King tells Commons,” *Toronto Daily Star*, April 3, 1937, p. 23

¹⁶ Canada. *War Measures Act (1914)*, Section 3(e)

required the provision of large amounts of guns and ammunition, advanced aircraft and tanks, destroyers and frigates. The supply of such war goods became a key component of the Canadian contribution to the Allied war effort. Through mutual aid programs allies, great and small, were the recipients of large caches of Canadian arms production. At the end of the war, Canada not only possessed one of the world's great economies, but had the capacity to produce almost any advanced weaponry that it may have wanted.

Cabinet would not revisit the issue of arms exports until the cessation of hostilities in 1945. At that time, the government decided that Canada would cease the sale of armaments to other countries, with the exception of the United Kingdom, the United States and a few key allies in Europe. Cabinet also restricted any foreign sales to items or parts considered surplus to the needs of the Canadian armed forces.¹⁷ The foreign sale of newly produced armaments had effectively ceased.¹⁸ Under this policy, significant sales to several Latin American countries were rejected.¹⁹

In response to the ever-increasing requests for armaments from non-allied nations, the government enacted a review of arms sales in the spring of 1946. Norman Robertson, Under-Secretary of State for External Affairs, reported his review to Cabinet on April 30 of that year. In it he noted that Canada had refused virtually all new arms requests since the end of the war because, "It was hoped that Canada could refrain from engaging in the arms traffic until the Security Council had an opportunity of considering the regulation of the traffic by international agreement." Robertson informed Cabinet that three possible

¹⁷ Library and Archives Canada, Record Group 2, Series A-5-a Volume 2638, May 24, 1946 Cabinet Conclusion, "Sale and export of arms to foreign governments"

¹⁸ LAC, RG 25 Volume 4440, File 50000-40, part 1, SSEA, "Circular Dispatch," circa April 20, 1948

¹⁹ LAC, RG 25 Volume 4440, File 50000-40, part 1. This file indicates that Canada rejected requests from Mexico, China, Chile, the Dominican Republic and Argentina in the period between 1945 and 1948. With the exception of a sale to the Netherlands Canada did not sell surplus arms elsewhere, although material promised to allies before the war ended was still delivered.

courses of action were available: the Canadian government could remain aloof and refuse to sell arms to anyone; a policy that closely paralleled that of the United States could be used, with Brazil and Mexico being the only recipients; and finally, Canada could sell freely to all. Robertson recommended the first option. He rejected the second because it would appear discriminatory to other Latin American countries, and rejected the third because Canadian allies, particularly the United States would oppose such a strong measure.²⁰

Cabinet met on May 24, 1946 to consider the Robertson memorandum. While not directly addressing the issue of what level of participation Canada should have in the international arms trade, the meeting did conclude that Cabinet should return to the pre-war system of reviewing each individual proposed sale on its political merits.²¹ Exactly what these merits should be in the new post-war environment was still unclear to many within External Affairs.²² In practice, this decision did not immediately result in a major change in Canadian provision of arms; a year later Canada had still not sold any new surplus equipment to anyone besides the United States, the United Kingdom and the Netherlands.

Cabinet faced a fresh round of requests from different parts of the world in early 1947. Canada continued to reject these overtures based on several key factors. Firstly, there was a fear that the provision of certain weapons could some day result in their use against Canadian forces. Secondly, the Canadian public would not accept the provision of arms to certain “repugnant” countries: the Dutch or the Portuguese, for example, who

²⁰ LAC, RG 25 Volume 4440, File 50000-40, part 1, “Memorandum for the Prime Minister,” APRIL 30, 1946

²¹ LAC, RG 2, Series A-5-a Volume 2638, May 24, 1946 Cabinet Conclusion, “Sale and export of arms to foreign governments”

²² LAC, RG 25 Volume 4440, File 50000-40, part 1, “Memorandum for Mr. Wrong,” May 29th, 1946

could use Canadian weapons to quell colonial revolts. An additional worry was that a civil war in such a region could see Canadian weapons commandeered by those “most opposed to the western cause.” It was for this reason that Canada tried to ensure that the weapons previously provided to the Netherlands were for use in Batavia or the West Indies alone, presumably to restrict their use in the struggle for independence in Indonesia.²³ Thirdly, some requests had come from countries that were becoming much closer to the Soviet Union than the West and sales to them were unacceptable; Chile being a good example. Finally, and perhaps most importantly, the United Nations Security Council had still not worked out a system to regulate the traffic in armaments. A Cabinet memorandum that framed a February 1947 discussion of the issue put it this way:

The delay in the consideration of such an agreement by the Security Council is unfortunate and it might be useful if Canada were now to bring some pressure to bear on the Security Council by requesting the Secretary-General to place on the agenda of the Assembly in September the question of the preparation of a convention on the control of the traffic in arms. The conclusion of such a convention would serve our national interests and we would be in a better position to press for it if we continued to abide by our present self-denying ordinance under which we have, with the exception of one sale to the Dutch, consistently refused, since the end of hostilities, to sell armaments to foreign governments. If efforts to secure such a convention fail, then of course we can re-consider our policy.²⁴

The goal of general worldwide disarmament, “to save successive generations from the scourge of war,” had been a founding principle of the United Nations. Article 26 of the United Nations Charter authorized the Security Council to submit plans to members of the United Nations for “the establishment of a system for the reduction of armaments.” Canada wholeheartedly supported such disarmament plans and hoped that the newly formed Commission on Conventional Armaments would start discussions on

²³ LAC, RG 2, Series A-5-a Volume 2640, April 16, 1947 Cabinet Conclusion, “Export of arms; general policy; sales to various countries.”

²⁴ LAC, RG 25 Volume 4440, File 50000-40, part 1, “Memorandum for Cabinet,” February 18, 1947

the control of the spread of arms in an increasingly insecure world. In the meantime, the requests continued to pour in. On April 16, 1947, Cabinet rejected most of these overtures but decided to approve a few with major restrictions.²⁵ Approved were sales of arms manufacturing equipment to Nationalist China, anti-aircraft ammunition to the Dutch, and naval vessels to Mexico, Norway and Turkey, although it is likely that the ships would have been “demilitarized” before sale.²⁶

As late as June 18, 1947, the Cabinet Committee on External Trade Policy was still determined to maintain its vigilance and not change Canada’s restrictive arms policies.²⁷ Evidence was beginning to accumulate, however, that the Security Council’s efforts at arms control might fail. On that day, the Commission on Conventional Armaments met and by majority vote approved a United States plan to reduce the armaments held by all states. A dissenting group, led by the Soviet Union, argued that the issue of conventional armaments reduction had to be linked to the disposal of atomic weapons. On July 8, 1947, the US plan was approved by the Security Council with the Soviet Union and Poland abstaining.²⁸ Although more meetings were scheduled, it did not appear that the East-West impasse over issues such as atomic weapons, verification of reductions, and targets for reduction could be broken. The Commission itself became useless and eventually petered out in 1952.²⁹ A year after the Soviet Union rejected the US arms control plan, the Canadian position on arms control crystallized in response to a

²⁵ LAC, RG 2, Series A-5-a Volume 2640, April 16, 1947 Cabinet Conclusion, “Export of arms; general policy; sales to various countries.”

²⁶ LAC, RG 25 Volume 4440, File 50000-40, part 1, “Memorandum for the Prime Minister,” APRIL 30, 1946

²⁷ LAC, RG 2 Volume 61, File C-10-13-M, , Wheelock, “Cabinet Committee on External Trade Policy,” June 18th, 1947

²⁸ United Nations. “Security Council,” *International Organization*, 1(3), September 1947, p. 508.

²⁹ United Nations, *The United Nations and Disarmament-1945-1985*, (New York: United Nations, 1985), p. 2

Soviet General Assembly resolution prohibiting all nuclear weapons and reducing the military strength of all permanent members of the Security Council by one-third. The Canadian representative at the proceedings noted that this Soviet “propaganda measure” only sought to place blame on the Western powers for the existing international tensions and was fraudulent because the Soviet representatives refused to provide data on their own military capabilities, a step that the western states had openly taken. The representative noted:

We refused to support measures of disarmament at the cost of insecurity for ourselves, or at the cost of insecurity for other nations bent upon maintaining international peace and security on the basis of the principles and purposes of the Charter. Why should we be asked to pool our security with a nation which will not, and is determined not, to reveal to the world what it is doing?

The Canadian briefing book on proceedings at the Third U.N. General Assembly notes that the major reason for the failure of the armaments commission was the refusal of the Soviet Union to accept the majority view of the General Assembly that actions had to be taken to create a sense of security amongst states before disarmament could even be discussed. Because of the tremendous size of the armies in Eastern Europe, their intransigence over the establishment of collective United Nations forces, and the failure over establishing controls over nuclear weapons, it was the Soviet Union which was primarily thought to be responsible for this lack of security.³⁰ Perhaps because of this appraisal of the Soviet Union and its aggressive intentions throughout the world, Canadian arms policies began to relax near the end of August 1947.

One of the first beneficiaries of this relaxation was Nationalist China, which became the first Asian state to receive newly manufactured armaments from Canada after

³⁰ LAC, RG 25 Volume 3700, File 5475-DM-1-40, part 1, Agenda Item 70 - “Prohibition of the Atomic Weapon and the Reduction by One-Third of the Armaments and Armed Forces of the Permanent Members of the Security Council”

the end of the Second World War. In 1947 Chiang Kai Shek began to lose the civil war against Mao Tse Tung's Communists.³¹ Nationalist China, a Canadian wartime ally, had continued to receive military supplies in the period between 1945 and 1947, but only because of existing arrangements before the war ended. This included the provision of nearly \$15,000,000 worth of newly produced and surplus rifles, ammunition and naval vessels. In late 1947, Canada also provided 170 surplus mosquito aircraft to China in a completely new arms deal.³²

Officials at External Affairs did not draw public attention to what had motivated Canada to approve the Chinese arms deal. Behind closed doors, there was division in Cabinet about the Chinese deal. It was apparent that the Secretary of State for External Affairs had strong reservations about the transaction, while the Minister of Reconstruction and Supply, C.D. Howe, championed the sale. On August 25, 1947, Cabinet decided to modify the ban on arms to the Chinese and allow sales of "military aircraft, airframes, armament and ammunition." The justification for the sale was that, since the United States had lifted their embargo on arms to China to prevent the complete downfall of the Nanking government, the political atmosphere was acceptable to allow such a sale.³³ A few months later, when the press learnt that Canada would be supplying the Chinese Nationalists with 100,000,000 rounds of small arms ammunition, Howe frankly admitted, "We are trying to stop the Commies."³⁴

³¹ LAC, RG 2 Volume 61, File C-10-13-M, , Wheelock, "Cabinet Committee on External Trade Policy," June 18th, 1947

³² "Arms Worth 15 Millions Sent To Chiang – Ottawa", *Toronto Daily Star*, December 18, 1947, p. 7

³³ LAC, RG 2 Series A-5-a Volume 2640, August 25, 1947 Cabinet Conclusion, "Surplus aircraft and other armaments; sale to China"

³⁴ " 'Sending Bullets to China to Block Commies' – Howe", *Toronto Daily Star*, July 12, 1948, p. 1

Moreover, the Chinese government would pay in US dollars, resulting in an increase in Canadian US credit reserves.³⁵ In 1947 and 1948, this would have been particularly attractive to the Canadian government. J.L. Granatstein and Robert Cuff summarized the situation facing the government at that time as one of new post-war economic imbalances: "The nation had a very large dollar deficit with the United States. This was not unusual, but in prewar years it had usually been balanced by an earned surplus with Britain and the rest of the world. Now, with the European countries undergoing the painful process of reconstruction and unable to purchase much in Canada unless the Dominion herself put up the money, that balancing effect was lost."³⁶ The result of this loss was that the strong Canadian dollar was weakening and the large foreign currency reserves built during the war were about to decline sharply.

Even with the Chinese deal moving forward, Cabinet continued to reject applications for arms from other parts of the world. It was not until the next year that Canada really codified a robust and clear arms trade policy. On April 7, 1948, Cabinet discussed the export of arms from current production and the decision rendered is worth quoting in full:

In view of the attitude of the U.S. and U.K. governments, this policy had been reconsidered in consultation with the Minister of National Defence, since it was of great importance to maintain in Canada the nucleus of a munitions industry for expansion in an emergency. This nucleus could not easily be maintained on the basis of domestic orders.

It was recommended, therefore, that sales of arms from current production be permitted and encouraged to countries which were potential allies and whose regimes were, generally speaking, democratic, provided that orders were placed

³⁵ Department of Foreign Affairs and International Trade, *Documents on Canadian External Relations*, Volume 13, (Ottawa: Supply and Services Canada, 2001), Document No. 955 "Memorandum from Secretary of State for External Affairs to Cabinet, August 23, 1947"

³⁶ Robert D. Cuff and J.L. Granatstein, *American Dollars-Canadian Prosperity: Canadian-American Economic Relations 1945-1950* (Toronto: Samuel-Stevens, 1978), p. 31.

on behalf of governments and for arms of a kind which would serve to develop the Canadian munitions industry along lines desired.

Sales would continue to be examined individually by the Department of External Affairs and submitted to Cabinet for approval.³⁷

Although External Affairs was to remain in charge of the political decision making apparatus on arms sales, the Cabinet decision demonstrates that the military's concerns about the war making capacity of Canada was taken seriously. Only a few days later, Cabinet would establish the Industrial Defence Board, which would begin the "first public preparatory step" toward planning for post-war armaments production.³⁸

Although Canadian efforts at rearmament did not get off the ground until the start of the Korean War, Prime Minister Mackenzie King's diaries during this time are full of apocalyptic visions of war, perhaps influencing his decision making on planning for a robust Canadian defence industry.³⁹ On July 20, for example, King wrote:

Russia is determined to have Berlin. Once they have Berlin, and once it blazes up between Russia, America and Britain, it is likely to become another world war. The situation is indeed very, very serious. I have almost come to believe that Russia is quite decided on war, and if the Allied Powers do not yield to their demands upon Berlin war will come sooner than is expected.⁴⁰

Two weeks later,⁴¹ the Berlin blockade began. Although written in advance of that event, on April 20 External Affairs sent out a circular to all of the embassies and high commissions about the issue of arms. This circular would remain Canada's official

³⁷ LAC, RG 2 Series A-5-a, Volume 2641, April 7, 1948 Cabinet Conclusion

³⁸ Cuff and Granatstein, p. 166.

³⁹ See, for example, Robert Bothwell, "The cold war and the curate's egg: when did Canada's cold war really begin?" *International Journal* 53(3) (Summer 1998): p. 407-418

⁴⁰ LAC, King Papers, King diaries, July 20, 1948, p. 3. As early as December 4, 1947 King begins to voice his fears of the Soviet Union: "the men at the head of affairs in Russia have got into their minds that they can conquer the world. What they may have in the way of secret weapons and missiles and poisons, no one knows." On November 15, 1946 King also wrote about his belief that another world war was inevitable although likely ten years down the road.

⁴¹ It is on this same day that the Industrial Defence Board was created.

position on the provision of arms to other countries for years to come. The opening comments of the circular are particularly telling of the decision-making environment:

During the past six or eight months the progressively worsening international situation has led an increasing number of foreign governments or their agents to evince considerable interest in the purchase of Canadian arms, ammunition and military supplies. In the circumstances, you will understand that such matters must be handled with considerable discretion.⁴²

The circular goes on to note several factors in decisions to provide arms to foreign government: political relations with a recipient country, the use to which Canadian arms were to be put, and sales of “types of equipment which would serve to develop the Canadian arms industry in a manner useful to our own defence plans”. The circular then remarks on some new guidelines that will affect Cabinet thinking on the arms trade in the future. Since Canadian interests were thought to be strongly in line with the United States and the United Kingdom, the government wanted to coordinate its arms policies with these states. The government was also deeply concerned about the issue of “end use”:

In certain cases we have required an inclusion of an undertaking in the sale contract that the goods would not be resold. It has nevertheless been our experience that neither this nor any other expedient is really effective in controlling the end use made of Canadian equipment sold abroad. It is not our view that we can accept responsibility for the end use. Nevertheless, in view of the likelihood that certain types of buyers will divert supplies to international trouble spots such as Palestine, Indonesia, or some of the Central American republics, it is our practice to take all reasonable precautions to ascertain ahead of time the proposed use to which equipment will be put.

The government had been severely criticized in some quarters for the decision to sell China bombers in late 1947, and the circular notes with some apprehension that “when large sales of valuable equipment are in question, it is necessary to consider also the

⁴² LAC, RG 25 Volume 4440, File 50000-40, part 1, SSEA, “Circular Dispatch,” circa April 20, 1948

probable reaction of Canadian public opinion.”⁴³ The first test for the new guidelines would come only a few weeks after distributing the circular, when India and Pakistan stepped up the war in Kashmir.

Early strategic perceptions of the subcontinent in the West

On February 20, 1947, the British Labour government announced that India would receive her independence from the British Empire. The government appointed Louis Mountbatten as the last viceroy to India and charged him with the tremendous responsibility of transferring power to Indian hands by June 1948, with a settlement amicable to all of India’s religious communities. Unfortunately, Mountbatten was unable to bridge the deep divisions between the Muslim League and the Indian Congress Party leaderships that had been developing over the better part of a decade, and on June 3, 1947, he announced that India would be partitioned.

Many British and American government officials, were not initially impressed by the idea of Pakistan. There are many reasons for this, both ideological and political.⁴⁴ The only State Department policy paper known to exist about U.S. perceptions of the Pakistan idea argued that the communal division would be in opposition to “the liberal professions of the Western powers”.⁴⁵ The British were also very proud of what they had accomplished in India, the crown jewel of the *Pax Britannica*, over the last 200 years and

⁴³ LAC, RG 25 Volume 4445. File 50000-H-40, part 1, , “Export of military equipment to India and Pakistan,” 29th November, 1948. This letter questions how much of the reaction against the Chinese arms was representative of the Canadian population and concludes that “many of the representations made have been inspired by organizations which do not represent the best interests of this country.”

⁴⁴ For a good review of the political concerns about the split up of India see Dennis Kux, *The United States and Pakistan, 1947-2000: Disenchanted Allies* (Washington: Woodrow Wilson Center Press, 2001). For a British perspective, see H.V. Hodson, *The Great Divide: Britain-India-Pakistan* (London: Hutchinson & Co., 1969).

⁴⁵ Kux, p. 8

saw the unity of so vast an area as India as a sign of their good government and enlightenment. Politically, it was also uncertain that the idea of Pakistan was even feasible. Mountbatten was not alone in describing the idea of a separate Muslim homeland as “mad”.⁴⁶ It was not clear, for example, how such a country would function economically since many of the industries and raw materials would find themselves on the wrong sides of the anticipated borders of the new states. In addition, there was the general fear that a weak and divided subcontinent would be more susceptible to Communism.⁴⁷ To the viceroy and others, however, it was the lesser of two evils; a truncated Pakistan and divided India would prevent a civil war between Hindus and Muslims that might occur if India were given independence over the objections of the Muslim League.

Scholarship in the last few years has established that strategic interests coloured first British, and then American, perceptions of Indian independence and partition.⁴⁸ Since the nineteenth century, British imperial defence schemes had always seen Russian expansionism into central Asia as a potential threat to the Empire. When British defence planners first learnt that partition would be the likely outcome of negotiations, they were deeply concerned and, despite their best efforts, were unable to alter the creation of two weaker states in South Asia.

The King government was certainly influenced by these British strategic perceptions. Their interest in the subcontinent as a bulwark for western defence goes

⁴⁶ Hodson, p. 523

⁴⁷ H.W. Brands, “India and Pakistan in American Strategic Planning, 1947-54: Commonwealth as Collaborator,” *Journal of Imperial and Commonwealth History* XV (1) (October 1996), p. 43

⁴⁸ See A. Martin Wainwright, *Inheritance of Empire: Britain, India, and the Balance of Power in Asia, 1938-55* (London: Praeger, 1994), Ayesha Jalal, “India’s Partition and the Defence of Pakistan: An Historical Perspective,” *Journal and Imperial and Commonwealth History* XV (3) (May 1987): pp. 289-310, and H.W. Brands, “India and Pakistan in American Strategic Planning, 1947-54: Commonwealth as Collaborator,” *Journal of Imperial and Commonwealth History* XV (1) (October 1996): pp. 41-54

back to the days when the Raj was nearing its end and it was becoming increasingly obvious that the British would have to give India independence. King himself had visited India in 1909. At the time, he spoke positively about eventual independence for Indians within the Empire.⁴⁹ King continued to hold the opinion that Indian independence was desirable for the next 35 years. In 1942 he even began writing letters to Jawaharlal Nehru, then a Congress Party agitator and leading representative for Indian independence, and spoke of how his grandfather had been incarcerated by the British in a justifiable struggle for Canadian independence from the motherland. He promised Nehru he would do all that he could for Indian independence and attempted to position Canada in discussions about the future of India during the Second World War. Unfortunately, Churchill resented King's interference and told him not to press the matter.

King's positive attitude, however, was about to change. Once it became apparent in early 1947 that the British were indeed going to pull out of India, and that Congress leaders were neutral or antipathetic towards joining the British Commonwealth, King became concerned. In his worst estimates, India would isolate itself from the British sphere of influence and instead join other Asian countries in a bloc, perhaps comprised of members opposed to the West or worse yet an organization dominated by International Communists.⁵⁰ But there was little he could do about the direction of future Indian independence. When on May 28 he learned that it would soon be announced that India would be partitioned into two Dominions, Louis St. Laurent, King's new Secretary of State for External Affairs, suggested that Canada send a communiqué to the British warmly endorsing the entry of the two countries into the Commonwealth. King

⁴⁹ James Eayrs, *In Defence of Canada: Peacemaking and Deterrence*, vol. 3 (Toronto: University of Toronto Press, 1972), p. 228

⁵⁰ *Ibid.*, p. 235

disapproved, pointing out pessimistically that India, divided by nearly a decade of bitter Hindu and Muslim animosity, was on the verge of a civil war. Any hint of Canadian “advice” to the British at that point might be perceived by the latter as an opportunity to pass off the communal problems associated with partition into Canadian hands. India was not to be Canada’s problem.

King’s assessment of the situation was not an isolated one. Military leaders in Canada were also concerned about the strategic position of India and especially Pakistan, but like their political masters, they feared any kind of involvement in questions about the subcontinent. The Canadian Chiefs of Staff were aware of British concerns about the defence of the Indian subcontinent and were notified about the progress and nature of British negotiating efforts aimed at bringing the two new dominions into cooperation.⁵¹ But the Canadians generally ignored British efforts at getting them involved. When the British government was attempting frantically to persuade India and Pakistan to agree on a joint defence scheme in early 1948, it informed the Canadian government of its actions. The Director of Military Intelligence at DND prepared a report explaining the Canadian military’s position on the negotiations. In this report, he noted that it was in Canada’s “strategic interest that the objections of these negotiations be achieved,” and explained that:

The defence of Pakistan, essential to the defence of India, necessitates intimate military cooperation between the two Dominions. It is doubtful, however, whether the leaders of Pakistan, suspicious of the more powerful India, will permit this...The Indian Armed Forces, once efficient and formidable, have now been split and very largely deprived of British leadership. It is extremely improbable that political favourites, petty jealousies and factionalism will be kept out of the armed services with the result that efficiency will never regain its former level. Even if agreements are concluded, the practical results will leave

⁵¹ DHH, File 112.3M2 (D192), Volume 1, Rutherford circular Chiefs of Staff Committee, 17th September, 1947

much to be desired. Even though the suggested negotiations are not considered likely to achieve adequate results, any more aggressive attempt to order the affairs of the strategic defence of the Indian Continent would most certainly be unacceptable to both India and Pakistan.

But the negotiations did not commit Canada to the support of either India or Pakistan.⁵²

In response to the report and a request by the British for their input, the Chiefs of Staff met on April 1. The Chiefs agreed that Canada would inform the UK staff that they had no comments.⁵³ Canadian politicians and military men shared the concerns of the United Kingdom about the region, but much like their American counterparts they initially preferred not to be involved in British imperial retreat.

Canadian arms sales to the subcontinent begin

In late December 1947, the government of the United Kingdom sent a memorandum to the older Commonwealth governments indicating their policy on the provision of arms to both India and Pakistan. The authors noted that, although the United Kingdom was sympathetic to the provision of “reasonable amounts” of equipment for both countries, current production was not capable of providing the needs of either country. The British had cut their defence budgets and production levels so much that it was no longer effectively manufacturing any small arms. Instead of providing new weapons to India and Pakistan, it was providing limited and older surplus stocks.⁵⁴

British officials suspected that India and Pakistan would approach other Commonwealth countries for armaments under these circumstances. In such a situation, Canada could

⁵² DHH, File 193.009(D53) Box 3 March 1948, , “Brief on “Annex II - Provisional Draft Brief for the Service Members of the United Kingdom Delegation: for the Defence Negotiations - India and Pakistan”, 30 Mar 48

⁵³ DHH, 73/1223 File 1303, , “Chiefs of Staff Committee: Minutes of the 419th Meeting held at 1500 hours, Thursday, April 1st, 1948”

⁵⁴ Wainwright, p. 90

ask the British government for political advice regarding any sale. The authors also suggested that they had a policy of transparency and that either country would be notified of sales to the other.⁵⁵

The Canadians responded to the British policy with one of their own, indicative of the continuing desire to remain out of the international trade in arms. In a communiqué sent to the British a month later, Canada provided two reasons for remaining aloof from the region:

In the first place, there is in this country no regular manufacture of military arms and ammunition for export; in the second place, the export of arms and ammunition of all kinds is under control and each separate item of export requires specific governmental approval. In the circumstances, it appears that our taking the initiative in an approach to the Indian and Pakistan Governments along the lines suggested would tend to create a false impression and might in fact amount to an invitation to these Governments to place orders in Canada.⁵⁶

The Canadians also felt that the British policy of informing either state of the other's purchases might be a guideline that Canada could employ between the two states if requests actually came in, but even approaching the Indians or Pakistanis with such a policy statement might be interpreted as an invitation for orders.⁵⁷

One consideration arguing for distance that was certainly in the minds of Canadian diplomats was the increasingly hostile environment between India and Pakistan. The armed insurgency in Kashmir, which had initially started in late October 1947, was primarily a battle between the Indian Army and elements of Kashmiri militants, Pakistani Army officers on leave and large numbers of Pathan tribesmen from the North West Frontier Province. (See Map 1) Initially the Pathan tribesmen moved into

⁵⁵ LAC, RG 25 Volume 4445. File 50000-H-40, part 1, "India and Pakistan," 24th December, 1947

⁵⁶ LAC, RG 25 Volume 4445. File 50000-H-40, part 1, "Sale of Military Supplies to India and Pakistan", undated circa December 29, 1947

⁵⁷ LAC, RG 25 Volume 4445. File 50000-H-40, part 1, Pearson to St. Laurent, January 10, 1948

Kashmir from the West and began to loot and take control of large areas. When it became apparent that they would take the entire state, the Kashmiri Maharaja

Map 1 – Kashmir and surrounding countries

Kashmir Region

Source: <http://www.lib.utexas.edu/maps/kashmir.html>

decided to accede to India under the rules of partition. This allowed the Indian army to enter Kashmir and bring some law and order to the Eastern part of the province. In the first few months of operations, the Indian Army took hold of Srinagar and the militant offensive was essentially checked. In the spring of 1948, the warmer weather meant that

Indian forces that had spent much of the winter holding the valley would now be able to advance quickly across the remaining areas of “Azad”, or Free Kashmir, still held by Pathan tribesmen and run by an independent alternative government.

The Pakistani government, from the very beginning of the crisis, had condemned Indian actions as provocative and illegal. To the Pakistanis, Kashmir logically belonged with Pakistan because of its Muslim majority population and the fact that, before the invasion by Pathan tribesmen, the Kashmiri government had been moving to accede to Pakistan.⁵⁸ Even the word ‘Pakistan’ was based on the understanding that Kashmir was a logical part of the new country.⁵⁹ The government had already been under a great deal of public pressure to engage India directly to liberate the Muslim brethren, who were concentrated in the valley of Kashmir. The Pakistani leadership also feared the loss of any future bargaining chips against India over the valley, and duly instructed the armed forces to enter Kashmir in May 1948. Throughout May and June, three brigades were brought up and occupied positions previously held by the militants.⁶⁰ A major escalation of the crisis had taken place.

An additional sore point in the subcontinent was that of the Princely State of Hyderabad. Unlike most of the other leaders of India, the Nizam of Hyderabad did not accede to India or Pakistan and wanted to maintain his own sovereignty. At just over 80,000 square miles in size, the state of Hyderabad was about the size of the United Kingdom and situated right in the middle of what became the state of India. (See Map 2)

⁵⁸ A standstill agreement (a precursor to secession) had been signed between Pakistan and Kashmir on August 15, 1947 for the provision of telegraph and communications.

⁵⁹ Pakistan means “land of the pure” in Urdu. However, it is also the acronym for the regions that were believed to comprise the Muslim nation in undivided India; P (Punjab), A (Afghan), K (Kashmir), S (Sind), TAN (Baluchistan).

⁶⁰ Damodar P. Singhal, *Pakistan* (Englewood Cliffs: Prentice-Hall Inc., 1972), p. 139

Since the Indian government did not recognize the authority of the princely states after partition, it was only a matter of time before they would act to assimilate the wayward state. They had been actively preparing throughout 1948 to do just that.

Map 2 – Hyderabad 1948

Source: <http://dsal.uchicago.edu/maps/gazetteer>

It was during this tumultuous period in Indo-Pakistani relations that the first requests for equipment came to Ottawa from both India and Pakistan. In May of 1948, different elements of the Pakistani and Indian government requested surplus unarmed trainer aircraft. Through the auspices of the Canadian Commercial Corporation (CCC)

Pakistan requested the sale of 30 surplus Harvard aircraft trainers.⁶¹ The Canadian Trade Commissioner in India also received a request from the Directorate General of Civil Aviation in India for 36 of the same aircraft.⁶² Since the aircraft were considered trainers that had no real offensive power and the requests had come from civilian authorities and not the armed forces of either country, External Affairs approved the requests without much internal debate. However, Lester B. Pearson, now Under-Secretary of State for External Affairs, did check with the United Kingdom authorities in late May to ensure that their arms policies remained the same before authorizing the sale.⁶³

The trainer transaction had gone through the government without much question; the same cannot be said for the far more serious requests that came from both India and Pakistan the next month. On June 14, 1948, the Secretary of State for Foreign Affairs of Pakistan made an exploratory request for 20,000,000 rounds of .303 ammunition.⁶⁴ A week later, Indian authorities placed a formal request for 100,000,000 rounds of the same ammunition, with an additional 100,000 rifles, for their armed forces.⁶⁵ The fact that such requests were directed to Canada should not be a surprise. During the war, it had become one of the world's greatest producers of the standard Commonwealth assault rifle – the Enfield No.4. Canadian Arsenals Limited, the government's own crown corporation for the production of small arms and artillery, was also one of the largest producers of ammunition during the war. Although much of this production was destined

⁶¹ The Canadian Commercial Corporation was developed in 1946 to act as the contracting agent when other countries want to purchase defence products and services on a government to government basis.

⁶² LAC, RG 25 Volume 4445. File 50000-H-40, part 1, Secretary of State for External Affairs to Canadian High Commissioner New Delhi, May 31, 1948

⁶³ LAC, RG 25 Volume 4445. File 50000-H-40, part 1, Secretary of State for External Affairs to Acting Canadian Trade Commissioner, May 31, 1948

⁶⁴ LAC, RG 25 Volume 4445. File 50000-H-40, part 1, Burney to Secretary of State for External Affairs, June 14, 1948

⁶⁵ LAC, RG 25 Volume 4445. File 50000-H-40, part 1, Moran to Reid, 22nd June 1948

for the Canadian Army on the battlefields of Europe, the majority of it was for the use of the United Kingdom.⁶⁶

Undivided India, during the war, also had a considerable arms production base and was generally self sufficient in rifle and ammunition production. (See Table 1 and 2) In 1945 there were 25 ordinance factories and several rail facilities that were producing arms and equipment for the Indian Army; fifteen of these were producing the munitions listed in Table 1 and 2 alone. After the war, however, Indian war material production declined dramatically as industries turned toward more civilian ventures. The Ishapore rifle factory, for instance, went from producing 16,000 rifles in 1944-45 to a mere 750 in 1948.⁶⁷ By 1948 the number of factories still producing armaments had been reduced to thirteen.⁶⁸

Table 1: Indian .303 Lee-Enfield Rifle Production

Year	Number produced
1939	110,310
1940	
1941	
1942	108,584
1943	116,113
1944	125,530
1945	79,600

Source: A. Martin Wainwright, *Inheritance of Empire: Britain, India, and the Balance of Power in Asia, 1938-55*, (London: Praeger, 1994), p. 45

⁶⁶ DHH, File 114.3A2(D1), "Review of small arms ammunition and weapons development and supply 1914-1950," circa date 1950

⁶⁷ Wainwright, pp. 182-183

⁶⁸ LAC, RG 25 Volume 4445. File 50000-H-40, part 1, Kearney to Secretary of State for External Affairs, August 6, 1948

Table 2: Indian .303 Lee-Enfield Ammunition

Year	Number of rounds in millions
1939	382.3
1940	
1941	
1942	222.4
1943	192.4
1944	144.3
1945	22.6

Source: A. Martin Wainwright, *Inheritance of Empire: Britain, India, and the Balance of Power in Asia, 1938-55*, (London: Praeger, 1994), p. 45

To complicate matters in the subcontinent, the British had hastily divided the Indian Army and its assets on the eve of independence. The resulting division was a case of compromise at the cost of satisfaction for either party. Pakistan received almost all of the Muslims in the Indian Armed Forces (around 36%), and while this number was above and beyond the overall population of the subcontinent in her possession, Pakistan fared badly in the division of physical assets.⁶⁹ Critically, the new state would have no independent arms production capacity. During the war, the British had been careful to keep ordinance factories in the heart of the subcontinent and not on the peripheries, where Pakistan was situated. The potential for Japanese attacks on the Deccan plains in East Pakistan and of German encroachment on the subcontinent's west flank, where the Pakistani provinces of Punjab, Sindh, Baluchistan and the North-West Frontier Province were situated, resulted in Pakistan inheriting very little arms or even heavy civilian industrial capacity.⁷⁰ Still, Pakistani negotiators had attempted to persuade the British to "move" at least a few ordinance factories into her territory to provide some semblance of

⁶⁹ Jalal, p. 295

⁷⁰ Wainwright, p. 72

independence for the new state. The British rejected the proposal because the costs associated with such a move would have derailed the defence production of both states for at least 2 or 3 years while the new plants tooled up. In addition, the new Pakistan had no strategic resources to build advanced weaponry and lacked a skilled worker base, even after gaining a sizeable Muslim technocracy after the mass migrations of partition.⁷¹

On January 1, 1948, India went to the United Nations Security Council to complain about the situation in Kashmir and alleged that Pakistan was assisting the Pakistani militants. Sensing that the situation was becoming increasingly dangerous, Australia and the United States decided to place embargos for arms to both countries. Australia did so on January 13 and the United States followed suit on March 11.⁷² The United Kingdom and Canada did not. Indeed, within the Canadian government, a great debate over how to handle the Indian and Pakistani ammunition requests took place over the summer and fall of 1948.

Initially, the request for a permit rested with the mandarins at External Affairs. There, the consensus was that Canadians “do not traffic in arms and ammunition and that any sales for export require Government approval.”⁷³ It did not seem that bureaucrats at External Affairs were impressed with the idea of arming either India or Pakistan, while there was a raging conflict in Kashmir and a potential fight over Hyderabad. In the case of the former, Canadian officials believed that they had intelligence confirming that Pakistan had now formally become involved in Kashmir and the possibility of a widened war was likely. At the United Nations, it also appeared that Pakistan or India might reject resolutions of the Kashmir Commission, which had been unable to stop the spiraling

⁷¹ Wainwright, p. 73

⁷² *Ibid.*, p. 92

⁷³ LAC, RG 25 Volume 4445. File 50000-H-40, part 1, Moran to Reid, 22nd June 1948

violence. As one unnamed bureaucrat, likely in the Commonwealth Division, wrote to a colleague in Economic Division, "It might be embarrassing to us as a member of the Security Council should either India or Pakistan actually defy the Kashmir Commission at a time when we would be delivering military equipment to either or both countries."⁷⁴ The Canadian High Commissioner in New Delhi, in speaking of the arms request, noted "our embarrassment in acceding to them."⁷⁵ The reaction of the Canadian public also became a concern to officials at External Affairs:

Canadian public opinion, which was opposed to the sale of Mosquito aircraft to China, is likely to react even more strongly to the present proposal, which could be represented as putting Canada in the position of encouraging civil war between two members of the Commonwealth. If the Canadian public should display misgivings, it is doubtful whether opinion would be satisfied by the explanation that Canada was merely acknowledging an informal obligation to supply arms to any member of the Commonwealth which cared to ask for them.⁷⁶

Two smaller points of worry were that Pakistan could redirect Canadian arms to Palestine, and that India might be leaving the Commonwealth soon.

However, External Affairs also recognized positive aspects of the sale. Two major arguments that were immediately pointed out by the Secretary of State for External Affairs in a discussion with Canada House in London were that orders for armament of the kind wanted by India and Pakistan would "help to maintain our plants which cannot exist on domestic orders alone," and he also believed that Canadian refusal to sell could have negative consequences on the emerging Canada-India relationship.⁷⁷ Despite these points, initially it would appear that the Secretary of State for External Affairs opposed

⁷⁴ LAC, RG 25 Volume 4445. File 50000-H-40, part 1, "Memorandum to Mr. Moran," June 30, 1948

⁷⁵ LAC, RG 25 Volume 4445. File 50000-H-40, part 1, High Commissioner for Canada in India to Secretary of State for External Affairs, July 7th, 1948

⁷⁶ LAC, RG 25 Volume 4445. File 50000-H-40, part 1, "Memorandum to the Secretary of State for External Affairs," July 26, 1948

⁷⁷ LAC, RG 25 Volume 4445. File 50000-H-40, part 1, Secretary of State for External Affairs to High Commissioner for Canada in Great Britain, July 14th, 1948

the sale of arms to either country. Britain was informed of this position on July 22, 1948.⁷⁸ Confident in his decision, Secretary of State for External Affairs Louis St. Laurent drafted refusal letters to both India and Pakistan in late August. But they were never sent.⁷⁹ St. Laurent had made his choice, but it did not sit well with the Prime Minister, who asked that Cabinet examine the issue.⁸⁰

It is not precisely clear why King intervened on this issue. Perhaps he simply disagreed with his Minister and thought that arms would be beneficial to the region, or perhaps he was motivated by economic motives.⁸¹ He did leave a clue in his diary on August 25th about a meeting he had with Louis Mountbatten, who had recently returned from his stint as the first Governor General of India: "We talked a good deal of arms that we had refused to send to India, saying he felt it was all right to decline to give them arms but to be careful how we worded the letter; not to let them think that we could not trust them. That they were children that had to be watched. It was that kind of things above everything else that had to be guarded against."⁸² Perhaps, too, King was alarmed by the fact that India, whose membership in the Commonwealth as a republic was still being negotiated, was using membership in that organization as a way of getting weapons.

The High Commissioner of India in Ottawa, Sardar Hardit Malik, had told External Affairs, in no uncertain terms, that the Indian government considered as a matter of course that Commonwealth governments should sell weapons to one another. He added, in private conversations, that the refusal to sell India weapons would be

⁷⁸ LAC, RG 25 Volume 4445. File 50000-H-40, part 1, Carter to Robertson, 22nd July, 1948

⁷⁹ LAC, RG 25 Volume 4445. File 50000-H-40, part 1, Moran to Pearson, 25 Aug 48

⁸⁰ LAC, RG 25 Volume 4445. File 50000-H-40, part 1, "Memorandum for Mr. Drury," August 26th, 1948

⁸¹ On August 26th Indian military representatives arrived in Canada to inspect Canada's weapon production facilities and to inquire about prices for sales. General MacQueen, head of Canadian Arsenals, was informed to "in no way commit himself to sale of such arms at present time." See LAC, RG 25 Volume 4445. File 50000-H-40, part 1, Economic Division, "Note for File No. 225-L(S)", 26th August 1948

⁸² LAC, King Papers, King Diaries, August 25, 1948, page 3

interpreted as discrimination against a non-white member of the Commonwealth and a “demonstration of a lack of trust by Canada in the Indian Government which wants the arms not to fight Pakistan or Hyderabad but to enable it to deal with attempts by local Communists to do in India what they have done in Malaya.”⁸³ According to Francine Frankel, between 1948 and 1951, there were significant challenges to Indian unity. One was from the Communist Party of India, which had aided a guerilla-style agrarian revolution, with bands of armed peasants looting and forming village soviets. The threat of continued violence along communal lines and the widespread and sometimes contradictory demands of different linguistic and tribal groups for autonomy also made the potential for violence in Indian society something worried Congress Party leaders.⁸⁴

In preparation for the Cabinet debate, St. Laurent asked the United Nations Division for their opinion on whether Canada should sell arms to the subcontinent. The response was that there were advantages and disadvantages in the Security Council if Canada were to sell arms to the region. The primary disadvantage was that the other members of the Security Council expected all member states, including Canada, to take steps to prevent war between India and Pakistan. Selling arms to either side could be seen as a provocative move. On the other hand, he was informed that: “If the maintenance of law and order in the face of communal strife by India and Pakistan and the carrying out of the provisions of the Security Council resolution by Pakistan are dependent on outside aid, a case can be made for the sale of military supplies to India and

⁸³ LAC, RG 25 Volume 4445. File 50000-H-40, part 1, “Memorandum for Mr. Drury,” August 26th, 1948

⁸⁴ Francine R. Frankel, *India's Political Economy, 1947-1977* (Princeton: Princeton University Press, 1978), p. 64-66

Pakistan.”⁸⁵ The subcontinent’s external defences against powerful neighbours was also addressed as a possible benefit to arms sales to the region, but this was not considered a serious issue at this stage.⁸⁶

For Cabinet’s meeting on September 1, 1948, St. Laurent tabled a memorandum that contained all the key advantages and disadvantages of sales to the subcontinent. On the plus side he noted that, if Canada did not sell arms to either country, both would claim discrimination at a time when the issue of Commonwealth membership remained open. Currency exchange benefits were also pointed out: “Sale of arms to either India or Pakistan would be on a cash basis for United States dollars. In our present exchange situation this is a strong inducing factor.” So too were industrial factors: “The Department of National Defence is interested in maintaining Canadian facilities for the production of arms. In order to do this it is desirable to continue exporting a certain proportion of the material produced to other countries.” It was thought that the transactions could help Canada “establish herself in foreign markets as a producer of certain types of military and police equipment. Once a footing has been obtained in these markets it should be possible to obtain repeat orders for similar equipment and spare parts.” Additional factors that were acknowledged as advantageous were Pakistan’s need to remove the tribesmen from Kashmir to fulfill the requirements of the Security Council, and the need for both countries to prevent civil strife if communal matters got out of hand again, as they had during partition. As historian Ayesha Jalal has suggested, this was a serious problem in Pakistan:

⁸⁵ LAC, RG 25 Volume 4445. File 50000-H-40, part 1, B.M. Williams to Economic Division, September 1, 1948

⁸⁶ LAC, RG 25 Volume 4445. File 50000-H-40, part 1, Mackay to Drury, August 28th, 1948

The internal threats to Pakistan's security were formidable. There were the problems of controlling the frontier tribes, warding off Sikh infiltrations into western Punjab, and the law and order situation created the massive influx of refugees...Encouraging the tribesmen to fight in Kashmir was already taxing the state's capacities for keeping order. Bands of roving tribesmen were on the rampage in western Punjab as well as along much of the Kashmir border - 'looting and raiding to acquire goods [and] women.' The local authorities in the Punjab were clearly incapable of coping with the situation and needed substantial military aid.⁸⁷

On the minus side, four points were raised in External Affairs. Firstly, it was pointed out that the Commonwealth had never had two members at war with one another and arguments about treating all countries equally within the organization were increasingly anachronistic. Secondly, after the public reaction to the Chinese bomber deal, it was thought that the Canadian public would likely oppose such a transaction. Third, there existed the possibility that Canadian arms could be transferred by Pakistan to Hyderabad. An undesirable outcome of this could be that Canadian arms bound for Pakistan, but suspected of assisting Hyderabad, could be intercepted by the much more powerful Indian navy. Finally, despite Indian and Pakistani internal problems, External Affairs was suspicious of the claim that arms were needed to combat Communist movements and saw in the requests the possibility that the arms would be used in Kashmir.⁸⁸ Significantly, the issue of external defence for either country, an important factor for British policy in Asia, was not really thought to be a potential benefit in providing arms to either country.

At the Cabinet meeting, the Prime Minister, acknowledged the "material" benefits of the sales to Canada, but focused the debate on Indian claims of discrimination as the primary reason to acquiesce in the sale. According to the Cabinet conclusion he was

⁸⁷ Jalal, p. 299

⁸⁸ LAC, RG 25 Volume 4445. File 50000-H-40, part 1, "Memorandum for Secretary of State for External Affairs," 1 September, 1948

cautious: "The Prime Minister drew attention to the political difficulties involved in any general policy of indiscriminate sale of weapons of government manufacture. No ground should be given to the charge that the government were engaged in the manufacture and sale for profit of armaments for aggressive purposes."⁸⁹ Cabinet decided that the requests in June 1948 for arms and ammunition by India and Pakistan would be accepted.

Because of the sensitivity of the topic, it was also decided that any future requests for the purchase of arms and ammunition would continue to be dealt with on a case by case basis if relations between the two countries changed.

Once approval was given for the arms and ammunition deal, the Canadian government received more requests. On September 13th External Affairs was asked by the Government of India for 289,000 High Explosive Mortar Bombs.⁹⁰ The Secretary of State for External Affairs prepared a memorandum to Cabinet suggesting that the request be denied because his Department considered mortar bombs a more offensive weapon system that had little utility for internal stability. He also pointed out that the situation in Kashmir had worsened since the initial Cabinet approval. Indeed, in Hyderabad the situation was becoming particularly worrisome as Indian troops had invaded the state in a "police action" that deposed the Nizam and integrated the state into the Indian Union.⁹¹ Cabinet agreed and withheld the sale.⁹² In an article in the *Journal of Imperial and Commonwealth History* Ayesha Jalal covers what happened in Pakistan in the period after Hyderabad. Pakistani fears about the large number of Indian troops in Eastern Punjab that had been used during the Hyderabad operation were seen as a threat. In

⁸⁹ LAC, RG 25 Volume 4445. File 50000-H-40, part 1, "Sale of arms to India and Pakistan," 1.9.48

⁹⁰ LAC, RG 25 Volume 4445. File 50000-H-40, part 1, Flexman to Moran, September 13, 1948

⁹¹ LAC, RG 25 Volume 4445. File 50000-H-40, part 1, "Memorandum for Cabinet," 20th September, 1948

⁹² LAC, RG 25 Volume 4445. File 50000-H-40, part 1, Drury to Canadian Arsenal Limited, 15th October, 1948

reaction, Pakistan went into a “bout” of defence spending.⁹³ Although Canada was not the only government from which Pakistan wanted to acquire weapons (later on, Italian, Czech and Polish sources become important), there was an ambiguous request made to Canadian authorities after the invasion of Hyderabad to supply “arms and ammunition for the maintenance of a regular army”. The Canadian government interpreted this to mean a “general undertaking to supply arms,” and rejected the request out of hand, instead suggesting that Canada could only reply to concrete individual requests for arms. In response, the commercial secretary of the embassy of Pakistan in Washington informed the Canadian government that even more .303 rifles and ammunition were needed than the original request, along with a supply of PIAT bombs and howitzer ammunition.⁹⁴ As in the case of India, the PIAT bombs (essentially anti-tank bazookas) and howitzer ammunition were thought to be too offensive in nature, but no immediate decision was made on these items and the request for 20,000 rifles and 30,000,000 rounds of ammunition. The one argument that kept coming up to support the rifles and ammunition request was the assistance they would provide in policing the country and maintaining order amongst the tribesmen in Azad Kashmir, but no decision was immediately taken.⁹⁵

In November, C.D. Howe received a letter from the Pakistan Embassy in Washington, indicating that the Pakistanis had asked for a variety and large number of weapons from the United Kingdom, which was unable to fill their orders because the British had essentially stopped producing small arms and ammunition for international sale. Canada was now being approached to provide this equipment. Attached to this

⁹³ Jalal, p. 302

⁹⁴ LAC, RG 25 Volume 4445. File 50000-H-40, part 1, “Memorandum to: The Secretary of State for External Affairs,” 24th September, 1948

⁹⁵ LAC, RG 25 Volume 4445. File 50000-H-40, part 1, “Memorandum for Cabinet,” 7th October, 1948

formal request was a very large list of over 90 military products, including howitzers, ammunitions of all kinds, explosives, military medical equipment, tank spares, military vehicles, and all of the kinds of material a modern army needs to function. On November 10, Howe wrote to the Acting Secretary of State for External Affairs, Brooke Claxton, seeking permission for the transaction. He noted that the transaction would “enable Canadian manufacturers to supply the small requirements of the Canadian Armed Services, which, in themselves, are in most cases insufficient in quantity to warrant tooling up for initial production.”⁹⁶ The Chiefs of Staff Committee concurred with this assessment, but also believed that the sale was consistent with their “strategic views”.⁹⁷

A few days later, the Ambassador wrote to the Secretary of State for External Affairs directly and repeated the requests made to Howe. He observed that India had unfairly deprived Pakistan of the equipment promised during Partition negotiations. He also noted that Pakistan, completely dependent on British manufactured weaponry, could no longer turn to that traditional source because of the stoppage in arms production in the United Kingdom. The result of this was that Pakistan needed to find British equipment elsewhere abroad. Perhaps because other Commonwealth allies such as Australia were still wary of providing arms to her, the Pakistani government was now approaching Canada as a final measure. In explaining why such sales were in Canada’s interest, the Ambassador offered geopolitical reasons to provide Pakistan with arms:

The strategic importance of Pakistan from an international point of view also cannot be overlooked or treated lightly. In a period of emergency, Pakistan can form a base for both military and air operations. It is therefore in the interest of other nations besides Pakistan that Pakistan should remain well equipped and strong, ready to meet any emergency that the international situation may hurl upon the world.

⁹⁶ LAC, RG 25 Volume 4445. File 50000-H-40, part 1, Howe to Claxton, November 10, 1948

⁹⁷ LAC, RG 25 Volume 4445. File 50000-H-40, part 1, Smith to Minister (Defence), 18th November, 1948

It may not be out of place to state why this application deserves the best and most favourable consideration of the Canadian Government. Pakistan possesses extensive strategic frontiers which necessitate her providing adequate border patrols for their defence. It also is necessary for her to maintain an efficiently trained and equipped army, so necessary for the defence of her territory in case of an emergency.

Even the preservation of internal security - law and order - requires not only an efficient police force but also, as already stated, a well trained and equipped army. Certain ideological and political trends have recently shown themselves more and more clearly in lands like Indonesia, Malay, Burma and even India. Although this ideology is foreign to Islam and it is not acceptable to Moslems, it nevertheless becomes necessary to guard against its inroads into Pakistan. This point does not require further elaboration.⁹⁸

The point was taken to heart. In a dispatch a few days later to New Delhi, the Foreign Minister informed the High Commissioner that Cabinet would soon examine the decisions that had been taken so far. At the end of his telegram he noted:

Policy regarding the export of military equipment has altered during the past few months. The worsening international situation has transferred the emphasis in considering export applications, from an endeavour to deny to all countries the means of making war to a feeling that we should assist in building up the means of national defence of those countries which are likely to be our friends in the event of an international emergency.⁹⁹

The next day, Cabinet met and approved the Pakistani request for 20,000 rifles and 30,000,000 rounds of ammunition.¹⁰⁰ But the matter of the large list received from the Pakistani Ambassador to the United States still remained. In addressing this, the Secretary of State for External Affairs drafted a memorandum outlining the advantages and disadvantages of continued or expanded sales to either country on November 29, 1948, with a scheduled discussion on December 3, 1948. Many of the arguments that were presented in September can be found in this memorandum. The Department of

⁹⁸ LAC, RG 25 Volume 4445. File 50000-H-40, part 1, Ambassador of Pakistan to Ambassador of Canada Washington, 19th November, 1948

⁹⁹ LAC, RG 25 Volume 4445. File 50000-H-40, part 1, Secretary of State for External Affairs to New Delhi, 23 November 48

¹⁰⁰ LAC, RG 25 Volume 4445. File 50000-H-40, part 1, "Sale of arms; Pakistan," 24.11.48

National Defence and Canadian Arsenals continued to argue that sales to either country would help Canadian military industrial development because the Canadian domestic market was too small. It was also pointed out that, since the cash sales would be in US dollars, this could assist in Canadian balance of payments issues with the United States. Politically, the argument that India or Pakistan could claim discrimination and leave the Commonwealth was once again raised. But new arguments were also advanced with regard to Pakistan. In the case of that country the memorandum noted:

Undoubtedly, a refusal to sell military equipment to either country would work greater injury to Pakistan than to India as the latter has an already established armament industry, whereas Pakistan apparently has none. As a result, seemingly equal treatment in refusing to sell any military equipment to either country would, in fact, discriminate in favour of India. At the time of the formation of the two independent states the military equipment of British India, it was agreed, should be divided fairly between India and Pakistan. The Pakistan Ambassador in Washington, however, states that in the event Pakistan has not obtained suitable equipment. For example, vehicles have been transferred without the required spares and badly used equipment has been delivered. There seems to be no reason to doubt the substantial accuracy of this allegation which Pakistan has already brought to the attention of the Security Council.

Cabinet was facing a dilemma and two distinct possibilities to move forward emerged:

In view of the overall tense international situation, consideration must be given to the relative merit of (i) refusing the export of military equipment to India and Pakistan in order, so far as may be, to make it impossible for them to fight one another; and (ii) of arming both countries in order that there may be a strong Commonwealth bastion against Communism in central Asia. Some types of military equipment would undoubtedly be more appropriate to building up a defence organization than others and some weight may be given to this consideration. However, it seems necessary to make a choice and determine which of the two evils is less, the possibility of continued warfare between India and Pakistan, or two anti-communist but militarily weak nations occupying the Indian sub-continent.

Claxton hoped that Cabinet would choose the lesser evil. Older arguments against arming either country, such as the adverse reaction of public knowledge to the

arms sales, were raised but Cabinet accepted the anti-Communist logic of the memorandum and the economic advantages it brought to Canada. To allay fears about the war in Kashmir the Secretary of State for External Affairs also developed an escape plan if the state of war in the subcontinent became much worse. He noted that, since it appeared likely from recent negotiations in the Security Council that the conflict would not last much longer, Canada could always approve the sales but not have the material actually sent to the destination for a year.¹⁰¹

In preparing for the discussion among ministers on December 3rd, External Affairs met with officials from Canadian Arsenals, National Defence and the Canadian Commercial Corporation to prepare a memorandum to Cabinet which essentially contained the very arguments of the earlier November 29th memorandum.¹⁰² The memorandum did add that, at the Commonwealth Prime Minister's Conference on November 20, both India and Pakistan had indicated a desire to maintain military strength as a way of controlling Communism at home and against the outside world. Since there were no other states which the Western world could rely on for the defence of the "East and the Near East," the memorandum focused on strategic arguments. Nevertheless, this did not lessen the responsibility that Canada would have to face if the fighting became worse between India and Pakistan. The foreign minister continued to describe the choice to be made by Cabinet as one of a lesser evil:

When consideration was given on previous occasions to the question of exporting military equipment to these countries, it had been the hope that the dispute in Kashmir would be settled in a short time and that India and Pakistan could then be treated in this matter on the same footing as other Commonwealth countries. It

¹⁰¹ LAC, RG 25 Volume 4445. File 50000-H-40, part 1, "Export of military equipment to India and Pakistan," 29th November, 1948

¹⁰² LAC, RG 25 Volume 4445. File 50000-H-40, part 1, "Memorandum for the acting secretary of state for external affairs," 7 December, 1948

now appears that there may be a prolonged period of sporadic fighting in Kashmir, although not on a scale likely to endanger world peace. The question arises whether it is more important to refuse military equipment to both countries so that the fighting in Kashmir may be impeded, or whether the Kashmir dispute should be considered a matter which concerns mainly the two countries immediately involved, and that we should concentrate attention on making both countries militarily strong, as friendly bases in Asia. Should China be overrun by Communists, the entire area of south-east Asia may become impregnated with communism and attorn itself as a group of Soviet satellites. In this picture the provision of substantial supplies of military equipment to nations at present members of the Commonwealth and whose friendship and co-operation Canada seeks to retain dwarfs the undesirability of providing military supplies which might feed the flickering flame of the now subdued communal fires.¹⁰³

Therefore, in recommending the choice to provide arms to the region, the Secretary of State for External Affairs believed that the decision was good for "Canadian strategic interests". He also pointed out that, because Pakistan lacked the manufacturing capacity of India, it would need far more weaponry and equipment from Canada.¹⁰⁴

Cabinet did not discuss this matter on December 3, but a few days later on December 8. The Secretary of State for External Affairs submitted a memorandum with exactly the same language and comparative analysis as the earlier one. There was one difference, however. Canada had received some hopeful intelligence that recent activity at the Security Council would lead to a conclusion of the fighting. The memorandum again pointed out the dangers of providing weapons to India and Pakistan, but argued that this risk be taken because both countries represented "what may be the only secure base of operations available in the area to the south of the Soviet Union." Furthermore, Claxton argued that Canada should approve all existing requests for material made to

¹⁰³ LAC, RG 25 Volume 4445. File 50000-H-40, part 1, "Memorandum for Cabinet," 3 December, 1948
¹⁰⁴

date, presumably including the massive list of supplies wanted by Pakistan and the offensive mortar bombs that India had requested.¹⁰⁵

So it was that Canada deliberately planned to become a major supplier of weapons to the subcontinent at the end of 1948. Commercial and industrial reasons aside, the Department of External Affairs believed that it had the capability to support “Western” interests. With the United States disengaged from the region, and the British in full withdrawal, Canada stepped in to ensure that broadly conceived goals of security were achieved. Canada wanted to keep both countries in the Commonwealth, on the side of the Free World and protecting a vital region from Communist infiltration. Arms sales, it was believed, would assist in this goal.

¹⁰⁵ LAC, RG 25 Volume 4445. File 50000-H-40, part 1, “Memorandum to Cabinet,” 7th December, 1948

Chapter 2: A special relationship with Pakistan

The Dominion Bureau of Statistics published detailed statistics of our exports to all countries. The classifications are broad, but any one who wants to do a bit of homework can get some idea of how much we are sending and to what destinations.¹⁰⁶ A.F. Plumptre, Economic Division, DEA

The emergence of Canada as the major supplier of arms to Pakistan

Cabinet had approved arms sales to India and Pakistan on December 8 with the knowledge that Pakistan would likely be the more interested party in Canadian weapons production. Cabinet also decided to follow British policy and inform either party of the arms sales to the other, presumably to demonstrate that Canada wanted to be unbiased in her sales posture. Unfortunately, the openness did not have its intended effect. A few days after this policy decision, the Prime Minister of India, Jawaharlal Nehru, complained to the Canadian High Commissioner in India that he was upset to learn that Canada had been “surreptitiously” sending military products to Pakistan, although it does not appear that he pursued the matter any further than expressing his displeasure to the High Commissioner.¹⁰⁷

This rebuke may have been responsible for the Cabinet discussion on January 19, 1949. The initial decision to inform either side of sales to the other had never settled well with Cabinet. Informing states of sales to a third party was a policy that Canada had never undertaken before.¹⁰⁸ In light of the ceasefire in Kashmir, Cabinet members

¹⁰⁶ LAC, Record Group 25 Volume 4447, File 50000-J-40, part 1, Plumptre to Reid, December 16, 1949

¹⁰⁷ LAC, RG 25 Volume 4445. File 50000-H-40, part 1, High Commissioner Delhi to Secretary of State for External Affairs, December 18th, 1948

¹⁰⁸ LAC, RG 2 Series A-5-a Volume 2643, January 19, 1959 Cabinet Conclusion, “Export of military equipment; India; Pakistan” and LAC, RG 25 Volume 4445. File 50000-H-40, part 1, Secretary of State for External Affairs to Canadian High Commissioner in India, December 21, 1948

believed that informing either state could lead to the “misunderstanding” that Canada was treating both countries as military rivals that should “match each other’s purchases.”¹⁰⁹

India and Pakistan do not have any freedom of information legislation, and access provided to historians is severely restricted. Interested researchers have had to rely on the records kept at the National Archives in the United Kingdom for information on Pakistani and Indian arms purchased abroad. Based on his analysis of the UK Chiefs of Staff records, historian Martin A. Wainwright has written on Canadian involvement in arms sales to the subcontinent during the period between partition and the American alliance with Pakistan in 1954. His book *Inheritance of Empire: Britain, India, and the Balance of Power in Asia, 1938-55* suggests that the British had originally hoped that India and Pakistan could work together to allow some influence for the waning Empire east of the Suez. His original research into British and American archival material showed that, when this failed, America began its arduous relationship with Pakistan in a continuation of the same strategic perspectives that the British had held in India since the nineteenth century. He came across several statistics on the contributions made by several countries to Pakistan’s defence capability. While acknowledging that Canada did provide £2 million worth of small arms and light vehicles, he suggests that Italy became the primary arms provider to Pakistan from May 1949 until, presumably, the United States arrived on the scene in 1954.¹¹⁰

By examining the files of the Canadian government on arms sales to India and Pakistan and cross referencing approved sales with the records on exports kept by the

¹⁰⁹ LAC, RG 25 Volume 4447, File 50000-J-40, part 1, Plumptre to High Commissioner for Canada, New Delhi, 26th January, 1949

¹¹⁰ At an average exchange rate of 3.7613 in 1949, that would amount to roughly \$7.5 million dollars. For historical currency conversion rates see Report G1-151 of the Statistics Canada website series 11-516-XIE, “Historical statistics of Canada.”

Bureau of Dominion Statistics, a more complete picture of the Canadian sales can be ascertained. Canadian legislation required that the Dominion Bureau of Statistics track the export and import of all goods through Canada. It accomplished this through the examination of permits and licenses at ports of entry. The information was published each quarter in *Trade of Canada*. All items have been classified into different product groups and codes. There are four codes in particular that were found useful by diplomats at External Affairs for tracking military sales; Aircraft (9415), Aircraft Parts (9417), Guns Rifles and Other Firearms (5890), and Cartridges Gun and Rifle (9480).

One of the limitations of this publication is that military vehicles, electronic equipment and military radio are categorized into codes that also enumerate the sales of civilian products.¹¹¹ This is somewhat mitigated by the fact that External Affairs also kept track of sale approvals in these categories in their records. These statistics sometime differ from the Bureau's information and are not always complete. The differences exist because the Bureau kept track of what actually left the country, while the Department only recorded what had been approved for sale. Since the time lag between approval and actually delivery could sometimes be months, the statistics can differ from year to year. But the files at External Affairs on arms sales do track permits that were approved by the Department, and none of these indicate that military products outside of the four categories were sold to India or Pakistan in the period 1948-1950.

An additional qualification in analyzing these statistics relates to a request made by the High Commissioner for Pakistan on January 30, 1950. On that date he wrote to

¹¹¹ These could include, and are not limited to, Gas Engines and Parts (5250), Locomotives and Parts (5270), Autos Freight New Ton Or Less (5770), Autos Freight New Over One Ton (5780), Autos Pass New Over 1000 Dol (5810), Automobile Parts (5820), Radio Receiving Sets (6450), Radio Wireless Apparatus (6460), Goggles Spectacles and Parts (9140), and the innocuous sounding Electrical Apparatus (6530). Over the years more categories were added and some became obsolete as technology changed.

External Affairs and requested that statistics produced by Canada in the publication cease to list the arms that Pakistan was receiving from Canada because this contravened the agreement between the Canadian Commercial Corporation and Pakistan that the sales would remain confidential.¹¹² The Under-Secretary of State for External Affairs then asked the Dominion Statistician to remove the offending statistics, and was told that the matter was being examined.¹¹³ Later that year, the Interdepartmental Panel on Economic Aspects of Defence Questions decided to examine the issue of whether the statistics were revealing too much, especially considering that Canadian allies were much less frank about the nature and size of their military exports. It remains unclear what conclusion this panel drew or whether any significant changes were made. As of April 1952, a decision to make changes had still not been agreed upon.¹¹⁴

Table 3, provides a complete picture of Canadian arms sales to India and Pakistan from 1948 to 1950 and at least a partial one for the period immediately after which can be supplemented with information from the files at External Affairs. The statistics clearly show that Canada provided \$28.3 million dollars worth of military hardware to Pakistan between 1948 and 1953 (beside tank parts and radar products) in the four key categories alone. India, on the other hand, received less than a quarter of the same amount in the same period.

¹¹² LAC, RG 25 Volume 4447, File 50000-J-40, part 1, Latif to Feaver, January 31st, 1950

¹¹³ LAC, RG 25 Volume 4447, File 50000-J-40, part 1, Heeney to Marshall, February 21, 1950 and LAC, RG 25 Volume 4447, File 50000-J-40, part 1, Marshall to Plumptre, March 29, 1950

¹¹⁴ LAC, RG 25 Volume 4448, File 50000-J-40, part 4, Smith to Under Secretary of State for External Affairs, April 1, 1952

TABLE 3: Canadian arms sales in four categories to India and Pakistan

Year	Pakistan					India				
	Aircraft	Aircraft parts	Guns, rifles and other firearms	Cartridges, gun and rifle	Total	Aircraft	Aircraft parts	Guns, rifles and other firearms	Cartridges, gun and rifle	Total
1947	0.00	0.00	0.00	0.00	0.00	77,704.00	51,707.00	0.00	389.00	129,800.00
1948	23,220.00	59,883.00	1,479,000.00	2,031,961.00	3,594,064.00	107,338.00	116,427.00	0.00	0.00	223,765.00
1949	10,815.00	161,973.00	1,110,065.00	11,344,790.00	12,627,643.00	204,052.00	294,199.00	0.00	0.00	498,251.00
1950	0.00	296,235.00	177,903.00	2,657,307.00	3,131,445.00	0.00	103,631.00	0.00	0.00	103,631.00
1951	0.00	75,195.00	0.00	1,085,259.00	1,160,454.00	0.00	160,452.00	0.00	759,821.00	920,273.00
1952	0.00	61,728.00	86,999.00	2,879,991.00	3,028,718.00	0.00	72,777.00	0.00	2,570,358.00	2,643,135.00
1953	112,977.00	44,811.00	126.00	4,619,715.00	4,777,629.00	0.00	121,735.00	0.00	714,790.00	836,525.00
1954	0.00	0.00	0.00	113,905.00	113,905.00	0.00	123,203.00	0.00	155,586.00	278,789.00
1955	0.00	16,889.00	315.00	0.00	17,204.00	0.00	200,922.00	0.00	0.00	200,922.00
1956	0.00	29,906.00	7,147.00	0.00	37,053.00	144,645.00	521,343.00	0.00	61,834.00	727,822.00
1957	238,983.00	48,160.00	0.00	0.00	287,143.00	0.00	118,489.00	0.00	0.00	118,489.00
1958	213,570.00	7,409.00	0.00	0.00	220,979.00	2,233,648.00	537,269.00	0.00	324,848.00	3,095,765.00
1959	0.00	478.00	0.00	0.00	478.00	0.00	24,600.00	0.00	0.00	24,600.00
1960	182,699.00	25,561.00	0.00	0.00	208,260.00	0.00	57,166.00	0.00	0.00	57,166.00
1961	categories change					categories change				
TOTALS	782,264.00	828,228.00	2,861,555.00	24,732,928.00	29,204,975.00	2,767,387.00	2,503,920.00	0.00	4,587,626.00	9,858,933.00

- In 1961 the categories and classification codes used by the Dominion Bureau were changed. Comparisons between statistics prior to that date and later are, therefore, impossible.
- External Affairs treated all sales of aircraft and associated parts, regardless of whether the product was sold in a civilian capacity, as military sales because of the interoperability of aircraft for military purposes.
- SOURCE: Data derived from 4th Quarter statistics for India and Pakistan over the period 1947-1961. See Minister of Trade and Commerce. *Trade of Canada: Articles Exported to Each Country*. Dominion Bureau of Statistics, Ottawa.

Table 4 shows the same pattern from a different source. It was based on data collected by the CCC and shows the top recipients of Canadian arms in the period between 1947 and 1950. Once again, discrepancies between this data and that in *Trade of Canada* exist because of the different ways in which the data was collected, and also because the data listed below includes some material outside the four categories.

Table 4: Top 5 destinations for Canadian military sales, 1947-1950	
Pakistan	\$17,663,322.85
China	\$16,103,900.54
United States	\$8,206,545.66
India	\$2,872,650.00
Netherlands	\$1,585,414.93
SOURCE: LAC, RG 25 Volume 4440, File 50000-40, part 1, "STATEMENT OF ALL ENQUIRIES AND REQUISITIONS COVERING MILITARY STORES FOR EXPORT RECEIVED BY CANADIAN COMMERCIAL CORPORATION FROM FOREIGN GOVERNMENTS OR THEIR AUTHORIZED AGENTS"	

Despite much more established alliance links with countries such as the United States and the Netherlands, these countries received fewer arms than Pakistan.

The Pakistanis, became Canada's major buyer of armaments, and Canada also became Pakistan's number one source for weapons.¹¹⁵ This was in spite of the fact that Canadian Arsenals and the Department of National Defence, the major benefactors of the sales, would often charge twice as much as traditional British suppliers for similar products.¹¹⁶ Nevertheless, the Pakistanis felt that they were in a desperate position. Even with enormous economic and social pressures placed on Pakistan to settle millions of

¹¹⁵ LAC, RG 25 Volume 4447, File 50000-J-40, part 1, Plumptre to Reid, December 16, 1949

¹¹⁶ DHH, File 111.21.01 (D17), Deputy Minister to Foulkes, 23/8/49

refugees, develop education and agriculture, and the desire to conserve precious foreign exchange for civilian purposes, Pakistan still spent nearly 70 percent of its money on defence expenditures, just to achieve some kind of balance of power vis-à-vis India.¹¹⁷

In February 1949, when the Pakistani Ambassador to the United States visited Ottawa and had a special meeting with officials of the CCC, Canadian Arsenals, External Affairs and National Defence, he emphasized that delivery dates and not cost were the most important factors for Pakistan.¹¹⁸

Since Canada was now willing to entertain requests from the subcontinent more readily, many missions from India and Pakistan came to Ottawa in 1949 and 1950 to explore training possibilities and examine Canada's armaments production facilities. Mission receptions were usually attended by Ministers and senior military staff and seen as opportunities to further Canadian strategic goals in South Asia. The Indian mission in May 1949, for example, was considered important by Ottawa because of "a very real appreciation of the importance of India in the future relationships of East and West and of her key strategic position."¹¹⁹ A programme emphasizing a visit to Canadian Arsenals and training facilities, such as Royal Military College, was suggested for India.¹²⁰ A similar Pakistani mission in July 1949, headed by Defence Secretary Iskandar Mirza, met with the Governor General, the Canadian Chiefs of Staff, and General MacQueen of Canadian Arsenals.¹²¹ At a meeting with the Chiefs of Staff and members of the Department of External Affairs on July 12th, Mirza thanked the Canadians for their

¹¹⁷ Jalal, p. 306

¹¹⁸ LAC, RG 25 Volume 4447, File 50000-J-40, part 1, Pick, "Memorandum for Mr. Cleveland," February 17, 1949

¹¹⁹ DHH, File 112.009(D64), Heeney to Scott, May 9, 1949

¹²⁰ DHH, File 112.009(D64), Smith to Deputy Minister of National Defence, 5th May 1949 and DHH, File 112.009(D64), "Visit of Indian Defence Ministry Mission - 9th to 13th May, 1949"

¹²¹ DHH, File 112.009 (D62), "Visit of Pakistan Military Mission - 8th to 13th July, 1949"

assistance to Pakistan. He suggested that, since the United Kingdom was no longer providing the subcontinent with small arms and ammunition because of their assistance program to Greece, Pakistan had no choice but to purchase arms from Canada. All observers at the meeting agreed that the Defence Secretary had shown high regard for Canada's assistance.¹²²

Not all officials in External Affairs were happy with the decision to arm India and Pakistan, and some were surprised by the extent to which Canada spent 1949 and 1950 building up Pakistan. What especially concerned some in External Affairs was a finding by the CCC that, if Canada provided all the material on the Pakistani Ambassador to the United States' November 1948 shopping list, the exports would be worth "hundreds of millions of dollars." Some called to have the issue re-examined in light of the new quotation from the CCC.¹²³ The spring of 1950 also saw India and Pakistan at odds over the treatment of Hindu refugees from East Bengal, and war seemed a possibility. External Affairs brought the issue of providing arms to the subcontinent at this delicate moment up to Cabinet.¹²⁴

Within External Affairs it was the Commonwealth Division that was pushing strongly for a continued supply to India and Pakistan unless the two countries went to war. At stake was not only the future of the Commonwealth and the need to ensure a viable front against Communist expansion into the subcontinent, but also the desirability of a balance of power between India and Pakistan. As one diplomat working in Commonwealth Division expressed his concerns to Economic Division:

¹²² LAC, RG 25 Volume 4447, File 50000-J-40, part 1, Deputy Minister of National Defence to Chairman, Chiefs of Staff Committee, 12th July 1949

¹²³ LAC, RG 25 Volume 4447, File 50000-J-40, part 1, Heeney, "Memorandum for the Minister," April 5, 1950

¹²⁴ Wainwright, p. 135

A ban on the export of arms to the sub-continent would result in a situation very similar to that produced by the “non-intervention” policy in Spain, whereby friendly governments denied arms to the Loyalist Government which they recognized, although at the same time the rebel Franco Government was known to be receiving shipments from Germany and Italy. As India has arsenals of her own, a ban on the export of arms to the subcontinent would not apply equally to both countries, but would, in effect, grievously weaken Pakistan without similarly affecting India. It could be expected that Pakistan would violently resent such action on the part of Canada and would probably leave the Commonwealth, particularly if other Commonwealth nations adopted a policy similar to that of Canada. It would be difficult to estimate the reaction of other Moslem countries. Within the sub-continent such a ban on exports might encourage Indian aggression as Pakistan would be a comparatively easy victim if arms were not available from outside sources.¹²⁵

The Under-Secretary of State for External Affairs, Arnold Heeney, supported the Commonwealth Division’s analysis of the situation. He believed that there would be those “not well acquainted with the relative military strength of India and Pakistan” who would find the “export of arms on a considerable scale from Canada to one of the parties of the dispute...to be an irresponsible policy in view of the very critical situation in Kashmir.” Indeed, he added, that if the two countries went to war and it was realized that Canada had provided such large numbers of weapons, the response of the public would be “unhappy.” Nonetheless, he advocated the provision of the weapons because large amounts of weapons to beleaguered Pakistan was “more likely to maintain the present balance in Kashmir rather than disturb it.” Pakistan, already upset about a recent United Nations session where it felt the West had fallen prey to Indian intransigence over Kashmiri accession, might take any sign of Canada’s cutting off arms as an additional reason to remove itself from the Commonwealth. The arms would likely “stiffen” opinion in Karachi for the West.¹²⁶

¹²⁵ LAC, RG 25 Volume 4447, File 50000-J-40, part 1, Feaver to Economic Division, March 31, 1950

¹²⁶ LAC, RG 25 Volume 4447, File 50000-J-40, part 1, Heeney, “Memorandum for the Minister,” April 5, 1950

On April 5, 1950 Cabinet met to discuss the situation, and used the recent Pakistani request for 2 million dollars worth of .303 ammunition as a test case. The Cabinet discussion focussed on the relative weakness of Pakistan vis-à-vis India and how dependent Pakistan was on Canada to supply it arms. Any hint of rejection might be taken in Pakistan as a form of "intervention by Canada." Moreover, L. B. Pearson, Secretary of State for External Affairs, argued in Cabinet that Canada had nothing to fear from giving arms to Pakistan because it "had shown every evidence and desire to settle disputes peaceably." Pakistani military strength was also having the effect of deterring Soviet expansion southwards. But for some, such as the Minister of National Defence, the choice was not so simple. Although "he was anxious to see the maximum productive capacity possible maintained in Canada for military supplies and this could obviously be assisted by the export of arms to friendly countries," he warned that "if the precarious relationship between India and Pakistan should deteriorate into armed hostilities...Canada would be in a very awkward position, having supplied arms to both sides." After "considerable discussion", Cabinet did finally approve the export of the ammunition, but also noted that in the future any further requests for Pakistan were to be brought to it directly.¹²⁷

One such request, for Ford military truck parts, came forward again in June 1950, only days ahead of the start of the Korean War. As previously agreed, Pearson took the issue to Cabinet and noted that since April 8th a minorities agreement signed between India and Pakistan had further eased the tension that existed in prior months. Arms sales to the region should proceed as in the decision on April 5th. Canada, facing the possibility of a Third World War, was now more worried than ever about Communist

¹²⁷ LAC, RG 2 Series A-5-a, Volume 2645, April 5, 1950 Cabinet Conclusion "Export of arms to Pakistan"

aggression elsewhere in Asia, and Pearson noted that Pakistan needed to meet not only its current requirements, but a “six month war reserve” in case hostilities spread into that part of the world.¹²⁸

Canadian rearmament

In April 1951 Pakistan accepted the details of an Anglo-American plan for the arbitration of the Kashmir issue. Nehru, however, did not find arbitration an acceptable element of any solution to the crisis and rejected the idea.¹²⁹ At the same time, India was preparing to engage in elections and the summer of 1951 was filled with anti-Pakistan slogans, including those of the popular Hindu fundamentalist party, the Mahasabha, which called for the reunification of India and Pakistan by force.¹³⁰ It did not help that senior government personnel and Congress Party members were overheard making such comments as well.¹³¹ The continuing failure of the United Nations to find a solution to the crisis, did not settle well in Pakistan. The mutual distrust led to an increase in troop movements along the Line of Control in Kashmir and the international boundary in the Punjab, precipitating a crisis that would last from June to September 1951.¹³²

When the Canadian government learned about the renewed troubles between India and Pakistan, it did not react immediately. In June of 1951, for example, Canada was still approving and shipping .303 ammunition to Pakistan. Prior to this sale, Canadian authorities had become extremely concerned about Pakistan’s careening

¹²⁸ LAC, RG 25 Volume 4447, File 50000-J-40, part 1, Pearson, “Memorandum for Cabinet,” June 22, 1950

¹²⁹ “Pakistan Accepts Kashmir Plan: India Unyielding On Arbitration,” *The Times*, April 3, 1951, p. 3

¹³⁰ “Reunion Of India And Pakistan Election Agitation by Mahasabha Party,” *The Times*, June 27, 1951, p. 5

¹³¹ In this particular example it was Mrs. Pandit at the United Nations, “India And Pakistan Envoy’s Reference To Reunion Criticized,” *The Times*, August 29, 1951, p. 3

¹³² “Moderation Urged On India And Pakistan U.S. Ambassadors’ Step,” *The Times*, August 4, 1951, p. 3

foreign and domestic policies. In April, after having unsuccessfully sought guns from the United Kingdom, Pakistan purchased 50,000 Skoda rifles from Czechoslovakia.

Reflecting on this sale, Alfred Pick in the External Affairs Commonwealth Division predicted that this supply of material would "...pave the way for the arrival of communist military and technical missions to train the Pakistanis in the use and maintenance of these weapons. The world has already had too many examples of how technicians of this type have managed to spread political doctrines while teaching their technology."¹³³ In suggesting an approval of such a sale, Pick suggested that the current leadership of Pakistan remained friendly to the West and the Commonwealth, and in a war with the Soviet Union would likely support the Free World. But they could be toppled because of internal instability.¹³⁴ Recent elections in Punjab had also shown that all of the opposition parties in this critical part of the country were anti-Western. To support the Western "elements" of Pakistani society, sales of arms to Pakistan should be approved.¹³⁵

In a memorandum defending the sale to Cabinet in a memorandum Pearson made familiar arguments:

Pakistan lacks ordnance factories and its requirements for war material must be met by purchases from abroad. It is to the advantage of the Western world to supply Pakistan with the equipment it needs, within limits, thereby building up a dependence on Western types and calibres; otherwise Pakistan might well turn, even though reluctantly, to the USSR for its requirements. There is always a possibility that the arms furnished to Pakistan might be used against its neighbour, India, but this is a calculated risk which I believe we must take in order to strengthen Pakistan against the threat of Communist infiltration and aggression.¹³⁶

¹³³ LAC, RG 25 Volume 4447, File 50000-J-40, part 2, Pick to Economic Division, April 24, 1951

¹³⁴ Indeed, a few months later an unknown assailant assassinated the Prime Minister of Pakistan, Liaqat Ali Khan.

¹³⁵ LAC, RG 25 Volume 4447, File 50000-J-40, part 2, Pick to Economic Division, April 24, 1951

¹³⁶ LAC, RG 25 Volume 4447, File 50000-J-40, part 2, Pearson to Cabinet, June 6, 1951

In July, as the situation worsened, and the threat of war seemed more likely, all permits were put on hold while the Department examined the issue. Different government departments gave their assessments of the situation and the opinions of the State Department and Commonwealth Relations Office were sought.¹³⁷ From Whitehall it was learned that no changes were planned, and the United States, much like Canada, was undergoing its own study, which was still not complete even when Canada asked for new information in October 1951.¹³⁸ The Commonwealth Division was not prepared to wait on her allies and prepared a lengthy memorandum in August on what the Canadian position should be. Once again it was written by Alfred Pick:

India and Pakistan, by virtue of their geographical positions and political sympathies, are potentially the democratic world's best insurance against further Communist expansion in South or South East Asia. In view of this consideration, Canada and other friendly nations which are able to produce a surplus of modern military equipment should be anxious to make available to them as great quantities of arms as possible to assist them in their defences against possible future Communist aggression. Although India has some limited capacity for the production of arms, Pakistan's production of war materials is almost negligible... A secondary consideration, but perhaps a more important one at this particular time, is the recent serious deterioration in relations between the two countries. The tension which has existed in varying degrees since partition has reached the alarming point where substantial sections of the military force of India and Pakistan are poised near the common international border in the Punjab. In the opinion of political and military observers, the possibility of open warfare between the two countries cannot be ruled out. Although both governments consistently profess peaceful intentions it is generally expected that the crisis will reach its most serious stage within the next two or three months and that war may result. It would be most unfortunate if military equipment supplied by Canada should be put to use in a campaign where the two countries would be bent on each other's destruction and all possible precautions should be taken to deny it to them should such a situation arise. It would, however, be very difficult and even inadvisable to refuse orders for arms until such time as it is considered that

¹³⁷ LAC, RG 25 Volume 4447, File 50000-J-40, part 2, , Secretary of State for External Affairs to Cabinet, September 19, 1951 AND LAC, RG 25 Volume 4447, File 50000-J-40, part 2, Secretary of State for External Affairs to High Commissioner in London, August 4, 1951 and LAC, RG 25 Volume 4447, File 50000-J-40, part 2, Secretary of State for External Affairs to Canadian Ambassador, Washington, August 4, 1951

¹³⁸ LAC, RG 25 Volume 4447, File 50000-J-40, part 3, Secretary of State for External Affairs to Canadian Ambassador to the United States, October 11, 1951

hostilities are imminent or are actually taking place. It would be all-important, also, to avoid any discrimination in our dealings with either country in this respect.

Pick suggested that, to avoid any trouble with the two powers, Canada could simply take the orders, and since shipments often took long to process, simply pull the plug on the deal if outright war were to start.¹³⁹

The Joint Intelligence Bureau at the Department of National Defence, now tasked with reviewing military and security aspects of Canadian foreign policy, also provided input into the arms review policy.¹⁴⁰ Reflecting the observations already presented at External Affairs, the JIB was concerned about the Soviet Union and Communist China:

The requirements for arms and equipment by both India and Pakistan are not related solely to the state of tension between them. In both countries they are required to maintain internal security and to provide for defence, both currently against minor border incidents with Afghanistan and Burma, and potentially against major threats to both countries from the USSR and Red China through Afghanistan, Tibet and Burma.

Reducing the sale of arms and equipment to either country would be ineffective militarily unless all other exporting countries did likewise and furthermore India or Pakistan might turn to the Soviet Bloc or to illegal arms traffic to obtain arms and equipment. Such courses of action are highly undesirable and any action on our part which might precipitate them should be taken only if it is reasonably certain that the arms and equipment will be used by the one country against the other.¹⁴¹

While the review was taking place, the Canadian Commercial Corporation also made the government aware that both India and Pakistan had made substantial arms requests, worth \$15,000,000 and \$38,000,000 respectively, for a variety of military equipment.¹⁴²

¹³⁹ LAC, RG 25 Volume 4447, File 50000-J-40, part 2, Pick to Economic Division, August 15, 1951

¹⁴⁰ LAC, RG 25 Volume 4440, File 50000-40, part 1, "Memorandum for the Minister," February 27, 1956

¹⁴¹ LAC, RG 25 Volume 4447, File 50000-J-40, part 2, Secretary of State for External Affairs to Cabinet, September 19, 1951. Colonel C H Cook, a member of the JIB, wrote similarly about the need to maintain Pakistani integrity against Communism and internal instability. DHH, File 112.3M2(D192), Volume 2, Cook to JIB, 22 Aug 51

¹⁴² LAC, RG 25 Volume 4447, File 50000-J-40, part 2, Economic Division to Commonwealth Division, August 3, 1951

In late September, Cabinet met to discuss these requests and to deal with the policy review. In a memorandum provided to Cabinet, Pearson noted that the new requests to the Canadian Commercial Corporation were “no doubt partly due to the serious deterioration that has taken place in their relations.”¹⁴³ The document reflected the strategic issues brought up by Pick and the JIB and added one more element: “A ban on the export of arms to both countries would, therefore, more seriously affect Pakistan and would unquestionably favour India. In my opinion it is important that there be no suspicion of discrimination in our dealings with either country.” The memorandum suggested that Canada should not refuse arms sales to either country unless hostilities were “imminent or have actually broken out.”¹⁴⁴

On September 26, 1951, Cabinet accepted all of Pearson’s arguments, and kept the status quo on Canadian arms sales.¹⁴⁵ It was also decided that the Canadian Commercial Corporation would be cautioned that all its business dealings would have to be predicated on the knowledge that contract cancellation was likely.¹⁴⁶ Two days later External Affairs informed the Canadian Commercial Corporation that they could proceed with gathering quotations on material for India and Pakistan.¹⁴⁷

To add some urgency to their work, it was discovered that the Foreign Secretary of Pakistan, Muhammad Ikramullah, was arriving in Canada after having visited the

¹⁴³ LAC, RG 25 Volume 4447, File 50000-J-40, part 2, Secretary of State for External Affairs to Cabinet, September 19, 1951

¹⁴⁴ LAC, RG 25 Volume 4447, File 50000-J-40, part 2, Secretary of State for External Affairs to Cabinet, September 19, 1951

¹⁴⁵ LAC, RG 2 Series A-5-a Volume 2648, September 26, 1951 Cabinet Conclusion, “Export of arms to India and Pakistan”

¹⁴⁶ Indeed, the Canadian Commercial Corporation was notified of this policy later on October 4th. LAC, RG 25 Volume 4447, File 50000-J-40, part 3, Plumptre to Low, October 4, 1951

¹⁴⁷ LAC, RG 25 Volume 4447, File 50000-J-40, part 3, Aspden to Plumptre, November 8th, 1951

United Kingdom and United States – trips made primarily in search of arms.¹⁴⁸ Martin Wainwright has suggested that the British were concerned in this period with losing their South Asian market to foreign competitors and, ultimately, losing their influence in the defence policies of the region. As a result, he suggests that British officials discouraged other governments from satisfying Pakistan's requirements.¹⁴⁹ This may well have been the case with American and European sources of arms, but in the case of Canada, the British were actually encouraging External Affairs to help Pakistan at a time when they could not fill Pakistani orders. The British were particularly concerned about the visit of the Foreign Secretary, and informed their High Commissioner in Ottawa to press the Canadians to supply Pakistan with as many weapons as she felt were needed. In a secret cable to the UK High Commissioner, one that was eventually shared with External Affairs, the Secretary of State for Commonwealth Relations pointed out that Ikramullah had already failed to acquire much weaponry from the United Kingdom, with the exception of some jet attack aircraft and howitzer ammunition. The needs of the rearmament programme for the British armed forces made foreign sales less desirable; even if the British had products available, first preference would have gone to old Commonwealth and new NATO allies requirements. The cable advised the High Commissioner to point out to the Canadians that Pakistani requirements were genuine and it would be desirable to supply them. The High Commissioner was also instructed to inform the Canadians that the "Equipment which Pakistan wants is of British type and as

¹⁴⁸ LAC, RG 25 Volume 4447, File 50000-J-40, part 3, Under-Secretary of State for External Affairs to Deputy Minister, Department of Defence Production, October 23, 1951

¹⁴⁹ Wainwright, p. 90

Canadians are aware we are anxious to ensure that potential for production of United Kingdom type equipment is maintained in Canada.”¹⁵⁰

When the Foreign Secretary arrived in Canada, he had a private audience with the Prime Minister and asked for a massive list of supplies and weapons. The Prime Minister told him that Canada would do all in her power to help Pakistan.¹⁵¹ On November 11th the Pakistani High Commissioner forwarded a letter to External Affairs with a formal list of required items. In all, the material would have cost Pakistan over \$40,000,000. It included a variety of weapons systems and supplies. For her navy Pakistan required fleet oil tankers, floating dry docks, destroyers, submarines, minesweepers, coastguard cutters, and naval tugs. Her army requested the provision of electronic radars, mechanical transports, and rocket launchers, as well as vast quantities of guns and ammunition.

Despite the enthusiasm in External Affairs, Cabinet, and even from the Prime Minister for these sales, the reality was that Canada simply could not provide all of the requested material. The needs of her own substantial post-Korea rearmament programme and those of her close allies within NATO, were such that Canada was only able to provide two items on the Pakistani list - ammunition and grenades.¹⁵² Despite repeated requests, Canada could not provide Pakistan with naval vessels because Canadian shipbuilding was entirely directed to providing for the Canadian navy.¹⁵³ India, which had requested a not tiny sum of \$15,000,000 worth of equipment, found itself in the same predicament. Nonetheless, although Canada was now no longer the key supplier of either

¹⁵⁰ LAC, RG 25 Volume 4447, File 50000-J-40, part 3, Secretary of State for Commonwealth Relations London to High Commissioner for the United Kingdom in Ottawa, 18th October, 1951

¹⁵¹ LAC, RG 25 Volume 4447, File 50000-J-40, part 3, Mundy to Ali, November 13, 1951

¹⁵² LAC, RG 25 Volume 4447, File 50000-J-40, part 3, Bowen to Under-Secretary of State for External Affairs, January 8, 1952

¹⁵³ LAC, RG 25 Volume 4447, File 50000-J-40, part 3, Heeney to Ali, December 20, 1951

country, more modest sales did take place in 1951 and 1952; but nothing would ever again approach the reliance that Pakistan, and to a lesser degree India, developed on Canada in 1949 and 1950.

Chapter 3: Canada eclipsed

“For many years I have regarded that decision as perhaps the single most clearcut mistake of American policy in the 1950s and 1960s.” William Bundy, National Security Council coordinator on the American decision to provide arms to Pakistan.

“In order to contain Russia the Americans were willing to make friends and allies with any country that would stand up and be counted on their side, no matter what the motives of that country or the nature of its internal regime...The United States had on many occasions had to sacrifice a lesser good to gain a greater good.” Escott Reid, *Envoy to Nehru*

“Canada, despite India’s objection, fell in line behind the United States...on the “most important single issue dividing India from the West,” America’s decision to give military aid to Pakistan, fear of which dominated Indian foreign policy, Reid couldn’t persuade Pearson that Canada should exert its influence with the US against the agreement.” Francine Frankel, review of *Envoy to Nehru*

Defending America

In 1954 Louis St. Laurent undertook the first Asian tour by a sitting Canadian Prime Minister. Although there were ports of call in old and familiar Europe, it was his visit to the three newest members of the Commonwealth – Pakistan, India and Sri Lanka – that generated the most interest. Of those three, St. Laurent thought the stay in India and in the Prime Minister’s residence with Nehru to be of particular importance. St. Laurent and Nehru were fond of each other, and many in External hoped that the trip would further cement their relationship.¹⁵⁴ In a note written a few weeks before St. Laurent’s departure, the Under-Secretary of State for External Affairs listed some expectations for the trip:

In Pakistan, India and Ceylon we hope that the Prime Minister’s visit will strengthen a feeling of friendliness toward Canada among leaders and on the part of the people. We also expect that his visit will reinforce the disposition of leaders to keep their countries within the Commonwealth. It should forcibly remind them that the Commonwealth benefits them as well as us, especially as it gives them an opportunity to make their views understood in several important western countries.¹⁵⁵

¹⁵⁴ Charles Ritichie, *Diplomatic Passport: More undiplomatic diaries, 1946-1962* (Toronto: Macmillan, 1981), p. 64

¹⁵⁵ *DCER*, vol. 20, p. 927-928

By all accounts the visit was a success. Charles Ritchie, external affairs adviser to St. Laurent on his trip, in his journal, recalled the relaxed and happy atmosphere of the Canadian entourage at Nehru's residence, and in particular, the warm personal discussions between St. Laurent and Nehru.¹⁵⁶ But despite the good feelings symbolized by the trip, there was one controversy that followed St. Laurent – the Canadian position on American arms to Pakistan.

When St. Laurent arrived in India on February 23rd the Indian polity was seething with anger at the news of an imminent American-Pakistani military security agreement. As Charles Ritchie recalled in his memoirs:

The sentiment heard in government circles is extremely anti-American. The Americans can do no right in Indian eyes. At one moment they are accused of selfish isolationism and neglect of poorer countries, at the next of imperialist ambitions to dominate.¹⁵⁷

There was little chance that St. Laurent would be able to divert the attention of Indian government officials away from the issue. The day after his arrival, St. Laurent addressed a joint session of the two Indian houses of Parliament. He spent a large part of his speech defending the United States. While some parts of the speech relating to Indian independence, Asian self sufficiency and cooperation over Korea did generate a great deal of applause, St. Laurent's defence of US action in Asia and of Western collective security drew silence. That night, the Government of India radio broadcast news did not carry parts of the address containing his defence of U.S. interests in Asia.¹⁵⁸ Two days

¹⁵⁶ This trip also received a great deal of attention in Escott Reid's *Envoy to Nehru*.

¹⁵⁷ Ritchie, p. 66

¹⁵⁸ "St. Laurent in India Defends U.S. Policies," *Globe and Mail*, February 24, 1954, p. 1

later, the Americans officially announced their aid package to Pakistan and St. Laurent would be dogged by reporters for the rest of his trip about the issue.¹⁵⁹

U.S. Engagement in South Asia

After the Korean War and the heightening of Cold War tensions in Asia, the United States began to develop relationships to further its main stratagem of opposing Soviet political and military activity throughout the world. In its pursuit of a strategy of containment Asian allies were few and far between.¹⁶⁰ With the exception of the Philippines, Pakistan was the only other newly independent country in the post-war era that was not Non-aligned or Communist.¹⁶¹ In line with earlier British assessments, Americans perceived Pakistan as a crucial partner in checking the spread of Soviet and Chinese power.¹⁶² According to the White House, Pakistan was willing to do something about the threat of Communism, while her neighbours, India in particular, were not. As a former British High Commissioner to Pakistan recalled, "India under Nehru would take all the economic aid that the United States could offer, but was unwilling to help militarily."¹⁶³ Instead America looked to Pakistan as the "heaven-sent friend and ally that America needed between Balochistan and the Phillipines."¹⁶⁴

¹⁵⁹ Donald C. Masters, *Canada in World Affairs: 1953 to 1955* (Toronto: Oxford University Press, 1959), p. 124

¹⁶⁰ For a general overview of containment strategy see John Lewis Gaddis, *Strategies of Containment: A Critical Appraisal of Postwar American National Security Policy* (New York: Oxford University Press, 1982)

¹⁶¹ M.S. Rajan, *Non-Alignment: India and the future* (Mysore: University of Mysore, 1970), p. 7

¹⁶² For an excellent overview of the US interest in Pakistan in this period see Dennis Kux, *The United States and Pakistan, 1947-2000: Disenchanted Allies*. (Washington: Woodrow Wilson Center Press, 2001). Also helpful is Dean Acheson, *Present at the Creation: My Years in the State Department* (New York: Norton & Company, 1969)

¹⁶³ Sir Morrice James, *Pakistan Chronicle* (London: Hurst and Company, 1993), p. 19

¹⁶⁴ *Ibid.*

Pakistan was strategically important to the Americans for the same reasons as it was for the British: as a bulwark against possible Soviet aggression into the Middle East as well as South Asia, and a friendly presence in Southeast Asia facing China. After the overthrow of the Egyptian monarchy in 1952 and Nasser's rejection of a middle east defence organization, the United States decided that some allies in the region were better than none and built a perimeter of allies cordoning the neutralist Gulf states and Egypt from the Soviets.¹⁶⁵ This "Northern tier" of allies included Turkey, Iraq, and Iran, with Pakistan acting as an eastern "anchor".

Another element in the Eisenhower administration's belief in a Pakistani alliance was the aloofness of India on East-West matters and its perceived failure to join any kind of Commonwealth or Western inspired defence arrangement.¹⁶⁶ The United States did not find Indian neutrality a tolerable feature of Asian geopolitics. After the stalemate in Korea and the fears about French withdrawal from Southeast Asia, the United States wanted to ensure Asia against any further Communist agitation. Indian neutrality and non-cooperation over outstanding issues with Pakistan, the Americans believed, weakened Pakistan's defence of the subcontinent and removed a significant source of manpower for the West in any future war against the Soviet Union and possibly China. There is also reason to believe that at least some American politicians, Vice-President Richard Nixon in particular, thought that American arms would weaken the Congress party and allow more right-wing Hindu parties to gain power and align India more concretely with the United States.¹⁶⁷ Canadian High Commissioner to India, Escott Reid,

¹⁶⁵ Brands, p. 49

¹⁶⁶ Wainwright, p. 3

¹⁶⁷ Dennis Kux, however, believes that Nixon's perspective on arms to India was only representative of some in Congress and not the view held by the Eisenhower administration. See Kux, p. 62

in his memoir *Envoy to Nehru*, goes so far as to claim that the Central Intelligence Agency was deployed in India to assist this motive, although the evidence supporting this remains weak.¹⁶⁸ Succeeding administrations at the White House and in the U.K. also had a difficult time in their personal dealings with Indians. Dean Acheson, in an early example of a recurring view of Nehru in US administrations, remarked in his memoirs that India's leader was one of the "most difficult men with whom I have ever had to deal."¹⁶⁹

American threat perceptions about the Middle East, Pakistani goodwill and a distrust of Indian neutrality all contributed to the decision of the Eisenhower government to ally with a friendly Pakistan. Starting in the middle of 1953, the United States began secret discussions with Pakistan to provide arms and military training on a considerable scale. As part of the talks, Pakistan also sought guarantees that the United States would come to its defence if attacked by any country, presumably including India. In return, the United States would receive access rights to certain air bases and intelligence installations within Pakistani territory. When word of the talks leaked in India, the public outcry was enormous. Nehru was suspicious of Pakistani motives in reaching such an agreement and worried about what this meant for India. He suspected that American arms would give Pakistan the ability to seek a unilateral military solution in Kashmir and bring the Cold War to the Indian subcontinent.¹⁷⁰

¹⁶⁸ Reid interviewed one CIA representative in India in late 1953 who explained American arms to India in terms similar to Vice-President Nixon. Escott Reid, *Envoy to Nehru* (London: Oxford University Press, 1981), p. 103

¹⁶⁹ Acheson, p. 336 Acheson was not alone in this assessment. For other American and British personal views of Indian leaders see Akbar S. Ahmed's *Jinnah, Pakistan and Islamic Identity: The Search for Saladin*, (London: Routledge, 1997). According to Ahmed, Western leaders generally preferred working with Pakistanis than Indians.

¹⁷⁰ Reid, *Envoy to Nehru*, p. 102

Indian complaints – Round One

Late in 1953, as word of the American-Pakistani talks became public, Indian ambassadors began to approach foreign governments in an attempt to defuse the proposed alliance and shore up support to convince the Americans of the foolhardiness of a pact with Pakistan. One area for such activity was Ottawa. The Indian High Commissioner to Canada at the time, R.R. Saksena, was known in External Affairs circles as somewhat of a catastrophist.¹⁷¹ On December 10th he approached Charles Ritchie, then Acting Under-Secretary of State for External Affairs, and made a vociferous complaint about the talks. The next day, he wrote a formal memorandum to Ritchie informing him of the Indian government's position on the talks and his suggestions about how Canada could help. He remarked:

As I explained to you yesterday, my Government regards the projected military alliance with the gravest concern. We feel that the consequences of such a Pact will be serious, far-reaching and unpredictable. The Government of Canada will, no doubt, decide its own course of action, but we feel that an expression of their opinion to the Governments of United States and Pakistan will help.¹⁷²

It remained unclear exactly what Saksena wanted the Canadian government to say to the Americans and Pakistanis. A few days later, he qualified his request for Canadian assistance by telling Pearson that he did not hope that Canada would actively intervene, but instead wanted Canada to make the Americans "understand" the Indian position.¹⁷³ Believing that Canadian diplomats had sway over their counterparts in the United States, Saksena believed that Canada could use its leverage with the United States and Pakistan to impart Indian concerns about American arms in the region. At the same time, the

¹⁷¹ He once remarked that the United States and India would have to cut off diplomatic relations if the deal with Pakistan went through. See *DCER*, vol. 20, p. 941

¹⁷² *Ibid.*, p. 917

¹⁷³ *Ibid.*, Document No. 432

Canadian High Commissioner in New Delhi, Escott Reid, was writing memorandum after memorandum to External Affairs indicating that he and his Western counterparts (including Chester Bowles, the American Ambassador to India, who opposed his own administration) believed that the export of American arms to Pakistan would be a terrible mistake. Reid believed that Nehru was right about the danger of American arms; significant Canadian interests in the region were at stake. In *Envoy to Nehru*, Reid echoed the Indian Prime Minister's arguments about the imbalance that would be created in the subcontinent, but also argued that American arms would reduce the power of the Commonwealth relationship for India because it would demonstrate that the organization was incapable of affecting US thinking. More generally, relations with Western countries, including Canada, would become less significant, and Indian non-alignment could become more isolationist and anti-Western.¹⁷⁴

The Canadian government took the Indian request seriously. The Ambassador to the United States, Arnold Heeney, was asked to make inquiries in Washington about the nature of the proposed talks.¹⁷⁵ Lester Pearson was charged with formulating Canadian policy on the issue.¹⁷⁶ There has been some discussion of how Canada handled the India request for help in the secondary literature. Much of this suggests that Canada saw her relationship with the United States to be of such crucial importance that Pearson was incapable of challenging American foreign policy in the region for fear of its effect on bilateral relations. S.D. Gupta, an Indian political scientist, claimed in his book on India-Canada relations that Canada felt "its own interests can be better protected by following

¹⁷⁴ Escott Reid, *Envoy to Nehru*, p. 111

¹⁷⁵ *DCER*, vol. 20, p. 918

¹⁷⁶ *Ibid.*, p. 913

the U.S.”¹⁷⁷ Elsewhere, he mentions that Canada was not capable of an independent foreign policy with India because of the America factor.¹⁷⁸ Francine Frankel, in a review of *Envoy to Nehru*, similarly argued that when it came to American arms for Pakistan, “Reid chose India but Pearson chose the United States.”¹⁷⁹

There can be no doubt that Pearson was wary of the effect that Canadian advocacy of the Indian position in Asia would have on US policymakers; to him it was clearly a “delicate matter.”¹⁸⁰ However, to suggest that Canada was only motivated in its concern about American arms to Pakistan by its own bilateral relationship with Washington is simplifying matters. What all prior literature, including *Envoy to Nehru*, has missed is that, in making the decision to become India’s spokesman to America, Pearson was concerned about Canadian bilateral relations with Pakistan. Commenting on a December 30th meeting with Saksena, Pearson observed that, “We would not wish to offend the Pakistanis by any action which might lead them to believe that under pressure from India we had dissuaded the United States from pursuing a policy which Pakistan would like.”¹⁸¹

Pearson also asked General Foulkes, Chairman of the Chiefs of Staff, for a strategic appraisal of the impact American arms would have in the subcontinent.¹⁸² The Chiefs of Staff were often asked to conduct studies on issues of importance to national security. Foulkes gave the request to the Joint Intelligence Committee.

¹⁷⁷ S.D. Gupta, *India-Canada Relations*, (Jaipur: Jaipur Pub. House, 1990), p. 8

¹⁷⁸ Gupta, p. 16

¹⁷⁹ Francine Frankel, “Review of *Envoy to Nehru*, by Escott Reid,” *Canadian Forum* (March 1982), p. 31

¹⁸⁰ The phrase is used on two separate occasions by Pearson when describing the impact of a Canadian complaint to Washington on India’s behalf. *DCER*, vol. 20, p. 913 and p. 918

¹⁸¹ *Ibid.*, p. 918

¹⁸² The appraisal was requested by R.M. MacDonnell, Acting Under-Secretary of State for External Affairs on December 22, 1953. LAC, RG 24 Series B-1 Volume 20829, File CSC 7:15:1, part 1, Foulkes to Under Secretary of State for External Affairs, January 13, 1954

Their report No. 92(54), entitled *The strategic importance of Pakistan to the West*, was completed a few weeks later on January 27th. Some sections are worth quoting in full:

The strategic importance of Pakistan lies primarily in its geographic disposition...West Pakistan commands the approaches to the north-western frontier of India; while East Pakistan covers the Eastern approaches. Since, in the immediate future, at least, the barrier of the Himalayas provided protection against any significant ground operations from the north, Pakistan can then be said to be the key to the defence of the Indian subcontinent against any land invasion from the Soviet Union or China...

From the offensive view point it is assumed that strategic bombers based in West Pakistan would probably be intended for use against targets in the following areas:

- (a) Urals
 - (b) Omsk-Novosibirsk industrial complex
 - (c) Atomic centres in Turkestan and in area of Semipalatinsk...
- (There are a) number of advantages to bomber operations from West Pakistan as opposed to operations from any other bomber bases presently in use:
- (a) Shorter distance to targets.
 - (b) Minimum time over Soviet territory.
 - (c) Much less heavily defended area to be traversed compared to attacks from the West or the Far East...

It is concluded that the most advantageous use of Pakistan air facilities would be as staging bases for medium bomber attacks against central USSR and guarding of the approaches to India.

In spite of the cost, however, it is apparent that the close alliance of Pakistan with the West is of great strategic importance, not only from an offensive viewpoint but in relation to defence of the Indian-sub-continent and the Middle East. Should Soviet forces out-flank Western defence forces in the Middle East, the loss of Pakistan would give the Soviet Union easy access to the Indian ocean and might eventually pose a threat to the Allied sea communications in the area.

The defence of East Pakistan is equally important as a means of protecting the Eastern approaches to India and as an important link the defence of Southeast Asia. Furthermore, the presence of Western bases in East Pakistan may act as a positive deterrent to the Chinese in the course of an invasion of South East Asia. The most apparent advantage of Indian belligerency lies in the fact that it would make available to the West the vast manpower resources of the country.

Other than its denial to the Communist bloc as a base for operations, the benevolent neutrality of India would be of little positive benefit to the Western military effort.

The co-operation of India and Pakistan, however, is not absolutely essential under present circumstances to ensure the defence of the West in the early stages of a

war; and while respecting Indian neutrality, Western defence planning can proceed successfully provided active co-operation exists with Pakistan. In the event of a global war, the interests of the West would be best served by the belligerency of both India and Pakistan. A neutral India would, in the long run, seriously impede the value of Pakistan as a belligerent, particularly in view of the transportation problem that Indian neutrality would create for the supply of Pakistani forces.¹⁸³

While acknowledging that Indo-Pakistani hostility was an impediment to the security of the subcontinent, the authors acknowledged that Pakistan could go it alone with the “West”. The paper does not simply suggest that a Pakistani alliance will serve American interests in South Asia, but those of the West in general. Indeed, Foulkes wrote back to External Affairs before the report was produced, and giving a preview in which he argued strongly that Pakistan was a vital part of the Western security structure in Asia and that Canada’s interests were served by a strong Pakistani front against Communism. The effect that such a decision would have on bilateral relations between Canada and the United States was important to Foulkes as well, but it was the strategic arguments in favour of American bases that really mattered:

The U.S. have always considered a base at Karachi essential to their plan for decentralization. Since our security is inexplicably tied up with that of the U.S. it is not unreasonable for the U.S. to expect us to support them in this policy of placing additional bases to support their retaliatory effort.¹⁸⁴

On January 30, the Indian High Commissioner approached Pearson to see if Canada had learned anything new to convey about the negotiations. Pearson indicated that, after inquiring twice in Washington about the nature of the negotiations, Heeney had heard nothing new outside of what the newspapers had been reporting on the issue. He described the unhappy reaction of Saksena:

¹⁸³ LAC, RG 24 Series B-1 Volume 20829, File CSC 7:15:1, part 1, JIC report “The strategic importance of Pakistan to the West,” January 27, 1954

¹⁸⁴ LAC, RG 24 Series B-1 Volume 20829, File CSC 7:15:1, part 1, Foulkes to Under Secretary of State for External Affairs, January 13, 1954

Mr. Saksena seemed a shade disappointed that we were taking such a negative attitude. I told him, as I told him before, that we appreciated the importance of the issue and deplored the trouble it had caused. I added, moreover, that while we did not think Pakistan should be condemned for strengthening itself against Communist aggression Mr. Saksena intervened that it was not Russia but Kashmir and India that Pakistan was thinking of.¹⁸⁵

A month later Pearson wrote to Reid and instructed him of the Canadian government's position on arms sales to Pakistan:

I agree that the United States initiative over Pakistan, if pressed relentlessly, might have a serious effect in India; certainly it has already made matters more complicated, and it does seem to reveal an inadequate appreciation by the United States of the complexities of the situation in South-East Asia. But in itself and within its limits it is not altogether a bad thing, especially when viewed in relation to forces at work elsewhere.¹⁸⁶

Indian complaints – Round Two

In early 1956, as American weapons began to arrive in Pakistan, External Affairs was faced with conflicting reports from Karachi and New Delhi on the impact that these arms were having on an already fragile regional balance. This confusion forced Commonwealth Division to re-examine, for the third time since permits to South Asia had been allowed, their arms trade policy to the region. In particular, External Affairs wanted to ensure that Canadian arms sales were not contributing to any kind of potential imbalance in relative strengths of India and Pakistan. From the latter, External received conflicting reports about the actual utility of the American deal at the same time that Canadian intelligence sources in the United Nations Military Observer Group in India

¹⁸⁵ *DCER*, vol. 20, p. 923

¹⁸⁶ Escott Reid, *Envoy to Nehru*, p. 113

and Pakistan (UMMOGIP) were reporting large caches of new weapons in Azad Kashmir.¹⁸⁷

From India, Reid stood firm in his earlier assessment of the impact American arms were having in the debates in 1954. He emphasized the dangers of American arms to Pakistan and argued that the weapons would lead to an imbalance in the region. He also suggested that certain Ministers in the Indian government were suggesting that they would soon start discussions with the Soviet Union to acquire weapons. Ominously, he wrote to headquarters in early 1956 and said, "We had already seen the kind of results which followed from Egypt buying arms from the Soviet Bloc."¹⁸⁸ In other words, a regional arms race was likely if American and Soviet arms were not kept out of the region.

The conflicting assessments of Pakistani and Indian military strength resulted in a second request for the Joint Intelligence Committee to formally examine the problem. The Joint Intelligence Committee took little over a month to produce a report: their task was not an easy one. Restrictions on available intelligence from allies and External Affairs' stated belief that Canada should not spy on Commonwealth colleagues restricted the product that the JIC provided in April to External Affairs. The report questioned the arguments being made in New Delhi about the relative power Pakistan would gain in the subcontinent after American arms were introduced. The general conclusion of the report was that the balance of power had not been significantly altered by US arms, and indeed that India still retained the upper hand against any Pakistani aggression in the future:

¹⁸⁷ LAC, RG 25 Volume 4448, File 50000-J-40, part 8, Commonwealth and Middle East Division to the Under-Secretary of State, February 17, 1956

¹⁸⁸ LAC, RG 25 Volume 4448, File 50000-J-40, part 8, High Commissioner New Delhi to External, Feb 16/56

In an assault on India the forces of Pakistan would probably become engulfed, whereas, an Indian effort to invade Pakistan would find the bulk of Pakistan's forces remaining unsubdued in the mountains and free to operate as guerillas in the plains. That is to say, neither could expect to conquer the other.¹⁸⁹

The report also noted that the Indian air force was far superior to Pakistan's and would maintain air superiority in any future war, even with the anticipated American assistance.

While the JIC report was accepted at Headquarters with little difficulty, Reid expressed doubts about the findings. On May 28th he informed the department that the JIC report was flawed because it did not take into account statistics for American armaments in the period from 1956 to 1959. He echoed Indian sentiments that the arms received during this period would tilt the odds against them in the subcontinent.¹⁹⁰

Nonetheless, External Affairs accepted the results of the report and decided not to change their approach to arms sales in the subcontinent, maintaining that arms for Pakistan had not altered the relative strengths of India and Pakistan. This policy remained in effect, despite the significant hostility that would be generated a few months later when Pakistan complained to the United Nations about renewed Indian efforts to integrate Kashmir in the Indian Union.¹⁹¹

While in 1948, 1951, and 1954 hostilities had led to reviews of arms sales, the same did not occur in early 1957. A few months after the JIC review, the United Kingdom received an official protest from the government of India that arms from Western countries would allow Pakistan greater power in the subcontinent. The JIC of the UK Chiefs of Staff produced its own study that largely confirmed the earlier

¹⁸⁹ LAC, RG 25 Volume 4448, File 50000-J-40, part 8, Crean to Economic Division, March 15, 1956

¹⁹⁰ LAC, RG 25 Volume 4449, File 50000-J-40, part 9, Reid to External, MAY28/56

¹⁹¹ Nehru's announcement that India would begin to integrate Kashmir into the Indian Union brought widespread condemnation in Pakistan and the Western Press. See, "The Great Silence," *Globe and Mail*, January 29, 1957, p. 6 and "Kashmir Seizure Saved Moslems in India From Massacre, Nehru Argues," *Toronto Daily Star*, January 31, 1957, p. 6

Canadian JIC assessment. The study looked at the impact of American and Western arms on Pakistani military capability, and agreed that the Indian case was “grossly misleading and alarmist”. It confirmed the earlier Canadian study’s contention that the balance of power in the Punjab and Kashmir continued to be in India’s favour; arms for Pakistan were not contributing to any aggressive capability.¹⁹² Canadian military intelligence believed that they had found further proof of Indian air superiority when it was learned that the IAF was about to acquire new French Mystere 4-A fighter bombers and British Canberra jet bombers.¹⁹³

The effect of American arms on Canadian sales

Canadian arms sales to both India and Pakistan dwindled considerably after 1953.¹⁹⁴ Not only was this observed by officials at External Affairs, but the data collected by the Dominion Bureau of Statistics showed a sharp decrease in sales to the region, even though statistics on sales pertaining to radar and tank spares remain difficult to track. (See Table 3) This decline in sales did not occur because of any change in Canadian arms policy, although events in 1954 and 1956 had made External Affairs more cognizant of the political issues involved.

In the immediate post-partition period, Canada saw itself as contributing to a balance of power by providing arms to both countries, but especially to the much weaker Pakistan which was not incidentally a partner against Communism. After 1953, however, the relative strength of the two countries became more equal, and the 1956 review

¹⁹² LAC, RG 24 Series B-1 Volume 20829, File CSC 7:15:1, part 1, Ldn to External, “India and build-up of Pakistani armed forces,” June 21, 1957

¹⁹³ LAC, RG 24 Volume 17607 File S-004-100-85/536, Ingalls to CAS, 14 Jun 57

¹⁹⁴ LAC, RG 25 Volume 4448, File 50000-J-40, part 8, “Export of Tank Parts to Pakistan,” February 21, 1956 and *DCER*, vol. 22, p. 28

resulted in a balance of sales approach to the subcontinent. The primary reasons for a decline in sales has more to do with the rising influence of superpowers in the subcontinent and the economic issues facing India and Pakistan. India in the 1950s had set upon a path of peaceful coexistence with both superpowers and neutralist Asian countries. As a part of its policy of non-alignment, India did not believe that it would need an army capable of major operations abroad, as during the Second World War, nor did it wish to have a continuing drain on precious resources. Social and economic developments of the socialist variety were to be the keys to India's future.¹⁹⁵ No threat except that from Pakistan was perceived in the immediate short term, and India's defence posture was thought adequate to meet any challenge presented by the Pakistanis.

Krishna Menon, a prominent Indian Cabinet minister, confidently spoke about one day not relying on any foreign arms purchases. He spent much of his time as defence minister making India self reliant when it came to weapons production. The results were mixed, but by the early 1960s India had achieved a respectable degree of self sufficiency in arms production and was on the verge of developing the capacity to produce some of its own technologically advanced weaponry.¹⁹⁶ Self-sufficiency in arms production meant that Canada was no longer needed as a source of basic military equipment, such as rifles and ammunition, as in the past. Outside of some advanced products not within the reach of the Indian defence sector, such as tanks, aircraft, radar and radio equipment, India had essentially stopped importing weapons.¹⁹⁷

¹⁹⁵ For an excellent overview of Indian political economy and socialism see Francine R. Frankel, *India's Political Economy, 1947-1977*.

¹⁹⁶ Frankel, *India's Political Economy, 1947-1977*, p. 215

¹⁹⁷ For an excellent overview see Nisha Sahai Achutan, *Soviet arms transfer policy in South Asia (1955-1981): The politics of international arms transfers*, (New Delhi: Lancer International, 1988).

On the Pakistani side, the issue was more complicated. With no production facilities of her own (the first ammunition factory did not open until 1953),¹⁹⁸ Pakistan continued to rely on others for products of a military nature. By 1953 Pakistan had run out of the significant sterling credits that it had received from Britain after partition and was incapable of importing large amounts of armaments from Canada, as it had so liberally done in the past.¹⁹⁹ Officials at External Affairs were sympathetic, setting up a \$6 million revolving credit for Pakistani arms purchases in the early 1950s, but they quickly realized that Pakistan was no longer capable of large purchases.²⁰⁰ The Pakistanis phased out further assistance from Canada because they knew that they would soon be receiving the benefits of their partnership with America. Free and much more advanced American tanks, aircraft and artillery would soon replace aging, inadequate and costly British and Canadian World War Two surplus products.

¹⁹⁸ Wainwright, p. 113

¹⁹⁹ Jalal, p. 306

²⁰⁰ In October 1954, External Affairs was informed by the Commonwealth Relations Office that the Pakistanis were interested in CF-86s under the terms of an American aid package, since the US was only offering much less advanced F84s under mutual aid. Robertson noted that Pakistan would only be able to purchase a handful from Canada, unless it received financial assistance. LAC, RG 24 Volume 20830, File 7:15:1, part 2, Robertson to Under-Secretary of State for External Affairs, October 21, 1954

It was only after much persuasion from General Ayub Khan that Pakistan received F86s from the United States and Canada was no longer an option. See Pakistan Air Force, "Pakistan Air Force," *Defence Journal*, March 1998, page 1 at <http://defencejournal.com/march98/paf1.htm>

Chapter 4: "The worst of both worlds"

*"Canada's relations with India, always friendly, became much closer following the Canadian response to the Chinese attack in October 1962, which brought about wide ministerial, official and editorial appreciation of Canadian efforts over the years to assist India."*²⁰¹

*"Cda gained maximum goodwill in India and lost minimum credit in Pak from limited emergency assistance last fall."*²⁰²

The rise and fall of Sino-Indian relations

On October 1, 1949, after a bitter civil war, Chinese Communists declared victory and proclaimed the People's Republic of China. The Government of India was one of the first states to recognize the new government at Peking and relations officially began on December 30, 1949. Historically, intellectuals and politicians in both India and China had a great deal of sympathy with for another, seeing a common bond in the exploitation and division created by European imperial interests in both societies. There was a sense in the early years of the India-China relationship that both countries were seeking to help each other achieve a greater sense of independence.²⁰³ Even after China annexed Tibet and unceremoniously removed the Dalai Lama, causing much popular protest in India, Nehru preferred to deal with the Chinese within the framework of peaceful coexistence.

In 1954, soon after the United States and Pakistan had announced their controversial military alliance, India began to make more overt political gestures toward both Moscow and Beijing. While India wanted to maintain some distance from the former because of her policy of non-alignment the Chinese were seen as compatriots; Nehru's famous, and ultimately naïve, foreign policy slogan throughout the 1950s was

²⁰¹ LAC, Lester B. Pearson papers, N3 Volume 282, File 846/I39, "Visit of Mrs. Indira Gandhi, February 1 and 2, 1965"

²⁰² LAC, RG 19 Volume 4930, File 8382/I 39-1, part 2, Karachi to External, Nov 7/63

²⁰³ Frankel, *India's Political Economy, 1947-1977*, p. 124

“Hindi, Chini, bhai bhai!” (Indians and Chinese are brothers!). To cement their new found friendship, India and China first signed the Sino-Chinese Agreement on Trade and Intercourse on April 29, 1954, followed up a few weeks later with the declaration of the “Panscheel” (mutual cooperation) Agreement.²⁰⁴ In June of the same year, Chinese premier and foreign minister Chou En-lai visited New Delhi and declared that the two leading Asian powers would provide the kind of leadership that the superpowers lacked. A few months later, both countries played a major role in the Bandung Conference that formally kicked off the Non-aligned Movement in the Third World.

Despite good words, the atmosphere of trust and conciliation between the two most populous nations in the world would not last long. The desolate plains of the Aksai Chin, a strategically important area for China²⁰⁵, would slowly become a sore point as the decade drew to a close. (See Map 3) Historically, China had always claimed the region and did not recognize the British McMahon Line, which had traditionally demarcated India from Tibet and the rest of central Asia, placing the area in Indian hands. Nehru was initially hopeful that discussions with the Chinese would bring forth a negotiated and amicable solution. When he learned in October 1958 that the Chinese had secretly been building a network of roads in the region over the last few years he did not react angrily. Instead of denouncing the action he put his faith in negotiations, going so far as to develop an agreed upon schedule of border patrols with China in the contested area.

²⁰⁴ Wainwright, p. 159 The Panscheel agreement meant that India would formally decline all territorial claims to Tibet and further India-China relations would be based on five factors: mutual respect for each others territory, mutual non-aggression, mutual non-interference, an equal and beneficial working relationship, and peaceful co-existence.

²⁰⁵ Aksai Chin was the only area through which China could easily access Tibet and Sinkiang, two large and rebellious regions of the new China.

Map 3 – Aksai Chin

Source: <http://www.lib.utexas.edu/maps/kashmir.html>

A few months later there was a large scale rebellion in Tibet and the Chinese army was brought in to crush it. The Dalai Lama escaped to India and was greeted warmly by the Indian Government. Mao Tse Tung and the Chinese Communist leadership saw this as a great insult, and suspicions about Indian friendliness were heightened when negotiations over the Aksai Chin area began to falter. According to the secret Indian Ministry of Defence report on the war, made public in the early 1990s, it was this element more than any other which began to sour India-China relations. The report stated that the Chinese “were veterans of the long civil war, and saw things primarily through military glasses.”²⁰⁶ They calculated that the Aksai Chin was of no strategic value to India, but that the Chinese occupied Chumbi Valley was necessary to India’s defence.²⁰⁷ When an exchange of the territories was rejected by India, the Chinese assumed that all the talk about “panscheel” had been disingenuous and that India had aggressive designs on Tibet and other areas under Chinese control. Instead of concluding that the Indians were merely attached to Aksai Chin because of national sentiment (especially because in the creation of Pakistan and the dispute over Kashmir India had lost so much territory), the Chinese concluded that India was using so-called peaceful diplomacy as yet another arena for aggression.

Starting in 1959, Indian forces began to encounter more aggressive Chinese border patrols. Periodically there were confrontations and shots fired. As negotiations failed and Chinese incursions continued, Nehru finally reacted in 1961 by adopting a “forward post” strategy. This involved the establishment of well defended and

²⁰⁶ History Division. Ministry of Defence. Government of India, *History of the Conflict with China, 1962*. (New Delhi: Ministry of Defence. (Government of India, 1992), p. 412

²⁰⁷ The Chumbi Valley is a strategic corridor between Bhutan and Sikkim and is the only defensible area into India. It also leads directly to the Tibetan capital of Lhasa.

strategically positioned outposts in territory along the McMahon Line. When the Chinese did not officially complain about the posts, it was thought that the strategy had been successful and China had been deterred. As the Ministry of Defence report explained:

It was taken for granted by foreign policy experts in India that China would not engage in a large armed conflict with India and that there might be small skirmishes or clashes and India was prepared for such a fight. War between India and China could escalate on a global level with the potential of a nuclear conflagration and, therefore, China would desist from it.²⁰⁸

In fact, after a short period of quiet, the Chinese returned in much larger numbers.

Throughout the summer of 1962 the Chinese became more and more open about the nature of their incursions. They began to test Indian defences.

On October 16, 1962, President Kennedy learned that the Soviet Union had secretly moved nuclear missiles into Cuba -- a major international crisis had begun. Two days before Kennedy went public to declare a quarantine of Soviet vessels, the Chinese suddenly escalated the border crisis with India. On October 20th, China launched a massive military strike along the entire border with India and began to move thousands of troops and equipment into Indian-held territory. It is unclear whether the Chinese had somehow gained intelligence on the impending missile crisis and hoped to use the superpower bickering as a cover for their attacks, a position the Indian Ministry of Defence certainly argued.²⁰⁹ Nevertheless, in a matter of three days, the Chinese had advanced an average of 20-30 km into Indian territory, and although this incursion occurred all along the India-China border, two large areas were now under Chinese occupation: Aksai Chin and the North East Frontier Agency (NEFA) (See Map 3 and 4

²⁰⁸ *History of the Conflict with China, 1962*, p. 416

²⁰⁹ *Ibid.*, p. 413

respectively). These were very large occupations; Aksai Chin was roughly the size of Switzerland and NEFA about the size of Austria.

Map 4 - NEFA

Source: <http://www.lib.utexas.edu/maps/kashmir.html>

Of the two theatres the situation in NEFA especially terrified the Indians. Below the mountainous NEFA area were the Deccan plains. With most of the Indian armed forces in disarray, China was in an excellent position to fight her way into the heart of India. The country was defenceless. By October 26th, the Chinese had completed their military operations and there was a short lull in the fighting. Starting in the middle of November the Indian Army attempted a counterattack, but was soundly defeated. Battered and incapable of taking back their own territory, the Indians were forced to accept a humiliating defeat. Sensing that they had made their point and achieved their strategic objectives, the Chinese suddenly and unilaterally withdrew on November 21st to a point of their choosing, 20 km behind their advanced positions. The entire NEFA was also abandoned, even though China “administers” the Aksai Chin area to this day.

Leaders in the West, preoccupied by the Cuban missile crisis, were nevertheless alarmed by the Chinese actions along the border. The war itself was not by any means a significant military campaign; 2 ½ Indian divisions faced off against 4 Chinese divisions²¹⁰. What was significant was how the West interpreted the Chinese actions. The border action seemed to confirm other interpretations of Chinese belligerency in Asia and indicated to Western leaders that Mao and the Communists were willing to use whatever force necessary to expand and consolidate what they believed were China’s natural boundaries. Additionally, the war revealed just how weak Indian defence planning had been.²¹¹ As a Canadian intelligence assessment in November 1962 indicated, India would not be able to withstand a further Chinese attack for more than 6

²¹⁰ Despite the size and length of the engagement roughly 500 soldiers were lost on both sides.

²¹¹ Nehru was severely criticized in India for the prosecution of the war and his defence minister, Krishna Menon was fired

months and would not be capable of meaningful operations for another year.²¹² Western and Indian leaders feared what further “misadventure” China would engage in next, and indeed if a hobbled India would become the victim of Chinese expansionism. Even more surprising was the change in Indian attitudes toward the West. Whereas India had been the perennial leader of the non-alignment movement, all pretexts of Gandhian nonviolence and neutrality were abandoned in the immediate aftermath of the Chinese attacks. As the Indian Defence Ministry report concluded:

The exaggerated importance given by the nation to the magnitude of reverses in October-November 1962, however, proved a blessing in disguise, as it brought home to the nation the dictum of Vegetius - “Let him who desires peace prepare for war -” and consequently added realism and a sense of urgency in comprehensive military preparations on priority basis.²¹³

Reaction in Canada

Prime Minister John Diefenbaker reacted with dismay to the Chinese attacks, and mainstream political opinion of all shades in Canada was strongly pro-Indian. Even before the Chinese engaged in their full scale attacks into NEFA and Aksai Chin, the Indians approached Canadian diplomats for military assistance. During the summer of 1962, as increasing incidents of Chinese and Indian border patrol attacks were taking place, Indian authorities began to move large amounts of supplies to forward posts along the border. In order to facilitate this, India’s air transport capacity was put under incredible stress. Although aging Douglas Dakotas provided India with some airlift capacity, the backbone of the Indian transport effort rested on the 55 heavy transport planes known as the C-119G “Packet”, capable of lifting light tanks, artillery and large volumes of cargo. India had acquired these Second World War era planes from the

²¹² LAC, RG 24 Volume 21591, File S-2-5070-85/335-3, Delhi to Canarmy, Nov15 /62

²¹³ *History of the Conflict with China, 1962*, p. 426

United States during the 1950s.²¹⁴ The advanced age and heavy usage of the C-119s during the summer of 1962 meant that India was in dire need of spare parts on the eve of the Chinese invasion. In fact, the entire fleet of C-119s had been grounded because of the stress of operations.

In mid-October Indian officials approached the Canadian government, asking if they had any C-119 spares available for immediate release.²¹⁵ Astonishingly, the sale was approved by External Affairs within 24 hours and the parts were immediately on the way to India.²¹⁶ Considering that the government of Canada would often spend months in decision-making on arms sales, the 24 hour approval turn around time was certainly unusual and indicative of the sympathies of the Canadian government. A few days later, the Chinese attacks began in earnest and Defence Minister Krishna Menon met with the Canadian High Commissioner to India, Chester Ronning, to make an urgent request for assistance. The list of items requested included all classes of transport aircraft, helicopters and long range mortars – all presumably at “knock down prices”.²¹⁷ Menon also requested that the Canadians encourage the United States to approve the transfer of Canada’s most advanced heavy transport – the deHavilland Caribou.²¹⁸

As a sign of Canadian disapproval, the Diefenbaker government cut off all exports to China, except wheat, on October 23, 1962.²¹⁹ In Parliament on October 29th, Diefenbaker further stated that his government would assist India in any way possible to counter the Chinese aggression in the Himalayas. All opposition parties united behind

²¹⁴ Achutan, p. 26

²¹⁵ Canada had also purchased and operated her own fleet of C-119s and had spares for the aircraft in stock.

²¹⁶ LAC, RG 24 Volume 17639, File C-036-100-85/335, part 3, Kehoe to Tighe, October 18, 1962

²¹⁷ LAC, RG 24 Volume 21491, File 2137-9, part 1, Ronning to External, October 25, 1962

²¹⁸ Approval for the sale was required because the United States Army had already ordered the bulk of the deHavilland production line Caribous.

²¹⁹ John G. Diefenbaker, *One Canada: The Years of Achievement 1956 to 1962*, vol. 2 (Toronto: Macmillan Company of Canada Limited, 1976), p. 182

Diefenbaker.²²⁰ Since Western opinion was so united on the Chinese aggression, External Affairs found that her traditional allies were also anxious to assist India. In a communication to Washington on 1 November, Canada endorsed the United States' taking the lead in "an informal consortium of donors" to assist India and avoid duplication in effort.²²¹ A memorandum was also drawn up to help Cabinet develop a plan of action to help India. The memorandum argued that India would soon become the subject of a foreign exchange crisis since the needs of her military were so great. This would be bad for India, but also for Canada:

These increased military expenditures will probably mean that they will have to cut back on their development programmes and that India's ability to maintain its normal commercial purchases in Canada (largely industrial raw materials) might be impaired.²²²

The memorandum suggested that Cabinet could rescind recent Colombo Plan reductions to India so that commercial purchases in Canada would continue. Such funds could also be used by India to purchase military aircraft in Canada, which would contribute to domestic "economic activity and planning". The memorandum also warned that Canadian actions could have an adverse affect in Pakistan:

While there would not be a need on the same grounds to restore the cut in the Pakistan programme, since Pakistan is not involved in the hostilities, there would be great difficulties, in terms of our broad political relationship with Pakistan, in not making a comparable gesture to them. This could be accomplished with accompanying commercial benefits for Canada if, in informing them of our decision with respect to India, they were told that the cut in the Pakistan programme would be restored through the provision on a grant basis of one CL-44 aircraft... An order for three CL-44s would have very substantial benefits for Canadair who are now facing the possibility of shutting down the CL-44 production line unless new orders materialize. This would also avoid any

²²⁰ Christopher John Kukucha, "Canada and India: An analysis of the political and economic relationship, 1947-88" (University of Windsor, 1989), p. 100

²²¹ LAC, RG 24 Volume 21491, File 2137-9, part 1, External to Washington, November 1, 1962. The note also indicates that the British had agreed to such an arrangement.

²²² LAC, RG 24 Volume 21491, File 2137-9, part 1, Memorandum to the Cabinet, November 1, 1962

implication that the arrangement provides benefits only for the de Havilland Aircraft Company who would stand to benefit from any purchases by India of Caribou or Otter aircraft.

The CL-44 was one of the largest transport and passenger aircraft on the aviation market and, with only 39 sales, was not a particularly successful aircraft compared to its Boeing and McDonnell Douglas competitors. Pakistan, a country divided by a vast and hostile India, was at that moment building the foundation of an international airline, one that would help bridge the gap between the two solitudes of East and West. Pakistani President Ayub Khan had made the Pakistan International Airlines (PIA) one of his country's most important nation building projects.

The CL-44 was not the only case where Canada sought to provide at least some assistance to Pakistan in the hope that the relationship would not be damaged by what was clearly going to be a programme favouring Indian defence capabilities. Sikorsky Helicopter Company was slated to soon start producing anti-submarine warfare helicopters in Canada. The Secretary of State for External Affairs suggested that along with other countries, Pakistan should be informed of the opportunity to purchase some of the production line:

As you know the prospect of large-scale Western arms shipments to India has caused considerable alarm in Pakistan. While we can (and have) assured Pakistan that Canadian arms furnished to India are for the sole purpose of enabling her to counter the Chinese threat, it may be that Pakistan will eventually request "equal treatment" and will want to be assured that such arms as she requires to maintain a military balance with India will be available from Western sources.²²³

The Department also suggested to the High Commissioner in Karachi that military products such as the planned Sikorsky helicopter could be used to assuage Pakistani concerns about Canadian shipments to India:

²²³ LAC, RG 25 Volume 4454, File 50000-J-40, part 29, N.A.R., "Memorandum for the Minister," November 15, 1962

Possibility that cdns arms shipments to India will assume significant proportions makes it necessary for us to give urgent consideration to arms shipments in context of Pakistan-India relations and we would hope to send you some guidance in a few days. We have of course been in touch with Pakistan reps here and have assured them in general terms that Pakistan's interest will not be lost sight of it situation which is developing.²²⁴

Canada, therefore, saw in the Chinese aggression of October 1962 an opportunity to benefit the Indians, the Pakistanis, and its own aerospace industry.

Nassau and the Military Assistance Committee

While Cabinet kept itself busy deliberating these different options for assisting India and placating Pakistan, members of the Western alliance were moving toward establishing a system of arms sales to bolster Indian defence capabilities. But there was an impediment to American assistance to India – Pakistan. Now, it would seem, the tables were turned in South Asia. It was Pakistan's turn to complain about Western military assistance to a hostile neighbour. Although Pakistan did not help India during the invasion, it rejected calls by more militant voices to attack Kashmir while Indian defences were down.²²⁵ Instead, Ayub Khan believed that the time for negotiations with India under Western auspices was at hand. Mirroring an argument made by Nehru in the 1950s, he warned Western leaders that any arrangement with India for arms sales without the settlement of the Kashmir issue would only get in the way of Pakistan and India jointly defending the subcontinent against an aggressive outsider.²²⁶

²²⁴ The Helicopters, ultimately, were never sold to Pakistan. The reasons for this have not been clearly established. LAC, RG 25 Volume 4454, File 50000-J-40, part 29, External to Karachi, November 6, 1962

²²⁵ Altaf Gauhar, *Ayub Khan: Pakistan's First Military Ruler*, (Lahore: Sang-e-Meel Publications, 1993), p. 210

²²⁶ "Ayub asks West to Act On Kashmir," *Globe and Mail*, November 22, 1962, p. 23

On November 20, 1962, Diefenbaker took up the call and announced in Parliament that he would mediate between India and Pakistan.²²⁷ His good rapport with Ayub Khan helped him secure an approval of the offer, but it remains unclear why New Delhi rejected Canada as a mediator. Perhaps it was simply the fact that a month later the United States and the United Kingdom, who had also been working to bring the two sides together, would make a more substantial offer that was acceptable to both India and Pakistan and would have the approval of the senior states of the Western world.

On December 22, 1962, Prime Minister Harold Macmillan and President Kennedy announced, after a three day meeting at Nassau in the Bahamas, that the United States and certain Commonwealth members had agreed to provide a substantial arms package for India to the tune of \$120,000,000.²²⁸ At the same time, they both proposed the use of their good offices to once and for all solve the dispute over Kashmir.²²⁹ A week later Nehru and Ayub Khan met and agreed that they both found this mediation offer acceptable. A team led by Duncan Sandys, the British Secretary of State for Commonwealth Relations, and the American Assistant Secretary of State for Far Eastern Affairs, Averell Harriman, was dispatched to New Delhi and Karachi to start a series of talks to settle the dispute, but also to determine for their own governments the defence needs of India. Between January and May 1963, separate meetings were held in Pakistan and India under the auspices of the Sandys-Harriman mission, but they failed to bring about any form of settlement between India and Pakistan.²³⁰ The reasons for this failure

²²⁷ Canada. *House of Commons Debates: 25th Parliament*. (Ottawa: Supply and Services Canada, 1963), p. 1803

²²⁸ LAC, RG 25 Volume 9789, File MFN-497-296 MF 3782, "Military Aid to India and India-Pakistan Relations", January 9, 1964

²²⁹ "Text of Joint Nassau Communique," *Globe and Mail*, December 22, 1962, p. 3

²³⁰ LAC, Lester B. Pearson papers, N3 Volume 281, File 845/P152, "A Chronology of significant events in the Kashmir dispute," October 4, 1965

are complex and have been commented on by many observers; Pakistan and India were left even more bitter and obstinate in their positions in the dispute.²³¹ Since President Kennedy had announced during the mission that Washington would build up Indian defence capabilities regardless of progress on the Kashmir issue, the efforts of the Western world to provide emergency supplies and equipment to India continued despite Pakistani objections.²³²

During the war with China, when Indian defeat began to appear more likely, Nehru requested immediate assistance from the United States and other Western countries. President Kennedy responded by sending emergency supplies and military advisers, but also provided U.S. airlift capacity to infantry fighting on the border, in some cases, with American-piloted transport planes. He also promised air defence for major cities to free up the Indian Air Force to make raids into China, although it remains unclear whether this offer was ever taken up by Nehru.²³³ After Nassau, a select group of Commonwealth nations (Australia, New Zealand and Canada) had promised unspecified but significant amounts of equipment along with the United States and the United Kingdom. In India, the representatives of these governments formed an informal military aid coordinating group so that governments participating in the Nassau Plan could see what requests Indian government officials were making in order to best respond to

²³¹ See, for example, Timothy W. Crawford, "Kennedy and Kashmir, 1962-63: The Perils of Pivotal Peacemaking in South Asia," *India Review* 1(3) (July 2002): pp. 1-38 and M. Raziallah Azmi, "Regional Conflicts, Alliance, and Non-Alignment: The American Dilemma in South Asia, 1962-1965," *Journal of South Asian and Middle Eastern Studies* 16(4) (Summer 1993): pp. 33-54

²³² Crawford, p. 3

²³³ Frankel, *India's Political Economy, 1947-1977*, p. 215

India's needs. The information furnished by this advisory group allowed different Western governments to plan their arms sales to India.²³⁴

After a period of study, the governments agreed that the most pressing priorities for Indian defence development was the equipping and modernizing of six new mountain divisions and the updating of India's air force.²³⁵ In the period between 1963 and 1965, the United States provided India with about 50 million dollars worth of communication and transport equipment.²³⁶ The United Kingdom took responsibility for providing India with the armaments and equipment for the new mountain divisions.²³⁷ Despite these transfers, India's defence needs were largely provided for in the period after 1963 by the Soviet Union. The Soviets provided India with her main air defence system, the MIG-21 supersonic fighter, and other sophisticated weaponry such as transport and attack helicopters.²³⁸

Just as important to India as the equipment transfers from the West was the joint United States-Commonwealth air mission to India in early 1963. The mission sought to "examine with the Indian Air Force the problems it faces and the technical requirements involved in organizing an effective air defence against the possibility of any further Chinese aggression".²³⁹ Representatives from the USAF, RAF, RAAF, and the RCAF left for India on January 29th and spent weeks examining India's air defence requirements

²³⁴ It is unclear exactly when this military aid coordinating group was established. The earliest reference found to a functioning group in New Delhi from External Affairs records are from February 1963, although the document points out that the group has already done a considerable amount of work before that date. See LAC, RG 19 Volume 4930, File 8382/I 39-1, part 2, EXT OTT to LDN, FEB 27, 1963

²³⁵ LAC, RG 25 Volume 9789, File MFN-497-296 MF 3782, "Military Aid to India and India-Pakistan Relations", January 9, 1964

²³⁶ Achutan, p. 22

²³⁷ LAC, RG 25 Volume 8860, File 20-INDIA-1-3, part 3, Office of the High Commissioner for Canada London to Under-Secretary of State for External Affairs, November 17, 1965

²³⁸ Achutan, p. 34-35

²³⁹ Canadian Institute of International Affairs, *Monthly Report 2* (1963) "Aid to India", p. 12

before finally tabling a confidential report to their respective governments in March 1963.²⁴⁰ The report paved the way for joint air defence exercises, with the Commonwealth and the United States participating. The naval forces of several Western countries also participated in joint naval exercises with India for the first time in the Far East.²⁴¹

All of this was accompanied by widespread public and official condemnation in Pakistan. While still acknowledged as an ally by the United States, Pakistan felt snubbed by the West. Not only had the negotiations with regard to Kashmir failed, but the Indians were now receiving so much equipment from the United States and Pakistan's own Commonwealth "brethren" that a change in the balance of power within the subcontinent could be underway. India could once again bully Pakistan, as it had done in Hyderabad, Kashmir and most recently Goa.²⁴² To Pakistani officials the "Sino-Indian quarrel" was merely a boundary dispute that would be solved within a few years, leaving India in a far superior position of strength within the subcontinent.²⁴³ In retaliation, Pakistan declared that it would begin to normalize relations with her neighbours, and enemies, the Soviet Union and China. The first step in this was a sudden announcement, on December 26, 1963, that Pakistan and China would resolve a border disagreement in Azad Kashmir.²⁴⁴

²⁴⁰ The report has no specific date and no attachments in the file indicate the exact date of receipt by the Canadian government. See LAC, RG 24 Volume 21590, File S-2-5070-85/335-1, part 2, "Secret-Commonwealth/United States Air Defence Mission to India: Joint Report," March 1963

²⁴¹ The actual exercises took place on February 29 and March 23, 1964. See M. Raziallah Azmi, "Regional Conflicts, Alliance, and Non-Alignment: The American Dilemma in South Asia, 1962-1965," *Journal of South Asian and Middle Eastern Studies* 16(4) (Summer 1993), p. 45 and Yuri Petrovich Nasenko, *Jawaharlal Nehru and India's foreign policy* (New Delhi: Sterling Publishers, 1977), p. 322

²⁴² In 1962 Indian forces attacked and occupied the Portuguese colony of Goa and annexed the area.

²⁴³ LAC, RG 25 Volume 9789, File MFN-497-296 MF 3782, "Military Aid to India and India-Pakistan Relations", January 9, 1964

²⁴⁴ LAC, Lester B. Pearson papers, N3 Volume 281, File 845/P152, "A Chronology of significant events in the Kashmir dispute," October 4, 1965

After several months of warm negotiations, a boundary agreement was signed with Pakistan giving up 5080 sq. kilometers of Azad Kashmir.

The Canadian contribution

After the Nassau Plan Canada began a serious examination of what kinds of assistance it could provide to India. In the realm of training and military cooperation, Canada was a full participant in the United States-Commonwealth air mission of January 1963. But its role in this arena was limited by her resources. The Chiefs of Staff, upon learning that Canada was to participate in the mission, unanimously agreed that Canadian participation in the study should only be conducted if the government was planning on making a contribution to any contemplated exercises with India.²⁴⁵ Nonetheless, the government went ahead with the air mission, only to declare a few months later the RCAF could not participate in the planned exercises because of resource and personnel constraints.²⁴⁶ As for the naval exercises, Pakistani historian Azmi Raziullah and Soviet Asianist Yuri Petrovich Nasenko both claim that Canada participated, but provide no documentary evidence for this position.²⁴⁷

A more concrete Canadian contribution came in the form of military assistance. In the years leading up to 1962, Canada had continued to sell arms in the subcontinent, although (adjusting for inflation) at a much lower value and now restricted mainly to tank

²⁴⁵ DHH, 73/1223 File 1311A, , "Minutes of the 730th Meeting Held at 0930 hours on 17 January 1963"

²⁴⁶ LAC, RG 19 Volume 4930, File 8382/I 39-1, part 2, External to Karachi, JUL5/63 AND LAC, RG 25 Volume 8872, File 20-PAK-1-3, part 1, CandelNY to Extrnl, SEP 30/63

²⁴⁷ M. Raziallah Azmi, "Regional Conflicts, Alliance, and Non-Alignment: The American Dilemma in South Asia, 1962-1965," *Journal of South Asian and Middle Eastern Studies* 16(4) (Summer 1993), p. 45 and Nasenko, p. 322

and aircraft spares.²⁴⁸ While arms sales would certainly continue to the subcontinent, Canada wanted to bring India into its military assistance program.²⁴⁹ After the initial provision of C-119 spare parts at the height of the emergency in October 1962, the Canadian government made a series of small military aid transfers to India to bolster her transportation and cold weather fighting capability. The government approved the provision of 5,000 heavy coats and various military clothing for use in mountainous warfare.²⁵⁰ In response to Indian requests in November 1962, the government also provided as gifts 5 DeHavilland DHC-3 Otter light transports and 8 Douglas C-47 Dakota medium transports.²⁵¹ Canada provided India with 500 tons of electrolytic nickel, valued at \$840,000, for the production of small arms and ammunition in Indian factories.²⁵² An additional gift of 36 Harvard trainer aircraft was also made to India in March 1963.²⁵³

By themselves, these were not large contributions. The significant decision in Canada would be the provision, or not, to India of advanced DeHavilland Caribou transport. India was in desperate need for an aircraft like the Caribou. The military blamed the loss against China principally upon the fact that India did not possess a good logistical network along the border with China, and the slow pace at which supplies were delivered to Indian forces there.²⁵⁴ As Martin Wainwright observed, air supremacy in

²⁴⁸ LAC, RG 25 Volume 4454, File 50000-J-40, part 29, O.G.S., "Memorandum for the Secretary of State for External Affairs," September 16, 1962

²⁴⁹ For an excellent overview of Canada's military assistance program see Greg Donaghy, "The Rise and Fall of Canadian Military Assistance in the Developing World, 1952-1971," *Canadian Military History* 4(1) (1995): pp. 75-84

²⁵⁰ LAC, RG 2 Series A-5-a Volume 6254, October 3, 1963 Cabinet Conclusion, "Military Assistance to India"

²⁵¹ LAC, RG 19 Volume 4929, File 8381-00, part 1, "Canadian Military Assistance to Developing Countries - A review by the Interdepartmental Military Assistance Committee," July 9, 1969

²⁵² LAC, RG 49 Volume 256, File 151-2-4-1-1, Chairman, Treasury Board, "Report to Cabinet from the Treasury Board," December 26, 1962

²⁵³ LAC, RG 2 Series A-5-a Volume 6253, March 25, 1963 Cabinet Conclusion, "Transfer of Harvard Aircraft to India"

²⁵⁴ LAC, RG 24 Volume 21591, File S-2-5070-85/335-3, Delhi to External, SEP5/63

northern areas was critical for maintaining supply lines.²⁵⁵ India realized that one of the main tools that the IAF lacked was a heavy lift transport that could operate in high altitude cold weather and be capable of short take-off and landing (STOL). The existing fleet of Dakotas and C-119s was not deemed sufficient for airlifting supplies into the Himalayas.²⁵⁶ The Caribou, on the other hand, was one of the few aircraft in the world that could meet this requirement. After supplying India with the short term gifts, the Department of National Defence was asked by Cabinet on January 8, 1963 to study the delivery of a long term program of military assistance to India and develop a workable plan to provide the Caribous to India.²⁵⁷

From the very beginning of the crisis, India had made her desire to acquire the Caribou from Canada clear.²⁵⁸ On November 16, 1962, the Indian government formally asked for the provision of 45 Caribous at the cost of 40 million dollars under some form of concessionary financing.²⁵⁹ This would have represented a substantial increase in the transport power of India and a significant contribution by Canada to the defence of India. India wanted 20 Caribous to be transferred immediately while another 25 Caribous would be expected in mid-1963.²⁶⁰ While External Affairs was more than happy to meet this request, Cabinet decided that a review of long term military assistance should take place

²⁵⁵ Wainwright, p. 136

²⁵⁶ The Indians had experienced several crashes with the Dakotas in attempts to fly supplies into the Himalayas. See LAC, RG 58 Volume 278, File 1750-1964-064-004, part 1, "Military Assistance to India," February 13, 1963

²⁵⁷ LAC, RG 2 Series A-5-a Volume 6253, January 8, 1963 Cabinet Conclusion, "Military Assistance to India"

²⁵⁸ India requested some kind of concessional funding to acquire 40 million dollars worth of Caribou planes and spares. LAC, RG 24 Volume 21491, File 2137-9, part 1, Memorandum to Cabinet, circa November 1962

²⁵⁹ LAC, RG 49 Volume 256, File 151-2-4-1-1, "Memorandum to the Cabinet," December 19, 1962

²⁶⁰ *Ibid.*

and wanted to see the results of the United States-Commonwealth air mission study before taking any steps with regard to the proposed Caribou sale.²⁶¹

A few weeks after the election in April 1963, a deal was worked out, with the Pearson government making a much smaller contribution than their predecessors had proposed. On May 14, 1963, the Canadian government signed an agreement with India to provide 16 Caribous with training and spares.²⁶² The agreement granted a low interest rate (5.5%) 5 year loan of \$12,500,000 for the aircraft with a grant of \$2,000,000 to reduce the interest charges by half.²⁶³

It is unclear why the deal was so much smaller than originally intended. It is possible that the Finance Department was wary of a loan as large as 40 million dollars at a time when India's foreign exchange was predicted to show shortfalls. It is also possible that the interests of Pakistan weighed heavily in the minds of the new Cabinet. Another possibility is that Canada was stretched thin for resources during this time because of military assistance programs in other parts of the world such as Africa and Southeast Asia. This overstretch had certainly become a problem in 1964 and 1965.²⁶⁴ A more mundane explanation may be that the Department of National Defence did not believe that India could absorb the aircraft, prepare them for a heavy series of sorties and have adequately trained ground crews and pilots at the requested rate of delivery.²⁶⁵ The provision of smaller batches of planes than requested was a fairly standard practice in

²⁶¹ LAC, RG 49 Volume 256, File 151-2-4-1-1, Chairman, Treasury Board, "Report to Cabinet from the Treasury Board," December 26, 1962

²⁶² The training for the Caribous was not provided by the RCAF but by DeHavilland itself as all of the existing pilots and planes in the RCAF were unavailable due to the heavy load of UN peacekeeping missions. See LAC, RG 19 Volume 4930, File 8382/I 39-2, part 2, External to Delhi, AUG22/63

²⁶³ LAC, RG 2 Series A-5-a Volume 6253, May 13, 1963 Cabinet Conclusion, "Financial Agreement with India on sale of Caribou aircraft"

²⁶⁴ LAC, RG 19 Volume 4930, File 8382/I 39-1, part 2, Ext Ott to New Delhi, MAY 6/65

²⁶⁵ LAC, RG 49 Volume 256, File 151-2-4-1-1, "Memorandum to the Cabinet," December 19, 1962

Canadian arms sales to the subcontinent and elsewhere.²⁶⁶ Yet another possibility is that since the Soviets provided India with large numbers of An-12 Cub medium transports in this period, the favourable terms under which India acquired these aircraft made any further need for Caribous less immediate.²⁶⁷

After delivering the first Caribous the Canadian government adopted a “wait and see” attitude, anticipating that the Indians would come back with requests for more. But by the summer of 1963, there was general agreement amongst the Western powers that the Chinese threat had substantially receded.²⁶⁸ India, in a much better position eight months after the attack, was no longer urgently requiring Canadian military assistance. This was effectively the last time that Canada would provide any military assistance to either India or Pakistan outside of the Commonwealth program of exchanging military officers.

Appeasing Pakistan

Peter Harnetty has argued that the Canadian contribution to India after the emergency crisis in 1962 resulted in a “regrettable strain in Canada-Pakistan relations.”²⁶⁹ An examination of the records at External Affairs, suggests a slightly different picture. The governments of Diefenbaker and Pearson strove to appease Pakistan. Pakistani leaders, perturbed by Canadian assistance to India, generally responded well to Canadian interest and assistance.

²⁶⁶ LAC, RG 49 Volume 810, File IPB-6836-305/00, part 1, Churchill, “Re: Columbo Plan”

²⁶⁷ Achutan, p. 34-35

²⁶⁸ LAC, RG 19 Volume 4930, File 8382/I 39-1, part 2, Ldn to External, JUL24/63

²⁶⁹ Peter Harnetty, “Canada’s Asian Policy: The Case of Pakistan,” *South Asian Review* 3(2) (January 1970), p. 124-125

On September 20, 1962, Ayub Khan arrived at Uplands RCAF Station for a four day state visit. The next day he had in depth discussions with Diefenbaker about issues such as Kashmir and the threat of Communism to Asia. He also complained that PIA, which was nominally interested in the CL-44 as a replacement to its aging Constellations, was having a difficult time negotiating an acceptable loan from Canadian officials for the CL-44 because the Export Credit Insurance Corporation refused to provide a loan over more than seven years.²⁷⁰ When Cabinet met on November 1, 1962, they decided that, in fact, one approach Canada could take to ensure the confidence of the Pakistanis at this delicate stage was to find an acceptable arrangement for Canadair to sell the CL-44 to Pakistan. On December 20th, 1962, Cabinet further defined the kind of assistance it was willing to provide to India and Pakistan. The planned cuts to the Colombo Aid program were officially rescinded but, so too was the offer of free CL-44s that Canada was willing to provide to Pakistan. Instead, Canada was willing to provide Pakistan 3 CL-44s on long term credit and the terms of such a transaction would be told to India along with an equivalent offer to the IAF for Otters and Caribous.²⁷¹

By early January, however, the deal was becoming more complicated. An interdepartmental group, convened to determine how best to assist India in its crisis, concluded that the December 20, 1962 Cabinet decision to provide Pakistan with the CL-44 and India with Caribous were “related politically”, but it could not “necessarily be construed” that India and Pakistan should receive the same offers for credit.²⁷² To speed along the negotiations, Canada decided to send a trade mission to Pakistan in February

²⁷⁰ Canada was an observer of the 1934 Berne Convention on credit terms which restricted loans for aircraft purchases to 7 years. LAC, RG 25 Volume 5325, File 9678-40, part 3, Davis to Commonwealth Division, September 28, 1962

²⁷¹ LAC, RG 49 Volume 256, File 151-2-4-1-1, “Record of Cabinet decision,” December 20th, 1962

²⁷² LAC, RG 49 Volume 256, File 151-2-4-1-1, “Military Assistance to India,” January 17, 1963

1963. The mission was composed of bureaucrats from External Affairs, Finance, and Trade and Commerce, working closely with the Canadair representative in Karachi.²⁷³ The mission was empowered to develop a credit plan for Pakistan, as well as guarantee the Pakistani authorities that Canada would train and provide “material assistance” in operating the aircraft.²⁷⁴

Canadair officials had been complaining to the government of Canada about the competition from Boeing products for the CL-44, and noted that the only attraction for PIA in their product would come if a lengthier financing arrangement could be made by the Government of Canada.²⁷⁵ This could be accomplished in two ways: Canada could get around the Berne Convention and declare the loan to Pakistan for “capital development” “without reference to aircraft”; or it could provide a 7 year loan followed by another 7 year loan in succession.²⁷⁶ However, these options were rejected by the government because there would be “difficulty justifying to other countries who make large expensive aircraft credit terms.”²⁷⁷ Instead, the government hoped that lower interest rates could be used as an incentive to proceed with a single 7 year loan.

While deliberations over the interest rate, technical assistance and loan period continued, the determining factor for the Pakistanis came in the form of an unusual request. The director of PIA, Nur Khan, wanted Canadair to purchase the airline’s existing fleet of aging Constellation passenger liners and associated spare parts because, although the planes were still valued at roughly 3.5-4 million dollars, PIA could not

²⁷³ LAC, RG 25 Volume 4454, File 50000-J-40, part 30, External to Karachi, February 1, 1963

²⁷⁴ LAC, RG 2 Series A-5-a Volume 6253, February 13, 1963 Cabinet Conclusion, “CL-44 financing; instructions to Canadian Government Mission to Pakistan”

²⁷⁵ LAC, RG 25 Volume 4454, File 50000-J-40, part 29, Karachi to External, October 1, 1962

²⁷⁶ LAC, RG 25 Volume 4454, File 50000-J-40, part 29, “Acquisition of CL-44 aircraft by Pakistan International Airlines”, September 21, 1962

²⁷⁷ LAC, RG 25 Volume 4454, File 50000-J-40, part 30, External to Karachi, January 28, 1963

afford to operate both the Constellations and the superior CL-44. Canadair, for its part, was unwilling to make an outright purchase, and as an alternative, offered to arrange a long term lease of the planes to a small regional airline company in the United States.²⁷⁸

Despite the willingness of the Canadian government to show some flexibility on interest rates for financing arrangements and technical assistance, the mission failed because of the “inability of Canadair and PIA to come to terms on compensation arrangements for PIAs Constellations and parts inventory.”²⁷⁹ Eventually, Boeing, with far more favourable terms of sales, was accepted by PIA, and the company added new 720-040B and 707-340Cs into its fleet resulting in the greater economies of maintenance it hoped for if the CL-44 deal did not succeed.

The Pakistan factor

Appeasing Pakistan with favourable sales offers did not change the fact that Canada was constrained in the kinds of material assistance it could provide to India because of the relationship with Pakistan. Soon after Cabinet approved the long term study on military assistance to India, External Affairs received a request from the Indian government for the construction, training and tooling of a 7.62 mm automatic rifle and ammunition plant capable of producing 50 million rounds a month.²⁸⁰ On other side of the East Block, Canadian Arsenals Limited and the Minister of Defence Production were approached by the Indian military attaché in Washington, General Singh, to see if Canada had the technical facilities and knowledge to provide India with a plant. Canadian

²⁷⁸ LAC, RG 25 Volume 4454, File 50000-J-40, part 30, Eberts to External, February 4, 1963

²⁷⁹ LAC, RG 25 Volume 4454, File 50000-J-40, part 30, Taylor to External, February 21, 1963

²⁸⁰ LAC, RG 19 Volume 4930, File 8382/I 39-1, part 2, “Aide Memoire,” January 31, 1963

Arsenals, therefore, prepared a report outlining a 3 year programme to build and tool up a plant at the cost of \$8,635,000.²⁸¹

Canadian Arsenals and the Minister of Defence Production were not the only advocates of an ammunition factory for India. Chester Ronning was a fervent advocate of a closer military relationship with India in the post-China border war period. He wanted Canada to make India the first non-NATO country to get military assistance on a permanent basis. As “the major democratic power of Asia” and an important Commonwealth member, Ronning wanted India to receive special treatment, and did not consider it detrimental to Canadian relations with Pakistan.²⁸² He argued that, by aligning itself strongly with India, Canadian and Western diplomacy could result in a less intransigent India that would be willing to negotiate more seriously with Pakistan over Kashmir.²⁸³ The ammunition plant seemed to him a logical product to provide the Indians because, if Canada or some other Western nation did not do it, was likely that India would ask the Soviet Union for assistance. Since India got most of her arms from the United Kingdom and France, such a development would result in the decline of Western influence in India.

The Department of External Affairs spent much of February deciding on the merit of this argument. Despite Ronning’s advice, the Secretary of State for External Affairs concluded that the provision of an ammunition plant to India would result in a permanent change in India’s defence capacity, a move Canada was unwilling to make. It was one thing to provide India with weapons systems, the spare parts for which Canada could easily stop sending in case of a conflict in the subcontinent, but quite another to give

²⁸¹ LAC, RG 49 Volume 256, File 151-2-4-1-1, Trites to Card, Feb. 26, 1963

²⁸² LAC, RG 19 Volume 4930, File 8382/I 39-1, part 2, Ronning to External, JUL24/63

²⁸³ LAC, RG 19 Volume 4930, File 8382/I 39-1, part 2, Delhi to External, NOV12/63

India the means to produce weapons themselves. More generally, External Affairs feared the impact on Canada's relationship with Pakistan, already under strain because of short term military assistance to India.²⁸⁴ A similar conclusion was reached in Whitehall when India requested an ammunition plant from the United Kingdom.²⁸⁵

On March 31, 1963, Cabinet examined the issue and a split emerged between the Minister of Defence Production on one hand and the Secretary of State for External Affairs and the Minister of Finance on the other. Finance was also opposed to the plant idea, although for a much more practical reason: it was an expenditure at a time when the government was contemplating financing the Caribou.²⁸⁶ It was decided that the issue would be dealt with at a later point. The Indian government had not formally written an aide memoire asking for the plant and until this done there was no point in bureaucratic wrangling. In the end, a request from Indian authorities never came, although the High Commissioner from India made a few more informal inquiries. The requirement for the ammunition plant was eventually filled by the United States in the summer of 1963.²⁸⁷

After it was learned that Canada was providing India with gifts and concessional loans for equipment, there were complaints in the Pakistani press, but on an official level the reaction was muted because Canada's contributions were still small compared to those of her allies.²⁸⁸ Relations with Canada would remain amicable in contrast to Pakistan's relationship with the United States or the United Kingdom.

²⁸⁴ LAC, RG 49 Volume 256, File 151-2-4-1-1, Grandy to Under-Secretary of State for External Affairs, February 25, 1963

²⁸⁵ LAC, RG 19 Volume 4930, File 8382/I 39-1, part 2, Ronning to External, FEB26/63

²⁸⁶ LAC, RG 2 Series A-5-a Volume 6253, March 31, 1963 Cabinet Conclusion, "Military Assistance to India"

²⁸⁷ LAC, RG 19 Volume 4930, File 8382/I 39-1, part 2, External to Washdc, AUG19/63

²⁸⁸ LAC, RG 25 Volume 5325, File 9678-40, part 3, Eberts to External, NOV20/62

In August 1963, Canadian authorities learned that Pakistani Foreign Minister, Zulfikar Ali Bhutto, was to visit the United Nations in September and could visit Ottawa afterward. The Canadian government accepted the visit. An unnamed bureaucrat, in a memorandum to Secretary of State for External Affairs, Paul Martin, noted that the trip “would provide an occasion for confirming at the highest levels to Mr. Bhutto the Canadian Government’s desire to continue and enlarge our close and friendly relations with Pakistan. In particular there would be an opportunity to expound our position with regard to military assistance to India.”²⁸⁹ The Foreign Minister was to fly to Ottawa and meet the Prime Minister on October 1, 1963. A few days before his arrival in Ottawa, Martin met with Bhutto at the United Nations. The two foreign ministers spoke about how Canada could assist in the mediation process to get the Kashmir talks back on track. Bhutto also raised the question of Canadian arms to India:

...and said some arms supplied to India for defence against Communist Chinese were already being turked (sic) against Pak...Mr. Martin explained that Cda had provided materials for India’s defence against Communist China but had obtained strong assurances that materials provided would not rpt not be used against Pak. He also explained that Cda was not rpt not participating in plans for Indian air defence because of other commitments and not rpt not entirely out of deference for Pak-Indian relations. Bhutto said whatever motives Pak was grateful for this abstinence.²⁹⁰

When Bhutto met Pearson in Ottawa for 45 minutes on October 1st, he made the same arguments to the Prime Minister. He talked about how the Kashmir meetings with India had stalled and asked for Canadian support in the matter. After Pearson made a half-hearted promise to do everything in Canada’s power, the subject turned to military assistance for India. After listening to an outline of how military assistance had weakened Pakistan’s position in the subcontinent, Pearson defended the sales, arguing

²⁸⁹ LAC, RG 25 Volume 5325, File 9678-40, part 4, “Memorandum for the Minister,” August 16, 1963

²⁹⁰ LAC, RG 25 Volume 8872, File 20-PAK-1-3, part 1, Candelny to Extnal, SEP 30/63

that Canada's contribution was of a limited scale compared to the superpowers. Pearson even went as far as to suggest that Canadian authorities might examine the provision of military assistance to Pakistan, although no suggestion was made during the meeting that Pakistan could receive treatment on a par with India. It would appear that Bhutto did not accept this offer, and instead "commented that Pakistan's aim was rather to reduce the competition in the arms race between the two countries."²⁹¹ Pearson responded by stating that, in all matters relating to Indian military assistance, the position of Pakistan had been taken seriously and he "expressed Cda's desire to avoid action which might damage Pakistan Interests."²⁹² On the very next day, October 2, 1963, the government cancelled the long term military assistance program to India.²⁹³

A month after the meeting with Bhutto and the cancellation of the program, the High Commissioner in Karachi wrote to External Affairs and expressed approval of the decision. He believed that an additional contributions, and corresponding influence, of Canada to India were going to be "lost" in the overall American and British military aid and would only further contribute to the ire of Pakistani leaders:

Cdn intentions and ability to assist Indians militarily over longer haul are clearly so limited as to raise question of whether small amount of military aid we would contribute would be either large enough to satisfy Indians and our Australian, Brit and USA Allies or small enough to mollify Paks. This is doubtful and we would be more likely to get the worst of both worlds.²⁹⁴

Ronning responded to Karachi's comments by suggesting that the proper course of action for Canada to gain influence was not to reduce aid but to increase it, so that India might be more inclined to listen to Canadian and Western positions about the

²⁹¹ LAC, RG 25 Volume 10555, File 20-1-2-PAK, part 1, "Summary of conversation between the Prime Minister and Mr. Z.A. Bhutto, Minister of External Affairs of Pakistan, 5 p.m., October 1, 1963."

²⁹² LAC, RG 25 Volume 10555, File 20-1-2-PAK, part 1, External to Karachi, Oct 8, 1963

²⁹³ LAC, RG 19 Volume 4930, File 8382/I 39-1, part 2, Bryce to Minister, October 2, 1963

²⁹⁴ LAC, RG 19 Volume 4930, File 8382/I 39-1, part 2, Karachi to External, Nov 7/63

conflict in Kashmir. But his suggestions came too late because events in the subcontinent were about to permanently change the course of Canadian military sales to the region.²⁹⁵

²⁹⁵ LAC, RG 19 Volume 4930, File 8382/I 39-1, part 2, Delhi to External, NOV12/63

Chapter 5: A “Vexed Question”

Crisis

Prior to the disputes in 1965, relations between India and Pakistan were in serious decline. While ups and downs were a natural part of the relations between India and Pakistan, by the mid-1960s many believed that the region had hit rock bottom. As one senior mandarin at External Affairs noted in 1964; “India-Pakistan relations have now deteriorated to their lowest level in recent years.”²⁹⁶ After the 1962 China border war, India had won the sympathy of the West and received armaments to significantly expand and upgrade her military. Pakistan was threatened by this development and felt abandoned by her Western allies, particularly the United States.²⁹⁷ President Ayub Khan and Foreign Minister Z.A. Bhutto feared that an India with an advanced and powerful military would dominate the subcontinent and take further steps to fully integrate Kashmir into India without reference to the myriad United Nations condemnations of such prospects.²⁹⁸ These fears were all but realized on October 3, 1963, when the Kashmiri Prime Minister announced a policy of integration into the Indian Union and the elimination of Kashmir’s special status under Article 370 of the Indian Constitution.²⁹⁹ The Pakistanis also felt that this contradicted an earlier agreement between Indian Prime Minister Shastri and Ayub Khan that no action would be taken by either side to upset the

²⁹⁶ LAC, RG 25 Volume 9789, File No. 3782, “Military Aid to India and India-Pakistan Relations,” January 9, 1964.

²⁹⁷ See Chapter 5 of Dennis Kux’s *The United States and Pakistan, 1947-2000: Disenchanted Allies*.

²⁹⁸ LAC, RG 25 Volume 9789, File No. 3782, “Military Aid to India and India-Pakistan Relations,” January 9, 1964.

²⁹⁹ S.M. Burke and Lawrence Ziring, *Pakistan's Foreign Policy: An Historical Analysis*, (New York: Oxford University Press, 1990), p. 319.

status quo in Kashmir.³⁰⁰ Matters only became worse when it was discovered that a sacred hair from the Prophet Muhammad had mysteriously disappeared from the *Hazratbal* mosque near Srinagar. There were riots throughout the subcontinent.

Of particular concern was the upheaval in East Pakistan, where 20,000 Muslim refugees from the eastern Indian states of Tripura and Assam had arrived. India refused to negotiate with Pakistan for the return of the refugees on the grounds that the crisis had been an internal matter and Pakistan had to absorb the new refugees.³⁰¹ Despite the mounting tension, there was a sign of hope in early April 1964 when the Indian government released Sheikh Abdullah, the only real popular leader in Kashmir, who had been held on charges of treason since 1952. The Indians hoped that his release would persuade Ayub Khan to reach an agreement with India on Kashmir, but he was not able to accomplish this daunting task; he was rearrested by the new Prime Minister of India, Lal Bahadur Shastri, within the month for speaking to Chinese Premier Chou En-lai about Kashmiri autonomy.³⁰²

The Pakistanis reacted with dismay as they saw another opportunity for peaceful resolution pass away. Foreign Minister Bhutto's reaction after learning about the arrest foreshadowed the coming military conflict in September:

...violence to Abdullah's liberty was [a] challenge to principle of self determination on which Pak was founded and we have to act now with cold determination to end this challenge and put an end once and for all to the neo-colonialist Indian usurpation and tyranny... Pak nation must finally

³⁰⁰ LAC, Lester B. Pearson papers, N3 Volume 281 File 845/P152 Conf., Canadian HC in Delhi to U/SSEA, October 18, 1965.

³⁰¹ Burke and Ziring, p. 319-320.

³⁰² *Ibid.*, p. 327.

dedicate itself to course for which Sheikh Abdullah stands, the liberation of people of Jammu and Kashmir.³⁰³

During 1964 and the early part of 1965, Canadian officials in South Asia and members of United Nations Military Group in India and Pakistan (UNMOGIP) both reported increased military confrontations on both sides of the Cease-Fire Line (CFL) in Kashmir.³⁰⁴ In many cases, the incidents were quite benign, but as one UNMOGIP officer reported to the Canadian High Commissioner in Pakistan, they were being used by Indian or Pakistani media sources to paint a picture of 'war-like gestures'.³⁰⁵ Worried about the escalating situation, the UN Secretary General asked member states to provide assistance to the monitoring mission of UNMOGIP. Canada responded by providing additional officers and the use of a Caribou for travel in the mountains of the Hindu Kush.³⁰⁶ Despite the precautions taken in Kashmir, when conflict did occur between India and Pakistan it came far to the south.

The Rann of Kutch

The roots of the dispute over the Rann of Kutch³⁰⁷ go back to the time before partition. The traditional boundary between the British administered provinces of Sindh and Kutch had never been demarcated and, after the Imperial masters left, both sides

³⁰³ LAC, Lester B. Pearson papers, N3 Volume 275, File 840/139 Conf., Telegram Karachi to External, May 10, 1965.

³⁰⁴ LAC, RG 25, Volume 8913, File 20-INDIA-1-3-PAK, pt. 2, Memorandum entitled "India-Pakistan Relations - Kashmir," August 18, 1965. The sharp rise in violence in border can be ascertained by examining the records kept by UNMOGIP on the number of incidents across the border: 1962 – 538, 1963 – 283, 1964 – 1464. By June of 1965 there had already been as many incidents reported as in the entirety of 1964. See "Pakistan Military Consortium," The Second Round in Kashmir, 10 November 2003, available at www.pakdef.info/pakmilitary/army/war/chapter2a.html (10 November 2003)

³⁰⁵ LAC, RG 24, Volume 21597, File 2-5081-9 pt 1, HC Karachi to U/SSEA, February 13, 1964.

³⁰⁶ LAC, RG 24 Volume 21597, File 2-5081-9 part 1, Martin, "Memorandum to the Cabinet," August 27, 1965

³⁰⁷ The Rann of Kutch region is composed of salt marshes that are flooded during a rainy season and are deserted during the dry season. It is located about 350 miles northwest of Bombay along the Pakistani province of Sindh.

made claims about the location of the border across marsh lands of some 3,500 square miles. (See Map 5) Although the issue had been discussed peacefully by Pakistani and Indian officials for some time, no real progress had been made since a meeting to settle the issue in 1960, well before the events in early 1965.³⁰⁸ After much of the previous

Map 5 – The Rann of Kutch

Source: John Fricker, Battle for Pakistan : the air war of 1965, (London: I. Allan, 1979), p. 2

³⁰⁸ Burke and Ziring, p. 324

year's tension, both countries had increased their military presence along shared international borders outside of the CFL in Kashmir. In Sindh, Pakistani forces began a series of modified border patrols which brought them further into the Rann of Kutch. The Indians interpreted these moves to be a sign of belligerency. Armed encounters took place and led to brigade level conflict on April 9, 1965.³⁰⁹ However, the conflict was brief and contained. On April 18, 1965, the Indians unilaterally decided to withdraw their forces because of the impending monsoon season in the marsh. The entrenched Pakistanis maintained a hold on higher ground and declared victory.³¹⁰

At this point a lull in the fighting developed and the British approached the two disputants with a cease-fire offer and mediation to resolve the border issue on several occasions in May. Finally, when President Ayub Khan and Prime Minister Shastri attended the Commonwealth Prime Minister's Conference in London, Prime Minister Harold Wilson convinced both leaders to sign an agreement on June 30, 1965, to resolve the dispute peacefully.³¹¹ During the negotiations Canada had a role in assisting British diplomacy in the region and, along with other Commonwealth members, encouraged both countries to sign a peace deal.³¹² Although challenged by India to take sides and label Pakistan the aggressor, Canada maintained her policy of neutrality in South Asian

³⁰⁹ Burke and Ziring, p. 324

³¹⁰ Kux, p. 155.

³¹¹ Burke and Ziring, p. 325 The cease-fire agreement also stated that border issues would be resolved at a later date by arbitration of a tribunal consisting of three officials, none of whom were Pakistani or Indian and a chairman who would be elected by the Secretary General of UN. Ultimately, the dispute was resolved by this tribunal in 1968 and Pakistan was awarded 300 sq. miles of the Rann of Kutch area. The next year both countries signed an agreement recognizing a new international border. See U Thant, *View from the UN*, (Garden City, New York: Doubleday & Company, 1978), p. 398

³¹² LAC, Lester B. Pearson papers, N3 Volume 275, File 840/139 Rann of Kutch, Martin to Prime Minister, April 30, 1965

affairs.³¹³ Nonetheless, diplomats in External Affairs expressed concern at what the fighting could mean for the large Hindu and Muslim minorities in Pakistan and India. A general fear of Chinese intervention in the conflict was also seen as a potential threat if India and Pakistan went to war.³¹⁴

There was another complication for Canada in Indo-Pakistani fighting. Increasingly, the possibility of Canadian supplied arms being used in the subcontinent became a concern for the government, no matter how benign the weaponry. In March 1965, the CCC arranged a surplus ammunition sale for Bofors anti-aircraft guns to Pakistan. However, after the Rann of Kutch crisis began, doubts about the sale were expressed in Cabinet. The Pakistani High Commissioner had made a strong complaint because he believed that the guns were defensive in nature and would not be used in the Rann of Kutch because that conflict was winding down and both sides had refrained from using aircraft in any case. Former Canadian High Commissioners to Pakistan also contended that, without the sale, the relationship between Canada and Pakistan would deteriorate at a time when Paul Martin was attempting to have Canada support British peace efforts over the Rann of Kutch.³¹⁵ On June 10 and June 15, Cabinet discussed the issue and reluctantly allowed the sale to take place. Because the Canadian decision was “a cause of embarrassment”, they also was decided that the move would receive no publicity and that, to avoid such faux pas in the future, the CCC’s duty to inform foreign countries about surplus weapon caches would be reviewed “to ensure that orders are not invited from countries to which the Canadian government would not wish to permit sales

³¹³ LAC, RG 25, Volume 8913, File 20-INDIA-1-3-PAK pt. 2, Memorandum entitled “India-Pakistan Relations”, circa June 7, 1965.

³¹⁴ LAC, RG 25 Volume 3451, File 1-1965/1A, “India-Pakistan Relations,” June 7, 1965

³¹⁵ LAC, RG 2 Volume 6275, File 325-65, “Memorandum to the Cabinet,” June 11, 1965

of the particular items.” Cabinet also decided on the 15th to more closely review each future sale of weapons “with more offensive characteristics” to both countries.³¹⁶

The increased Indo-Pakistani hostility was also the main factor in the decline of Canadian military assistance to India. After having provided qualified assistance after the Chinese attack in 1962, the Pakistan factor continued to make Martin reluctant to assist India against China more vigorously. Since the initial provision of Caribous in 1963, India had remained interested in additional transports for her defence needs. The Canadian government had remained non-committal, largely because the threat from China was thought to have diminished and because the Interdepartmental Military Assistance Committee had argued strongly that emergencies in Malaysia and Tanzania were more appropriate objects of Canada’s limited military assistance program.³¹⁷

In June 1965, when the conflict over Rann was still unresolved, DeHavilland Vice-President P.Y. Davoud made strong representations to the Department of Defence Production that the Canadian government should continue the military assistance program to India started in 1962 because this funding source would allow the company to sell the more advanced Buffalo transport system, for which they were now seeking clients.³¹⁸ DeHavilland was interested in establishing some kind of deal before the arrival of Prime Minister Shastri, who was visiting Ottawa from June 11-15, 1965.

Indeed, associates of Shastri did bring up the issue of Canadian military sales during the visit. Specifically, India was interested in concessional terms for naval

³¹⁶ LAC, RG 2, Series A-5-a, Volume 6271, Cabinet Conclusions, June 15, 1965, p. 7 Ultimately, the sale fell through because the Pakistanis realized that the explosive type in the ammunition was not compatible with their guns. See marginalia note in LAC, RG 25 Volume 10055, File 20-1-2-PAK, part 2, Rpdni to Exterl, APR19/67

³¹⁷ LAC, RG 19 Volume 4930, File 8382/I 39-1, part 2, Ext Ott to New Delhi, MAY 6/65

³¹⁸ LAC, RG 19 Volume 4930, File 8382/I 39-2, part 2, Ritchie to Hunter, June 4, 1965

frigates.³¹⁹ Citing tense Indo-Pakistani relations, the request was turned down by External Affairs. But this did not stop the Indian government from pressing Canada to provide more Caribous. In August, after the hostilities in the Kutch had ended, Cabinet was once again faced with a formal request from the Indian government for more Caribou transport aircraft. Although Canada had generously supplied Indian transportation requirements in 1962, Paul Martin argued that the Chinese threat had diminished. To provide assistance to India now would create an undesirable precedent:

The decision to provide assistance two years ago was taken in light of the critical situation of aggression on its Himalayan frontier then facing India. While I think it is in the Canadian interest that India should continue to strengthen its ability to defend itself against possible Chinese attack and to play a more effective part in the balance of power with Communist China in Asia, India's defence requirements are now far less urgent and less critical than they were at that time. To provide direct financial assistance for the procurement of major new equipment such as aircraft would, in India's present relatively normal circumstances, create an important precedent for us...To accede to such a request would inevitably lead us into long term commitments not related to any immediate crisis, something Canada has never undertaken outside NATO in the military assistance field. The financial implications would be quite considerable... The provision of such assistance to India would most probably lead to a significant increase in the pressures, to which we are already exposed, to provide assistance of this kind to others.

The fact that the sale would only enrage the Pakistanis was also important in Martin and Pearson's thinking.³²⁰ India was not to receive any kind of assistance in procuring Canadian weapons, DeHavilland and other Canadian defence companies would never again have as good an opportunity to sell military aircraft in the subcontinent.

³¹⁹ LAC, RG 19 Volume 4930, File 8382/I 39-2, part 2, Kirkwood to Deputy Minister of National Defence, June 24, 1965

³²⁰ LAC, Lester B. Pearson papers, N3 Volume 264, File 802/ I39 Military Assistance Conf., Martin to PM, August 16, 1965.

War in Kashmir

The Rann of Kutch affair ended in a relatively satisfying fashion for the two belligerents, and an all out war on the Indian subcontinent was avoided. The same cannot be said of the events that were to take place in the following months. Ever since late 1964, a hawkish committee of the Pakistani Inter-Services Intelligence Directorate (ISI) and Foreign Ministry officials had been studying military options to end the diplomatic stalemate over Kashmir. After the military victory over India in the Rann of Kutch, President Ayub approved a secret plan devised by the group advocating an Algerian-type war of national liberation within Indian-held Kashmir. This plan, code-named Operation Gibraltar, aimed to force India to the negotiation table without precipitating a general war.³²¹ On the night of August 5, 1965, several hundred infiltrators, in civilian clothing, began moving across the CFL in Kashmir. Gibraltar called for the group to raid strategic targets such as bridges and military installations and precipitate a general uprising amongst the Muslim population.

The plan was a dismal failure. By late August, the Indians were able to contain the infiltrators after several thousand had crossed the CFL and any anticipated popular rebellion had failed to materialize. Alarmed at his lost opportunity and the prospect of India gaining the upper hand, Ayub sent a large armoured force across the CFL intending to cut off Indian troops from the valley.³²² It was at this point that the United Nations

³²¹ Kux, p. 159.

³²² *Ibid.*, p. 160.

Security Council became very concerned with the fighting, and the first of three cease-fire demands were made to both India and Pakistan on September 4, 1965.³²³

The Security Council, and the personal request of Prime Minister Pearson to mediate between the two countries, was not enough to stop the escalation.³²⁴ The Indian response on September 6th shocked Pakistan and the world. Instead of engaging in a limited war in Kashmir, the Indians realized that their position was weak. They started a counteroffensive much further south, along the Punjab border aimed at Lahore (West Pakistan's second largest city). This violation of an international border set off a full-scale war. The next two weeks would be distinguished by some of the largest tank and air battles since the Second World War.³²⁵

An additional worry for the Security Council was that China used the war as an opportunity to make demands on India and threatened to intervene if alleged Indian facilities were not removed from Chinese areas near NEFA and Ladakh.³²⁶ The United States, in turn, had told its allies that, if the Chinese intervened in the fighting their military intervention was likely.³²⁷ The prospect of a wider fight did not really materialize because, as the fighting in Kashmir and the Punjab dragged on, both sides began to feel the impact of Western and Soviet "spare parts diplomacy". Dependent on foreign powers for vital equipment and supplies both sides hesitated to employ a total war strategy. The United Nations Security Council also presented the two countries with a common front, demanding again on the 6th and 20th of September that they endorse a

³²³ United Nations, *The Blue Helmets: A Review of United Nations Peacekeeping*. 3rd ed, (New York: U.N. Department of Public Information, 1996), p. 137

³²⁴ LAC, Lester B. Pearson papers, N3 Volume 281, File 845/P152 Cease Fire Proposal, "Message to P.M. of Pakistan - Sept. 4, 1965."

³²⁵ Kux, p. 162.

³²⁶ "Ultimatum by China," *Ottawa Citizen* (16 September 1965) 1

³²⁷ LAC, RG 24 Acc 1983-84/167 Volume 7158, File 2-5070-85/335, part 2, Ignatieff to External, SEP21/65

cease-fire immediately.³²⁸ On the 22nd of September Bhutto travelled to New York. He made a rousing speech about Kashmiri independence and Pakistan's moral support of the freedom fighters, but accepted the terms of the Security Council. To assist the fragile ceasefire, the Secretary General asked for the help of member governments to bolster UNMOGIP and a new peacekeeping mission that would supervise the international boundary of India and Pakistan.

Canada responded by providing the United Nations with an extra air-transport unit of 6 Caribous, as well as more observers for UNMOGIP. Canadian troops also formed the bulk of the new United Nations India-Pakistan Observation Mission (UNIPOM), and the Department of National Defence offered the services of Major-General B.F. MacDonald as leader of the mission.³²⁹ Despite a few dangerous incidents, the peace was generally observed by both sides. In what surprised many in the West, both countries accepted Soviet mediation at Tashkent in November 1965 to normalize relations.³³⁰ The Tashkent agreement of January 10, 1966, brought India and Pakistan back to the status quo of August 5, established a mechanism for negotiating troop withdrawals from occupied territories, and promised a renewal of diplomatic efforts to solve the Kashmir issue. A few weeks later, both sides began to vacate occupied territories. UNIPOM, having completed its mission, was disbanded in March 1966, after having supervised the withdrawals.³³¹

³²⁸ *The Blue Helmets*, p. 137

³²⁹ Department of External Affairs Canada, *Report of the Department of External Affairs*, 1965, p. 5

³³⁰ Samina Ahmed, "The Military and Foreign Policy in Pakistan: With special reference to Pakistan-Soviet Relations, 1947-1971," (Australian National University, Canberra, 1988), p. 343-344

³³¹ Louis A. Delvoie, *Hesitant Engagement: Canada and South Asian Security*, (Kingston: Centre for International Relations, Queen's University, 1995), p. 21

The embargo

When war broke out in September, all of the great powers³³² placed various levels of economic and military embargos on India and Pakistan. The United States went the furthest by banning all economic and military assistance to both combatants.³³³ The government of Canada, however, had an express policy of not allowing political issues to affect aid programs. As Pearson assured the Acting High Commissioner for Pakistan on July 23, 1965, “we do not link politics and economics as far as aid was concerned unless absolutely unavoidable.”³³⁴ Throughout the confrontation over the Rann of Kutch and the Kashmir war, Canada did not hold back on any previous aid commitments to either country. For the duration of the Kashmir war, however, Canada did not agree to any new assistance projects.³³⁵ Military sales to either country were also halted, although this became a far more contentious issue for the government.

When Canada announced on September 8 that it was placing an embargo on all military equipment to the subcontinent, the Pakistani High Commissioner immediately protested the decision as unfair to his country.³³⁶ India, the Pakistanis maintained, had 20 ordinance factories compared to Pakistan’s two, and, with this advantage in production, Western embargos affected Pakistan more severely than India.³³⁷ As soon as the war ended, the Indian government also protested the Canadian decision to continue the embargo. The Indians had been awaiting a large shipment of spare parts for the Caribous from DeHavilland that had been marked for transport almost as soon as the war had

³³² China did not stop shipping arms to Pakistan after the crisis.

³³³ Arthur G. Rubinoff, “Comparing American and Canadian Perceptions and Policies towards South Asia” in *The India-Canada Relationship: Exploring the Political, Economic and Social Dimensions*, (New Delhi: Safe Publications, 1994), p. 50.

³³⁴ LAC, RG 25, Volume 8923, File 20-PAK-1-3-USA pt 1, Prime Minister to SSEA, July 23, 1965.

³³⁵ LAC, RG 2, Volume 6271, Cabinet Conclusions, Dec 8, 1965, p. 2

³³⁶ LAC, RG 20 Volume 1734, File B8835-305/J4, External to Delhi, September 9, 1965

³³⁷ LAC, RG 2 Volume 6277, File 613-65, “Memorandum to the Cabinet,” December 17, 1965

started.³³⁸ India also needed surplus spare parts for older C-119 transports from Canada. The lack of these parts had severely disrupted India's ability to transport military goods. By November, 1965 India was actually forced to ground 6 Caribous and the entire lineup of C-119s because of the embargo, and this was beginning to affect India's ability to transport material to Assam and Ladakh. The situation was worsened by the fact that India was not able to fly Russian supplied An-12 transports over Pakistan, Chinese, or Iranian airspace to conduct engine repairs.³³⁹ To meet Canada's concerns the Indians pointed out that the Caribou had not and would not to be used in the Kashmir theatre and were only deployed in the NEFA region against the Chinese.³⁴⁰

The Canadian government remained guarded about India's intentions. In 1962, when India had received equipment from the United Kingdom for the newly formed mountain divisions, it had agreed not to use the weapons against Pakistan. Intelligence during the war indicated that in fact the Indians had used some of the equipment in Kashmir. While Canadians accepted Indian guarantees of sincerity, they doubted that in another war India would have the self-discipline if things took a turn for the worse. As the Canadian High Commissioner in the UK explained, "it was clear that the exigencies of the moment had diluted Indian compliance with the 1962 undertakings, and it seemed fair to conclude that if the fighting had been further prolonged, the Indian military would

³³⁸ LAC, RG 49 Volume 792, File IPB-6836-305/J4, part 2, Card to McKinney, October 4, 1965

³³⁹ LAC, RG 49 Volume 792, File IPB-6836-305/J4, part 2, Delhi to External, November 10, 1965

³⁴⁰ LAC, RG 20 Volume 1734, File B8835-304/J4, U/SSEA to Deputy Minister, Department of Defence Production, October 15, 1965. Direct representations were continually made by India right until the end of the year. Also see Delhi to External, November 10, 1965, Delhi to External, November 11, 1965 and Delhi to External, December 14, 1965 from the same file.

have used all the resources at their disposal as needed, without undue sensitivity about origin.”³⁴¹

Canadian authorities were also opposed to dropping the embargo because of the anticipated “violent anti-cdn reaction” in Pakistan. The Canadian High Commissioner in Pakistan expressed strong reservations about allowing the shipments to India at a time when Pakistan was unable to acquire transport aircraft or any other spare parts from the West.³⁴² Despite Indian protests, Paul Martin decided, on October 15, that the embargo could not be dropped. There is some evidence to suggest that this may have been because of the impending elections in Canada.³⁴³ In his own words, however, Martin stated that the ban would have to continue while Canada was deeply involved in restoring peace to the region. He did, however, accept a minor modification in the ban – spare parts for civilian aircraft would now be allowed to the subcontinent.³⁴⁴

India was not alone in pressuring the government to relax the embargo. DeHavilland was lobbying different departments within the government after the war because the embargo had bitten deeply into their commercial interests. From the very start of the embargo, DeHavilland officials believed that the Canadian government would be in a position to assist the Indian government when international sales resumed. They saw government financing as a sure way to gain “tremendous long term benefits” and good publicity “in promoting sales of the Buffalo around the world.”³⁴⁵ DeHavilland, on a whirlwind drive to promote their latest STOL transport, was seeking maximum help

³⁴¹ LAC, RG 25 Volume 8860, File 20-INDIA-1-3, part 3, Office of the High Commissioner for Canada London to Under-Secretary of State for External Affairs, November 17, 1965

³⁴² LAC, RG 49 Volume 792, File IPB-6836-305/J4, part 2, Karachi to External, October 1, 1965

³⁴³ LAC, RG 20 Volume 1734, File B8835-304/J4, Delhi to External, NOV10/65

³⁴⁴ LAC, RG 20 Volume 1734, File B8835-304/J4, Under-Secretary of State for External Affairs to Deputy Minister, Department of Trade and Commerce, October 15, 1965

³⁴⁵ LAC, RG 20 Volume 1734, File B8835-304/J4, Bannock to Rayner, September 17, 1965

from the government. There were two planned Indian evaluation missions that were scheduled to arrive in Canada on November 1 and in early January, respectively, to examine the Buffalo. DeHavilland did not want any impediments to a potential client.³⁴⁶

When the British lifted their ban on non-offensive parts to the subcontinent in November 1965, DeHavilland complained to the Minister of Trade and Commerce, Mitchell Sharp, that the Canadian decision to continue the embargo was now becoming harmful to their business prospects, which not only included \$440,000 worth of promised spare parts, but also future sales for Caribous, Otters and Buffalos.³⁴⁷ Moreover, the Vice-President of Sales for DeHavilland hinted that Hawker Siddeley Aviation of the UK and Breguet of France were submitting license proposals that would involve military assistance from their own governments, while DeHavilland was finding it hard to “stay in the running” with the ban in place and without equal consideration for “assistance”.³⁴⁸

On December 23, Charles Drury, Acting Secretary of State for External Affairs, wrote to the President of DeHavilland and informed him that his Department was cognizant of the company’s dilemma and assured him that future defence sales with India would not be “overlooked”.³⁴⁹ Indeed, Cabinet was scheduled to meet and discuss a memorandum from Drury drafted on December 17th, in order to yet again consider a relaxation of the embargo. By this time in December, several things, besides a temporary change in leadership of External Affairs, had changed since October 15th, when Paul Martin had decided that the embargo had to stay in place. The United Kingdom and France had both dropped their embargos and firms in both countries were in a position to

³⁴⁶ LAC, RG 49 Volume 792, File IPB-6836-305/J4, part 2, Under-Secretary of State for External Affairs to Deputy Minister of Department of Defence Production, January 19, 1966

³⁴⁷ LAC, RG 49 Volume 792, File IPB-6836-305/J4, part 2, Boggs to Sharp, November 30, 1965

³⁴⁸ LAC, RG 20, Volume 1734, File B8835-304/J4, Bannock to Rayner, October 20, 1965.

³⁴⁹ LAC, RG 20 Volume 1734, File B8835-304/J4, Drury to Boggs, December 23, 1965

make considerable sales to India, as they were unfettered by the restrictive government policies of the United States and Canada. The United Kingdom had even gone one step further and dropped its earlier insistence in November that it would only ship spare parts for non-offensive units to the region.³⁵⁰ India and Pakistan had also accepted the announcement by the UN Secretary General of the appointment of a Chilean general to foresee troop withdrawals; both had accepted the mediation of the Soviet Union in late November. The threat of a renewed war in the subcontinent was therefore now more remote, and any sales became more politically acceptable. Despite this, External Affairs was uncomfortable with renewing the sales and blocked efforts by the Minister of Trade and Commerce to have Cabinet reconsider the embargo as late as December 8.³⁵¹ While acknowledging that there were some political and economic arguments to support dropping the embargo, the Secretary of State for External Affairs continued to point out that releasing the spares would result in Pakistan complaints that Canadian neutrality had been compromised. This could potentially threaten Canada's substantial efforts in UNIPOM and UNMOGIP.

In order to deal with the "vexed question" of balancing so many competing priorities, a compromise solution that satisfied all of the stakeholders was found. The details of this plan were presented to Cabinet members on December 17th in the memorandum drafted by Drury. It pointed out all of the unfavourable consequences for Canada that the embargo had already caused – the grounding of the Caribous; the advantage of British and French firms in sales to the subcontinent; the complaints of

³⁵⁰ The United Kingdom agreed to ship spare parts for Indian fighter aircraft in December LAC, RG 20 Volume 1734, File B8835-304/J4, Michener to External, DEC14/65

³⁵¹ LAC, RG 2 Series A-5-a Volume 6271, December 8, 1965 Cabinet Conclusion, "Provision of Caribou Spare Parts To India"

DeHavilland; and the unfairness of the embargo for a much weaker Pakistan. The solution, it suggested, was to inform India and Pakistan that the embargo was being lifted for both countries. This way, Canada could claim that Pakistan was not being discriminated against and was welcome to make purchases in Canada as well. Any complaints of favouritism because of India's receipt of Caribou and C-119 parts could then be offset by reminding Pakistan about Pearson's mediation offer in September and Canada's contributions to both UNMOGIP and UNIPOM, and reminding the Pakistani authorities too that they were the ones who had originally pointed out that the embargo had unfairly singled them out because of their less advanced military-industrial base.³⁵² Under these apparently equitable terms, the embargo was relaxed by Cabinet on December 29th, although it was agreed that the permits approved would be for "items which may possess military significance but which are not directly offensive in nature."³⁵³ Such terminology might sound vague, but the list was defined as spare parts for military vehicles, spares for transport aircraft and communications equipment. Items of "significant offensive characteristics", not defined in the memorandum, remained under strict export controls.

With the embargo out of the way, DeHavilland was now free to export the spare parts so desperately wanted by India.³⁵⁴ They were also now in a position to renew pressure on the Canadian government to provide a new set of Caribous through the military assistance program. In May 1966, the Indian High Commissioner asked for four

³⁵² LAC, RG 2, Volume 6277, File 613-65, Cabinet Memorandum, December 17, 1965.

³⁵³ LAC, RG 2, Series A-5-a, Volume 6271, December 29, 1965 Cabinet Conclusions, "Supply of Military Equipment to India and Pakistan"

³⁵⁴ Canada was also now able to export surplus C-119 spare parts which were also desperately needed by India. See LAC, RG 20 Volume 1734, File B8835-305/J4, Hunter to Cadieux, January 10, 1966 and LAC, RG 49 Volume 792, File IPB-6836-305/J4, part 2, Under-Secretary of State for External Affairs to Deputy Minister of Department of Defence Production, January 19, 1966

additional Caribous under the same arrangement as in 1963. On June 30, the High Commissioner was informed by External Affairs that they could find no justification for providing military assistance to the government of India and that funding terms would have to be sought privately with DeHavilland.³⁵⁵

But the company was not capable of assisting Indian purchases without government funding. DeHavilland's President and Vice-President of Sales made familiar arguments to the Minister of Trade and Commerce after External Affairs's decision regarding military assistance. They believed that the sale of these four Caribous and another four in early 1967 was critical to the future of their company because it would pave the way for sales of the more advanced Buffalo aircraft to an important market. A government credit offer would ensure the sale. A failure to do so would result in contracts for the British Hawker Siddeley 748 or the French Breguet 941.³⁵⁶ A renewed effort by the company to get government credit for the sale in early 1967 also met with failure, as the Canadian government continued to reject the idea that the public purse should be used to provide more military assistance to India.³⁵⁷ While the government was certainly now glad to allow sales of arms to the subcontinent, the familiar problems of setting a precedent for military assistance to a non-Allied country and Pakistani jitters prevented the government from assisting DeHavilland.³⁵⁸

³⁵⁵ LAC, RG 19 Volume 4930, File 8382/I 39-2, part 2, External to Delhi, JUL11/66

³⁵⁶ LAC, RG 49 Volume 810, File IPB.6836-305/00, part 3, "Aide Memoir," circa July 15th, 1966

³⁵⁷ LAC, RG 19 Volume 4930, File 8382/I 39-2, part 2, Barry to Parkinson, Jan. 20, 1967

³⁵⁸ DeHavilland's request to the Canadian government to provide funding for their products was actually part of a larger scheme of seeking government assistance in sales. The Canadian Air Industries Association, of which DeHavilland and Canadair were important members, pressured the government in 1966 to help sales in Latin America by providing an "aid program" to purchase Canadian aircraft. The association also asked that Canada convert military advisers in embassies abroad into "trade designates." Both requests were turned down by the Canadian government. See LAC, RG 19 Volume 4930, File 8385-00-2, "Meeting of the Air Industries Association and the Department of Trade and Commerce and other interested departments," November 30, 1966 and from the same file Wilson to Grandy, November 28, 1966

Chapter 6: The Iran-Canada affair

"I fail to see how, after the F-86 affair, we could now sell Orenda engines to Pakistan for this aircraft. Our concern in this affair has been that respect for our word would lessen if we were prepared to turn a blind eye to Iran's diversion of the aircraft. We could hardly expect Iran and Germany to honour commitments made to us should we now be prepared to sell Pakistan engines for aircraft which they are not supposed to have." – S. Beattie, Commonwealth Division, July 11, 1967

"The mesmeric qualities of Pandit Nehru and the almost equally great stature of Liaqat Ali Khan all added to the aura of this region and struck the strong chord of idealism in the Canadian nature... Thus it was that up to 90% of our aid abroad was poured into this region whereas our neighbours on the American continent with not dissimilar problems were relatively neglected... Is this still the case to-day? And will it be so in five years time? Is that new generation arising in Canada which kneweth not Jacob; which does not recall the comradeship-in-arms of the Second World War with the Gurkhas and other soldiers of the region; and which is shocked and disgusted that hundreds of millions of dollars of development aid to this area is being wasted through a war and now in a senseless arms race for which no solution is in sight?" – Canadian High Commissioner for Pakistan, April 19, 1966

The hero of MiG Alley

The F-86 Sabre was the most successful fighter during the conflict in Korea. For many years after that war, it would remain the backbone of the American fighter program. Sophisticated, yet economic and reliable, the F-86 would also serve in the armed forces of many other countries. The Canadian experience with the Sabre was unique. Unlike other recipients who simply purchased or were provided the aircraft by the United States government, Canada entered into arrangements with the aircraft's producer, North American, to have Montreal-based Canadair alter and manufacture the design in 1949. In later years Canadair developed their own variants, designated Mark II through to Mark VI, and these aircraft served not only the Canadian forces in Europe but also those of many other armed services. Canadair produced 1154 Sabres, giving it the distinction of having manufactured the most widely used Canadian military aircraft of the Cold War period. The last version, the Mark VI, was built until 1959 in Canada and was exported to over a dozen different countries, the majority of whom were NATO allies.

One such country was West Germany, which under a mutual aid program acquired 225 Sabres from Canada in 1957.³⁵⁹ In the initial agreement, the German Foreign Office agreed that the planes and any spare parts were for the use of the Luftwaffe alone and could only be resold to another government with the permission of the Canadian government.³⁶⁰ External Affairs would then also approach the original producer of the Sabre, the United States government, and seek their approval before finally allowing any resales.³⁶¹ In 1965, the West German Ministry of Defence began to replace their aging principal fighter with the more advanced American made F-104 Starfighter. There was no shortage of potential customers for the surplus fighters, and the West German government began to approach External Affairs about several potential resales.

Pakistan, for its part, had also benefited greatly from the original North American version of the Sabre. In June 1956, under the mutual security agreement with the United States, Pakistan received 120 F-86Fs to equip 8 full squadrons of her air force, making the airplane the major unit of the PAF.³⁶²

*"All her eggs in one basket"*³⁶³

The Pakistani armed forces were in a desperate situation after the war in 1965. Not only had a tremendous amount of hardware been lost, but the embargo that Western

³⁵⁹ DHH, 73/1223, File 2020, "The fortieth meeting of the Panel on the Economic Aspects of Defence Questions," May 14, 1956

³⁶⁰ "Expect Bonn to ask for Ottawa permit to sell more Sabres," *Globe and Mail* (17 August 1966), p. 1

³⁶¹ Subcommittee on Near Eastern and South Asian Countries of the Committee on Foreign Relations United States Senate, *Arms Sales to Near East and South Asian Countries*, (Washington: U.S. Government Printing Office, 1967), p. 86

³⁶² Gwen Kerr, "Pakistan Air Force - The Canadair Sabre Goes to War," , available at <http://www.pakdef.info/pakmilitary/airforce/ac/sabre.html> (3 January 2003)

³⁶³ LAC, RG 25 Volume 8872, File 20-PAK-1-3, part 3, Office of the High Commissioner for Canada to Under-Secretary of State for External Affairs, March 14, 1966

sources had placed on the country severely curtailed their war-making capability. Of the services, the PAF was probably most severely affected. It was left with 10 F-104s, 86 F86 Sabres and between 50 and 60 aged MiG aircraft, and no legal method of acquiring replacements for the first two fighter systems. Also hard hit was the Army, which lost almost a third of its wholly American tank force during the September war.³⁶⁴

One method of correcting this deficiency was to make arrangements with newly found friends in Communist China. Since the war in 1965, Western leaders including Prime Minister Pearson and the Secretary of State for External Affairs Paul Martin, had become increasingly concerned with the militancy of China.³⁶⁵ Like other Western leaders they were irked by a diplomatically isolated China, now undergoing a cultural revolution, developing atomic weaponry, and deeply involved in Southeast Asia. After Pakistan and China began diplomatic negotiations to normalize relations in 1963, signs of an ever-increasing movement of Pakistan into the isolated China camp worried officials at External Affairs.³⁶⁶ Gone were the days of influence, when Canada and the West were allied with Pakistan, if loosely, against a perceived common enemy. Instead, it was commonly believed that Pakistan was on the verge of leaving the Western alliance and that this would only have negative consequences for Canada's relationship to the region.

³⁶⁴ LAC, RG 20 Volume 1657, File 20-242-15, part 1, Rpn di to Exterl, MAY19/67

³⁶⁵ See John English's article "Lester Pearson and China," in *Reluctant Adversaries: Canada and the People's Republic of China, 1949-1970*, ed. Paul M. Evans and B. Michael Frolic (Toronto: University of Toronto Press, 1991), p. 133-147

³⁶⁶ Some examples; LAC, RG 25 Volume 8913, File 20-INDIA-1-3-PAK, part 2, Seaborn, "NATO Ministerial Meeting December 1965," December 1, 1965,
LAC, RG 25 Volume 8599, File 20-1-1-12, part 2, Canadian Government Trade Commissioner in Hong Kong to Under-Secretary of State for External Affairs, July 9, 1964
LAC, RG 25 Volume 8599, File 20-1-1-12, part 2, N.A.T.O. Expert Working Group of the Far East, Italian Contribution, November 9, 1965
LAC, RG 25 Volume 8599, File 20-1-1-12, part 2, "Canadian working paper, Far East experts meeting, NATO, Paris, May 1966"
LAC, RG 25 Volume 3170, File 36-1968/1, p. 7
LAC, RG 25 Volume 3451, File 1-1965/1A, , "Relations with China - Draft Statement," June 7, 1965

To diplomats working in the High Commission in Karachi, nothing symbolized this more than the attack on the Canadian chancery soon after the war in 1965 ended. An angry mob, intending to attack American institutions in downtown Karachi, could only find the Canadian chancery. The grounds were entered and the Canadian flag was torn down and the facility damaged.³⁶⁷ More importantly though, Canadian diplomats worried about the brusque treatment that Western officials received at the hands of the Pakistani Foreign Ministry during and after the war.³⁶⁸

In early 1966, however, it seemed that the Pakistani officials were once again becoming friendly to Western countries. In a memorandum entitled, "Pakistan-Canada Relations: Change of mood?," Acting High Commissioner J.D. Weld pointed out that Canadians, and other Westerners in general, were suddenly being treated differently and positive government controlled press reports on Canada were beginning to appear again. Weld argued that the change occurred because the consortium of Western nations upon which Pakistan depended for its food supply and economic well being, was meeting soon to discuss contributions to both India and Pakistan. As Weld put it, this meant that Pakistan was making an overture to remain in both Chinese and Western "camps". He also suggested that Pakistan wanted "the best of both worlds" because this ensured maximum security vis-à-vis India.³⁶⁹ Not inhibited by the UN embargo, or the international community, China developed a close military relationship with Pakistan,

³⁶⁷ LAC, Lester B. Pearson papers, N4 Volume 268, File 864/P152 Conf., "Pakistan and Canada," February 18, 1966

³⁶⁸ LAC, RG 25 Volume 10836, File 20-1-2-PAK, part 2, "Pakistan and Canada," June 28, 1967. Even during the war, there were complaints by Canadian officials about unusually regular power outages, shooting ranges for Pathan tribesmen being placed close to embassies, and other violations of the Vienna Convention. This resulted in an official protest from the Canadian government to Pakistani officials. See LAC, RG 25 Volume 10555, File 20-1-2-PAK, part 1, "Legal Notes on Diplomatic Privileges and Immunities Infringed by the Pakistan Government in September, 1965," February 16, 1966

³⁶⁹ Acting High Commissioner of Canada, Pakistan to Under-Secretary of State for External Affairs, April 12, 1966

one directed against their common enemy – India. This military relationship was buttressed during the war in 1965, when China gave tacit support for the Pakistanis and declared their support for a Kashmiri rebellion. This was followed up by announcement in late 1965 that China would provide Pakistan with training and military facilities. Within the year, Pakistan had received MiG fighter and a large number of tanks from China – enough equipment to prepare 2 new divisions.³⁷⁰ Soon after the arms transfers, units of the Pakistani Army were also reported to be training with Chinese advisers.³⁷¹

But even with the growing military relationship with China, Pakistan was still reliant on Western weapons systems and spare parts. It was simply not possible to take an army that had been bred on British and then American military tactics and products and convert to other military technologies. In the search for such systems and parts, Pakistan would have to get out of the restrictions that the United States and United Kingdom had placed on equipment sold throughout the Western world. In some cases this would require a resort to “cloak and dagger” methods. This would not be easy and Pakistan got the support of her CENTO ally, Iran, in acquiring systems on her behalf. During the war Turkey and Iran had both covertly assisted Pakistan with replacements and ammunition for certain kinds of weapons.³⁷² Turkey stopped such assistance after the war was over, despite continuing public sympathy for Pakistan, possibly because of anticipated repercussions from NATO allies.

The Shah of Iran, on the other hand, wanted to help Pakistan not only because it was a Muslim neighbour with whom he had excellent relations and to whom he was

³⁷⁰ Achutan, p. 51

³⁷¹ LAC, RG 24 Acc. 1983-84/167 Volume 7158, File 2-5070-85/335, part 3, CFA Delhi to Canforcehed, AUG3/66

³⁷² LAC, RG 24 Acc 1983-84/167 Volume 7158, File 2-5070-85/335, part 2, Krchi to Canforcehed, OCT6/65

formally allied, but for geopolitical reasons as well. He feared that, if Pakistan was not assisted in acquiring spare parts for existing systems, the relationship between Pakistan and Communist China would only become more intimate. Pakistan would leave the Western camp altogether – a possibility that worried American and Canadian officials too.³⁷³ During the war in 1965, the Shah had even suggested that, if her CENTO allies would not assist her, Pakistan would be driven into the embrace of the Chinese and Iran herself would have to consider becoming more neutralist. The Shah also dropped hints that he was considering provision to Pakistan of some major weapons if the fight against India continued. In particular, the Shah had told British officials that Iranian jet fighters would be the most useful contribution he could make to Pakistan, an ominous piece of intelligence that found its way to headquarters, considering what was about to happen.³⁷⁴

On December 11, 1965, while en route to Washington and a meeting to patch up relations with U.S. President Lyndon Johnson, Ayub Khan stopped over in Tehran and met the Shah for two hours. It was widely rumoured in Western diplomatic circles that the meeting was to negotiate the transfer of spare parts for the Pakistan armed services.³⁷⁵

A few weeks after this meeting, a high ranking Iranian General, Hassan Toufanian, arrived in Bonn with a Pakistani armaments expert, Colonel Hussein Zaidi. As George Thayer remarks in *The War Business: The International Trade in Armaments*:

“Apparently Zaidi’s presence raised no suspicions in Bonn.”³⁷⁶ The General was in Bonn to purchase mortar shells for the Iranian armed forces, but also asked if Iran could get some of West Germany’s recent surplus stock of CF-86 Sabres. Vebeq, a Frankfurt

³⁷³ LAC, RG 24 Acc 1983-84/167 Volume 7158, File 2-5070-85/335, part 2, Ldn to External, SEP14/65

³⁷⁴ LAC, RG 24 Acc 1983-84/167 Volume 7158, File 2-5070-85/335, part 2, Ldn to External, SEP14/65

³⁷⁵ LAC, RG 25 Volume 8872, File 20-PAK-1-3, part 3, Malone to External, December 11, 1965

³⁷⁶ George Thayer, *The War Business: The International Trade in Armaments*, (New York: Simon and Schuster, 1969), p. 203

company controlled by the West Germany Ministry of Defence, had recently acquired the surplus aircraft. Another private company, Merex, acting as a broker, was able to secure representation for the Iranians to purchase the aircraft.³⁷⁷ Since West Germany had signed an “end use” resale agreement with the Canadian government when it acquired the aircraft, permission would have to be sought from External Affairs before the transfer could be affected. Canada, in turn, was required to seek permission from the originator of the aircraft, the United States, before allowing the transaction to take place.

The history of what happened next has been covered widely in several books by observers of the international arms trade.³⁷⁸ The CF-86 affair is dealt with by Ernie Regehr in *Making a Killing*. He argues that Canada quickly approved the arms sale with little or no questions asked, meekly acquiescing in the belief that American inspectors would ensure that the planes remained in Iran. When it was discovered that Pakistan was in possession of the planes, Canada was not able to persuade the United States, West Germany, or Iran to have the planes returned. Canada was hoodwinked. Regehr’s work was based on press accounts and secondary works that were derived from media sources.³⁷⁹ The private records of Lester Pearson and the records of External Affairs, National Defence, and Trade and Commerce tell a slightly different story from the one he has recounted.

The Canadian government first heard rumours about the transaction before even being formally approached by the West German government. On November 15, 1965,

³⁷⁷ LAC, Lester B. Pearson papers, N4 Volume 246, File 840/G373-6 Conf., Bonn to External, Jan 13/66

³⁷⁸ See, for example, the coverage in John Stanley and Maurice Pearton, *The International Trade in Arms* (New York: Praeger Publishers, 1972) and George Thayer, *The War Business: The International Trade in Armaments* (New York: Simon and Schuster, 1969)

³⁷⁹ Ernie Regehr, *Making a Killing: Canada’s Arms Industry* (Toronto: McClelland and Stewart Limited, 1975), p. 48-52

the Indian High Commissioner suggested to Canadian authorities that he had intelligence indicating that West Germany was about to sell CF-86s to Iran.³⁸⁰ It would be safe to speculate that he was concerned about the possible transfer of this material to Pakistan. On December 23, 1965, the West German embassy gave Ottawa an aide-memoire indicating that they wanted to provide Iran with 90 Sabres. In this document, the West Germans assured the Canadians that the sale was for the end use of Iranian government and that they had received assurances of this. Before responding back to the Germans External Affairs approached the State Department to ask if they would agree to such a sale.

The Americans responded positively on December 29, 1965. Years later, when talking of his experience with arms sales to Iran to a Senate subcommittee on arms to the Near East, Jeffrey Kitchen, the Deputy Assistant Secretary of State for Politico-Military Affairs, had this say of the Canadian decision:

At the time of the transaction, the Canadians were the ones who decided that they could accept the Iranian bona fide that there would not be a further retransfer of the aircraft, although they did consult the U.S. Government. We told them that they had to make a decision with regard to whether or not this was a bona fide Iranian undertaking or not, and the Canadian Government subsequently did accept that.³⁸¹

In the telegram with which the United States authorized the sale of the aircraft, the State Department noted that, with respect to the sale, they were "prepared as in the past to rely on the Canadian government's own best judgment."³⁸²

³⁸⁰ LAC, Lester B. Pearson papers, N4 Volume 246, File 840/G373-6 Conf., External to Bonn, DEC31/65

³⁸¹ Subcommittee on Near Eastern and South Asian Countries of the Committee on Foreign Relations United States Senate, *Arms Sales to Near East and South Asian Countries*, (Washington: U.S. Government Printing Office, 1967), p. 86

³⁸² LAC, RG 20 Volume 1657, File 20-242-15, part 1, Canadian Embassy to Under-Secretary of State for External Affairs, July 27, 1967

On New Year's Day 1966, Canada responded to the German request asking for three things approving the sale. First, the government wanted assurances that the Iranian government was the purchaser of the planes for use of the Imperial Iranian Air Force (IIAF). Secondly, they wanted a guarantee from West Germany that the planes would not be transshipped to any other country under any circumstances. Finally, they wanted the German government to regularly inspect the aircraft to ensure that they were not being sent elsewhere, especially Pakistan. In explaining the long list of provisos to the Canadian Ambassador to Iran, Ottawa suggested that:

You may explain (if it seems necessary) that this not rpt not simply a matter of curiosity on our part; we wish to have text of assurances before arrangements for sale become public knowledge in order to protect position of cdn govt in event of criticism of our role in this matter. Further, we would not rpt not wish any public announcement to be made in Bonn or Ott that sale has been completed so that we can ensure that they contained no rpt no obvious loopholes.

You should make it clear to FO that if any of aircraft in question eventually find their way to Pak or any other third country, we reserve right to inform other govts involved, or Parliament if necessary, that our agreement to sale of aircraft to Iran was given on basis of assurances that they would not rpt not be transhipped (sic), and that it was responsibility of German Govt to take appropriate action (eg inspection) to ensure that these assurances were honoured.³⁸³

While the negotiations were taking place External Affairs asked the West German government to keep the matter confidential. However, a leak at the German Ministry of Defence brought the Canadian role into the limelight and a German news agency asked Prime Minister Pearson a question about the sale on January 5. In response, the Prime Minister was non-committal and suggested that the government was merely looking into the matter.³⁸⁴ A Canadair representative in Germany approached the Canadian government for information about the proposed sale after reading about it in the *Times*

³⁸³ LAC, Lester B. Pearson papers, N4 Volume 246, File 840/G373-6 Conf., External to Bonn, DEC31/65

³⁸⁴ LAC, Lester B. Pearson papers, N4 Volume 246, File 840/G373-6 Conf., Martin to Prime Minister, January 5, 1966

on January 10th, but he was rebuffed by External Affairs.³⁸⁵ The Canadians were certainly secretive about their role in the affair. And the Germans were evasive. On January 13th the Canadian Ambassador in West Germany informed External Affairs that the Foreign Office had received assurances about the final destination of the aircraft, even though the Iranians had not provided such guarantees in a diplomatic note. In addition, the Iranians had rejected the idea of German inspection as an affront to their sovereignty. Suspecting that this would still be enough to satisfy Headquarters, the Ambassador asked if the Germans could be allowed to make the sale.³⁸⁶

However, the conditions were not acceptable to External Affairs. Despite the fact that Sabres constituted the bulk of the IIAF and presumably fulfilled a legitimate need, Canadian officials suspected that the arms could be for Pakistan. In the absence of any concrete evidence to support this suspicion, however, the raising of doubts would have resulted in German and Iranian protests that Canada did not consider their guarantees as trust worthy as those of other countries. Canada certainly feared ruining their relations with either state because of a few aging aircraft, but the government refused to go back on its original conditions before approving any sale. Pressed to the end, the Germans informed Canada of written assurances from Iran about the end use of the aircraft and promised to inspect the aircraft periodically to ensure that they remained in Iran. These assurances were provided on March 2nd.³⁸⁷ The very next day, the sale was concluded. Luftwaffe pilots in civilian clothing began flying the planes to Iran in batches of 3 to 6 from March till November 1966.³⁸⁸

³⁸⁵ LAC, Lester B. Pearson papers, N4 Volume 246, File 840/G373-6 Conf., Bonn to External, JAN12/66

³⁸⁶ LAC, Lester B. Pearson papers, N4 Volume 246, File 840/G373-6 Conf., Bonn to External, Jan 13/66

³⁸⁷ LAC, RG 20 Volume 1657, File 20-242-15, part 1, Exterl to Bonn, MAR23/67

³⁸⁸ Thayer, p. 204 The Shah of Iran allegedly gave each pilot a souvenir cup for this service.

A matter of "respect"

While Canada had accepted Iranian and West German assurances about the CF-86, another set of permits had also concerned officials at External Affairs in the spring of 1966. Iran, which was now phasing out the M-47 Tank with newer American M-60 main battle tanks, wanted Levy Auto Parts Canada³⁸⁹ to sell it 1.3 million dollars worth of tank engines that they claimed were needed to keep the M-47 functional until the M-60 was brought on full strength. Canadian officials initially suspected that this may be a diversion, because Pakistan had lost over 250 of its 680 M-47 tanks during the war.³⁹⁰ In January, when the same General Toufanian who had arranged the CF-86 deal visited Canada, another permit worth \$5 million was requested at External Affairs.³⁹¹

Although initially suspicious about the transfer, reports from the United States resulted in a reconsideration of Ottawa's position. External Affairs learned that the US State Department had received similar permits from affiliate Levy Auto Parts USA for similar parts to Iran. After initially agreeing with Canadian authorities that the requests were odd, they changed their minds in light of a recommendation from the Pentagon that Iran's needs for M-47 engines and spare parts was real while their tank battalions were being upgraded to the M-60.³⁹² The State Department also informed Canada that written assurances were being provided by the Iranian government of end use. The Canadian government demanded that the Iranian government provide the same written assurances

³⁸⁹ Levy Auto Parts was a Toronto scrap and industrial surplus company that often exported military equipment to foreign countries.

³⁹⁰ LAC, RG 20 Volume 1657, File 20-242-I5, part 1, External to Washdc, NOV19/65

³⁹¹ The second request, pursued by General Toufanian was also placed through Levy Auto Parts. Interestingly, the General approached Ottawa officially and asked if Canada would be willing to provide arms on a more generous basis through military aid to Iran. External Affairs, rejected this proposal because of "political factors". See LAC, RG 20 Volume 1657, File 20-242-I5, part 1, Ext Ott to Tehran, JAN28/66

³⁹² LAC, RG 20 Volume 1657, File 20-242-I5, part 1, Waxdc to External, DEC13/65

that the tank engines and spares were for their armed forces. It received such a guarantee from the Iranian embassy on February 10th.³⁹³

Months later, Canada received the first signs that it might have been deceived by Iran. In particular, two requests for Canadian material tipped off External Affairs. Firstly, the Italian government had approached External Affairs asking for permission to provide Iran with Canadian military aid-supplied 25 pounder howitzers. Secondly, Iran asked Levy Auto Parts to approach Canadian Arsenals to see if 50 million rounds of .303 rifle ammunition was available for purchase. This was a curious request, since the Imperial Iranian Army (IIA) did not have any Enfield rifles in its inventory. Iran, it was increasingly suspected, was, "shopping on behalf of another country", most likely Pakistan.³⁹⁴ However, there was still had no concrete evidence that Iran had actually transferred anything to Pakistan. The embassy in Washington was instructed to approach the State Department and ask if they had any suspicions about the transfers they had approved to Iran. The response from the State Department's Chief of Iranian Affairs was transmitted back to Headquarters by telegram on March 23, 1966:

Crawford State Dept Officer in charge of Iranian Affairs told us this week that there had been reliable intelligence info that Iran had provided arms to Pak during Indo-Pak hostilities last autumn. USA did not rpt not have incontrovertible evidence that Iranians had been making arms purchases on behalf of Pak since that time but it was possible to make quote informed conjecture unquote that they had in fact made such purchases. There had for instance been some curious financial arrangements between Iran and Pak which pointed in this direction. Crawford said frankly however that USA authorities had not rpt not tried to follow up such evidence as was available. It was recognized that India had access to Soviet arms supplies and that Pak was obliged to shop around for its requirements; USA did not rpt not wish to place too much of an obstacle in face of these Pak efforts particularly now that USA had partially relaxed its own arms

³⁹³ See marginalia comments on LAC, RG 20 Volume 1657, File 20-242-15, part 1, , Ext Ott to Tehran, JAN28/66

³⁹⁴ LAC, RG 20 Volume 1657, File 20-242-15, part 1, External to Washdc, MAR15/66

embargo on sales to India and Pak to extent that sale of quote non-lethal unquote was authorized.³⁹⁵

The unknown Canadian interviewer of the State Department official concluded that the United States was now willing to turn “a blind eye” on Iranian equipment bound for Pakistan. It remained to be seen how External Affairs would react to contraventions of its sales agreements.

In July, the first reports about a potential violation came to the attention of External Affairs, from the Soviet Military Advisor in Pakistan, who had learned through the Russian Secret Service that the planes sent to Iran were being spotted in Pakistan.³⁹⁶ The Canadians immediately demanded an explanation from a defensive German Foreign Office. They explained that Iran had sent the planes to Pakistan for “repairs”, and that Germany had received assurances that Iran would be getting them back soon enough. When the Canadian Ambassador pressed the Trade Officer responsible for the transfer to demand the planes be returned immediately with no exceptions, he retorted:

At beginning of interview Von Hardenberg explained that he saw no rpt no reason why aircraft should not rpt not go to Pak since USA, UK and USSR are supplying aircraft to India and USA is also releasing aircraft to Pak. He said original objections to delivering aircraft to Pak no rpt no longer seem valid.³⁹⁷

The High Commissioner in Pakistan also reported that, if the Russian reports were true, then Canada had been misled by West Germany, Iran, and Pakistan, and had to respond diplomatically to ensure its “reputation.” Not only would the transfer complicate relations with India when that country discovered the planes but the High Commissioner in Pakistan felt that Canada would not “gain in respect here nor will we further our interests if we reveal a weakness or lack of moral courage (if we can be easily put off

³⁹⁵ LAC, RG 20 Volume 1657, File 20-242-15, part 1, Washdc to External, MAR23/66

³⁹⁶ LAC, RG 49 Volume 810, File IPB.6836-305/00, part 3, Bonn to Externl, JUL13/66

³⁹⁷ LAC, RG 20 Volume 1657, File 20-242-15, part 1, Bonn to Externl, JUL13/66

regarding aircraft why not... regarding the nuclear safeguards agreement?).”³⁹⁸ The Germans, he believed, had colluded with the two countries because Pakistan was one of the few countries in the world that had faithfully maintained a policy of “no truck or trade” with East Germany. The United States, although not directly involved, remained willing to ignore such transfers as long as military spending on arms in the subcontinent did not change from a 4:1 ratio for India to Pakistan.³⁹⁹ Despite this behaviour from her allies, Canada was not willing to sit idly by and tolerate the transfer.

A few weeks later the rumours of the airplanes’ whereabouts reached the Indian and Canadian press, and angry denunciations of West German, Iranian and Canadian involvement were made in the *Lok Sabha*.⁴⁰⁰ Canada came under some pressure from the Indian government to do something about the alleged Iran-Pakistan collusion. Paul Martin decided to press the Germans alone on the issue, considering any official complaint to Karachi or Tehran unwise, especially when their German allies could be pressured into doing the “right thing” while Iran and Pakistan might take offense, potentially affecting Canada’s (and the West’s) relations with those countries. In any case, Canada’s legal agreement to transfer the planes had been with West Germany, making it the proper object of diplomacy.⁴⁰¹ In writing, he demanded that the Germans conduct a full investigation and inform Canada on the disposition of the planes in Pakistan, and actively obtain assurances from Iran about their return.⁴⁰²

³⁹⁸ LAC, RG 20 Volume 1657, File 20-242-15, part 1, Rpn di to Externl, JUL13/66

³⁹⁹ LAC, RG 20 Volume 1657, File 20-242-15, part 1, Rpn di to Externl, JUL13/66

⁴⁰⁰ “Canada asks how planes sold to Bonn would up in Pakistan -- via Iran”, *Toronto Daily Star*, August 8, 1966, p. 1 The *Lok Sabha* is India’s House of Commons

⁴⁰¹ LAC, RG 20 Volume 1657, File 20-242-15, part 1, Externl to Bonn, MAR23/67

⁴⁰² LAC, RG 49 Volume 810, File IPB.6836-305/00, part 3, Martin to Bonn, AUG10/66

After further investigation, the Ambassador in Bonn put together a working theory on why the German Foreign Office could have allowed this to happen. He surmised that the Foreign Office had come under pressure from the Germany Ministry of Defence to get rid of surplus stock. Because Canada had earlier rejected efforts of Canada to ship the planes to Portugal, Germany needed to find a client that would provide a bona fide requirement for the planes so that Canada would be put into a situation where the planes had to be transferred or the “good faith” of the Federal Republic of Germany and the Iranian Shah would be challenged.⁴⁰³ The ambassador concluded that the Foreign Office was not involved in any “Machiavellian” schemes and that, although a certain degree of “malice” had been evident in their dealings, they might instead have been victims of pressure from their own Defence Ministry, or as American State Department Officials believed “certain German politicians.”⁴⁰⁴

In late August, External Affairs received a report from Germany which stated that the planes could now be found in airbases all over Pakistan. If they were in Pakistan for repair, there were a large number of them that were conspicuously avoiding the one repair facility for the F86 that Pakistan had near Karachi. Despite the strain that this issue had caused between the two countries, West Germany still hoped that Canada would approve the further resale of 50 additional surplus CF86s to Iran, and sent this request through the Canadian ambassador in Bonn.⁴⁰⁵ Understandably, Canada rejected the request and Ottawa continued to demand that the Germans press Tehran to have the planes returned to Iranian soil, and that their Military Adviser in Iran make regular

⁴⁰³ LAC, RG 49 Volume 810, File IPB.6836-305/00, part 3, Bonn to Externl, AUG11/66

⁴⁰⁴ LAC, RG 20 Volume 1657, File 20-242-15, part 1, Washdc to Externl, AUG4/66

⁴⁰⁵ “Expect Bonn to ask for Ottawa permit to sell more Sabres,” *Globe and Mail*, August 17, 1966, p.1

inspection visits to ensure that the planes remained in the country.⁴⁰⁶ Iran finally relented and informed the Indian government that the planes were being brought back. The Indian Ambassador in Bonn, who had been following Canada's efforts to have the planes returned, thanked the Canadian government on September 23rd for staying the course.⁴⁰⁷

But things were not as they seemed. Although the story was no longer in the media, the planes were not really returned. Instead, a complex game of cross border movements began, with sightings in airbases all over Iran and Pakistan. When Canada again complained to the Germans about their promise to monitor the planes, a defensive Foreign Office replied that such observations were impossible to undertake in a country like Iran, not only because it was a very large country with bases spread throughout, but because in each instance the German Foreign Office would have to get permission from the government in Tehran to observe facilities. The Iranians could easily evade such a system by simply preparing sites beforehand and bringing any planes in Pakistan back for observation.

Moreover, the Germans argued that India had significantly reduced its complaints about the planes being in Pakistan. In March 1967, when the Shah was visiting Pakistan, CF86s were part of the fly-past in his honour. The Germans noted that this had resulted in no official complaint from the Indian government. The Foreign Officer responsible for South Asia speculated that the lack of complaint from India may have resulted from the recent 240 Million Mark Aid Consortium contribution.⁴⁰⁸ The Indian Foreign Minister

⁴⁰⁶ LAC, RG 49 Volume 810, File IPB.6836-305/00, part 3, Martin to Bonn, AUG23/66

⁴⁰⁷ LAC, RG 49 Volume 810, File IPB.6836-305/00, part 3, Bonn to Externl, SEP26/66

⁴⁰⁸ LAC, RG 20 Volume 1657, File 20-242-15, part 1, Exterl to Bonn, MAR23/67

remarked at a press conference in Tehran on April 19 that the matter was closed as far as his government was concerned.⁴⁰⁹

Nonetheless, Martin remained unhappy, and so did the High Commissioner in India, who believed that, although Indian complaints had died down, the recent reconvening of the *Lok Sabha* could result in more bad publicity for Canada if they did not act strongly in Bonn or Tehran.⁴¹⁰ Two options for action remained. External Affairs could pursue the matter with the Germans through a formal request, or a direct approach to the Iranians could be made. Both methods were fraught with difficulties. Canada did not want to put the German Ministry of Defence in a position where they would have to deny enforcing the Canadian request, especially now that the Indians were no longer complaining about the aircraft. It was believed that this would negatively affect their military relationship with Germany, an undesirable outcome with a NATO ally.⁴¹¹ The only other option remained that Canada make a direct approach to the Iranian government, something it was not excited about because the original agreement had been made with Germany and Canada had never discussed the matter with Iran.

Coincidentally, it was in the spring of 1967 that Canada received a request for a state visit from the Shah. The Shah was going on a general tour of the West and would be stopping in Germany before his arrival in Ottawa on June 8th. The great danger in bringing up the issue directly with the Shah was that he would feel that his guarantee to the German government was being disputed and that this could be seen as an insult. At a time when the Western world was wary of the Shah's disavowal of CENTO and frequent speeches about "balancing" relations with the Soviet Union and the United States, it

⁴⁰⁹ LAC, RG 20 Volume 1657, File 20-242-I5, part 1, Teran to Exterl, APR27/67

⁴¹⁰ LAC, RG 20 Volume 1657, File 20-242-I5, part 1, Delhi to Exterl, APR5/67

⁴¹¹ LAC, RG 20 Volume 1657, File 20-242-I5, part 1, Exterl to Bonn, MAR23/67

would not seem politically expedient to bring up something that could further alienate one of the most powerful states in the Middle East. The Ambassador in Tehran, therefore, suggested that it was not in Canada's interest to raise the matter aggressively when the Shah came to Canada.⁴¹² The issue was so sensitive to External Affairs, that even when the Iranian Foreign Minister protested the decision to not supply any more arms to Iran of a significant nature, the Canadian Ambassador in Tehran did not mention that the rejection was based on the fact that Canada suspected Iran of "acting as purchasing agent" for Pakistan.⁴¹³

Incapable of further action, Canada reluctantly dropped the issue, and the planes were eventually integrated into the PAF.⁴¹⁴ In the long run, all Canada could really do was to continue to deny the shipment of offensive equipment to the subcontinent, extend the embargo to Iran, and restrict the movement of Canadian-manufactured German surplus equipment.⁴¹⁵ Canada went on with this unilateral policy despite the fact that none of her allies were willing to impose similar restrictions. In 1967 alone, this policy and the continued reluctance of External Affairs to allow the sale of equipment to Iran resulted in the loss of sales of 8 million dollars worth of tank parts, and 80 million dollars worth of tanks – all of which the Levy Auto Part Company was hoping to sell to Iran.⁴¹⁶

⁴¹² LAC, RG 20 Volume 1657, File 20-242-I5, part 1, Teran to Exterl, APR12/67

⁴¹³ LAC, RG 20 Volume 1657, File 20-242-I5, part 1, Teran to Exterl, APR8/67

⁴¹⁴ "Ayub gives the U.S. a new basic problem," *Globe and Mail*, May 5, 1968, p. 9

⁴¹⁵ West Germany eventually attempted to sell remaining CF86s to a British company called Hildeah. Martin was willing to approve the sale because he thought it would take the arms out of the German MoD and put them into hands of UK government. See LAC, RG 20 Volume 1657, File 20-242-I5, part 1, Martin to Washdc, May8/67

However, it would appear that the State Department withheld approval because it was believed that the UK Foreign Office was being dominated by the Board of Trade in matters of arms sales. See LAC, RG 20 Volume 1657, File 20-242-I5, part 1, Ldn to Exterl, MAY15/67

⁴¹⁶ LAC, RG 20 Volume 1657, File 20-242-I5, part 1, Exter to Washdc, SEP19/67

That year also saw requests for a large shipment of M-42 LAW rocket launchers from Iran, but these were rejected because of the potential for diversion as well.⁴¹⁷

The Pakistani request for spare parts

Even though Canada had publicly condemned the transfer of aircraft from Iran and forbidden the sale of weapons with significant offensive characteristics to that country, Pakistan was still hopeful that spare parts for the new planes would be forthcoming from Canada. Just as External Affairs officials were putting the heat on West Germany to have the planes in Pakistan returned to Iran, permit applications came from two separate sources to the Minister of Trade and Commerce. One was from a company called Maritime Aircraft Overhaul and Repair Ltd. It asked for permission to transfer \$1,072,850 worth of F86 aircraft parts to Nappier Barracks in Pakistan over a period of two years.⁴¹⁸ The other was from Orenda, the exclusive maker of the engines required by the CF-86 Mark VIs, which put in a permit request for 2 million dollars worth of engine parts and replacements.⁴¹⁹ Canadian officials saw this particular transaction for what it really was – an attempt by Pakistan to get spare parts for the plane that it had illicitly acquired from Iran.⁴²⁰

Incidentally, the Canadian armed forces were busy phasing out the remaining Sabres from their own inventory. CFB Chatham was the last base left with Sabres, striking them off strength on December 31, 1968. When the phase out took place, DND

⁴¹⁷ LAC, RG 49 Volume 810, File IPB.6836-305/00, part 3, Under-Secretary of State for External Affairs to Deputy Minister of Defence Production, January 4, 1967

⁴¹⁸ LAC, RG 25 Volume 10055, File 20-1-2-PAK, part 2, "Application No. 509967," September 9, 1966

⁴¹⁹ LAC, RG 2 Volume 6329, File 853-67, Martin, "Memorandum to the Cabinet," November 29, 1967

⁴²⁰ LAC, RG 25 Volume 10055, File 20-1-2-PAK, part 2, Seaborn to Economic Division, 14 September 1966

was left with 70 Sabres and 89 Orenda engines.⁴²¹ The Department was interested in clearing their inventory of planes parts and considered Pakistan a “potential customer”, subject to political approval from External Affairs.⁴²² When advice from External Affairs was sought for these potential transactions, the response was decidedly negative. Since Cabinet had not removed its embargo on lethal spare parts to the subcontinent, External Affairs could hardly approve such requests. Aside from this legal consideration, there was considerable animosity because of the collusion that Iran and Pakistan had engaged in, and also because diplomats were reluctant to undermine “broad policy regarding areas of tension.”⁴²³ The decision to deny spare parts to Pakistan for the illicit planes was consistent with the rejection of West Germany’s request to transfer more of the planes to Iran.⁴²⁴

Here the matter rested until the United States lifted its embargo on lethal spares to the subcontinent in early April of 1967.⁴²⁵ Proponents of removing Canada’s own ban on lethal parts in Economic Division and the Department of Trade and Commerce then recommended that a change in Canadian policy also take place. They pointed out four reasons for doing so. The first was that the removal of the ban would encourage both countries to continue purchasing and maintaining American and British equipment, rather than looking to China and the USSR to purchase new equipment at much greater prices to themselves, adversely affecting the already scarce foreign exchange reserves of India and Pakistan. The second was that, with the change in US policy, firms in that country were

⁴²¹ LAC, RG 24 Acc. 1983-84/167, Volume 8038, File HG-5-115-OCJ-1, “Memorandum,” 17 Apr 68

⁴²² LAC, RG 49 Volume 811, File IPB-6838-305/00, part 5, Janigan to Reynolds, December 2, 1968

⁴²³ LAC, RG 25 Volume 10055, File 20-1-2-PAK, part 2, Seaborn to Rpdni, 19 SEP 66

⁴²⁴ LAC, RG 49 Volume 810, File IPB.6836-305/00, part 3, Martin to Bonn, AUG23/66

⁴²⁵ Canada was the last major supplier to the subcontinent to lift its embargo. Previously the United Kingdom, Sweden, France, Germany, and finally the United States had all lifted their embargos.

now exporting parts that were also produced in Canada. The continuing refusal of the government to allow Canadian firms to export such parts was prejudicial because they were being denied sales opportunities afforded to others adversely affecting Canadian employment. The third was that the current policy made relations with West Germany and Iran extremely difficult because any country which risked diversion to Pakistan for items such as the CF-86 or tank parts would have to become *persona non grata* to Canadian authorities. Finally, it was argued that Canadian officials found it much easier to ban and control unit items as opposed to spare parts, because the latter often confounded definitions of what constituted “significant offensive characteristics”.⁴²⁶

In response to these arguments the proponents of maintaining a ban, the Commonwealth and Disarmament Divisions accepted the first point but rejected the others. Stuart Beattie, who prepared the Commonwealth Division response in a memorandum on July 11, 1967, pointed out the second argument was faulty because the employment opportunities afforded by transactions of lethal spares were quite limited. Indeed, he argued that the business dealings of Levy Auto parts were not looked upon favourably in the government. He also suggested that no firms had actually complained about the lack of change in the Canadian ban to date. Finally, he acknowledged that the issue of the CF-86 and tank spare parts had complicated the relationship with West Germany and Iran, but pointed out that, if Canada were to allow such sales it would be “embarrassed.” It would also undermine US efforts in the region to reduce the military budgets of both Pakistan and India. The United States was reviewing the supply of lethal spare parts to both countries on a case by case basis, and, for now, even though their embargo was officially lifted, had withheld parts in the hope that this could be used as a

⁴²⁶ An example of this confusion would be dual use items such as air navigational equipment.

“lever” in disarmament negotiations. Allowing Levy Exports to export US tank spares, which had been brought across the border with no controls, would upset American officials. Beattie did, however, concede that a “loop hole” could be created by allowing the Secretary of State for External Affairs to make an exception to the embargo, but that the following factors should guide such a move:

Each such case would have to be examined on its merits, taking into account (1) the views of the U.S. Government, (2) whether the export of the equipment would reduce the chances of Pakistan or India’s purchasing new units of equipment, and (3) the domestic economic considerations of employment and so on.⁴²⁷

On October 31, 1967, Cabinet examined the issue of the embargo. At least one factor in opposition to the lifting of the ban was no longer operative. American attempts at controlling the military budgets of India and Pakistan had somewhat failed, largely because the US was not able to get Western military suppliers to agree to controlling their sales to the region and, according to officials at External Affairs, because the US demarches were made too close to the date of the budget.⁴²⁸ But more importantly, Paul Martin believed that Canadian policy was becoming anachronistic, and falling out of line with the policies of other Western states which carried some danger. After the United States dropped its ban, the Pakistanis began pressuring Canada, claiming that the policy was too restrictive and worked against them because India had always possessed more manufacturing capability than them.⁴²⁹ Trade and Commerce pointed out that, while Indian and Pakistani expenditures on armaments was deplorable the volume of Canadian

⁴²⁷ LAC, RG 25 Volume 10836, File 20-1-2-PAK, part 2, Beattie to Campbell, July 11, 1967

⁴²⁸ LAC, RG 25 Volume 10055, File 20-1-2-PAK, part 2, Cadieux to Minister, May 16, 1967

⁴²⁹ LAC, RG 25 Volume 10055, File 20-1-2-PAK, part 2, Rpnidi to Exterl, APR19/67

exports was so minimal that there was now no risk of harming the balance of power between them.⁴³⁰

When Cabinet met, the Secretary of State for External Affairs asked that a change in the embargo take place. The change was necessary “if Canadian exporters were not to be prejudiced as a result of being subjected to more stringent rules than applied to their counterparts in the United States and the United Kingdom.” He noted that, in the last few months, at least one unnamed manufacturer had complained to the government that the continuing policy of restriction was allowing foreign competitors an unfair advantage. The thrust of his argument, however, was that Canadian interests were served by selling lethal spare parts to India and Pakistan for Western equipment they already possessed. He pointed out that if Canada did not do this, then either country would be forced to approach the USSR or China for newer equipment that could alter the balance of power in the subcontinent, and put another drain on their fragile post-war economies. The policy change would also remove the “irritant” of Iran-Pakistan collusion from Canadian policy because the Pakistanis would be able to legally acquire spare parts for the CF-86.⁴³¹

The change, however, had some restrictions. The ban on “offensive” unit items remained in place. It was also decided that the Secretary of State for External Affairs, with the concurrence of the Minister of National Defence, would have the final say on any lethal parts transactions valued at over \$10,000. Additionally, Cabinet had the power to review the policy if “the total amount of such exports to one country should become disproportionate to the total amount of such exports to the other, bearing in mind the

⁴³⁰ LAC, RG 19 Volume 4930, File 8382/I 39-1, part 2, Hockin to Minister, October 30, 1967

⁴³¹ LAC, RG 19 Volume 4930, File 8382/I 39-1, part 2, “Memorandum to Cabinet,” October 24, 1967

nature and value of the equipment as well as the proportionate strength of the military forces of each country and the export policies of other countries.”⁴³²

It was only a matter of time before the permit applications that were received in September 1966 would be reopened to examination under the new policy. In late November, a memorandum to Cabinet was drafted by Martin to address the issue of the Orenda application. In outlining the complexities of the application, he addressed Cabinet in the familiar way of presenting the potential benefits and hazards of the decision. On the negative side he noted:

When the Canadian origin F-86 aircraft sold by Germany to Iran in 1965 were subsequently transferred de facto, if not de jure, to Pakistan (in spite of prior assurances from Iran to the contrary) Canada made repeated representations to the Government of Germany expressing strong reservations concerning the whole transaction. The grant of a permit for engines for these aircraft might therefore expose the Government to ridicule for seeming to acknowledge and profit from the de facto transfer to which it had objected.

The other main factor against the transfer remained that India, under the best of circumstances, would find the spare parts provision difficult to accept. But there were positive aspects to the sale as well. The British and Americans had already dropped their embargos long before Canada did, and so it was extremely unlikely that Canada's main allies would object to such a sale. The aircraft parts were worth 1.5-2 million dollars and represented 400 man months of work to Orenda. The company had told the government that allowing the sale would materially support its general gas turbine programme in Canada and abroad.

There also remained strategic arguments that had remained fairly consistent since the end of the war in Kashmir:

⁴³² LAC, RG 2 Series A-5-a Volume 6321, October 31, 1967 Cabinet Conclusion, “Export of Military Equipment to India and Pakistan”

Even if the aircraft are only nominally part of the Iranian Air Force and are in fact available for use by the Pakistan Air Force, it is in the general Western interest (and also Indian interest) for Pakistan to obtain necessary spare parts from Western nations to maintain existing military equipment rather than to obtain new replacement equipment from other sources, such as China. Further, as the present restrictions on arms shipments to the sub-continent work in favour of India which possesses indigenous defence production facilities superior to those in Pakistan and more diversified foreign sources of supply, spare parts support of these F-86 aircraft would, in effect, help maintain the balance of power between India and Pakistan.

Providing the parts to Pakistan would do more than help it remain reliant on Western sources at a time when China was providing military assistance to Pakistan on a large scale. It would also ensure that "Canada could possibly exercise some restraining influence on Pakistani policies in the event of deteriorating relations with India, because of the ability to cut off further supply which could be vital to the operational use of such aircraft."

Martin foresaw a difficult decision ahead for Cabinet, and remained hesitant about the transaction:

Given the complexity of the situation, it is difficult to make a recommendation regarding this export permit application. The grant of a permit per se could be seen to be in the general Western interest and would be of considerable benefit to a Canadian company and to the Canadian aircraft industry generally; on the other hand, it would be criticized by India and it might be difficult to reconcile publicly with the representations we are known to have made to the Germans about the sale of the F-86 aircraft to Iran.⁴³³

A month later, on January 10, 1968, Cabinet addressed the issue. In the final days of the Lester B. Pearson government, Cabinet decided that the transaction would be allowed. Martin, also acting as Prime Minister at this meeting, was opposed to the deal because of concerns about selling to an area "where tension existed." Other departments, however, "had strong arguments in favour of the sale." It seems that the Minister of Industry, C.M.

⁴³³ LAC, RG 2 Volume 6329, File 853-67, Martin, "Memorandum to the Cabinet," November 29, 1967

Drury, carried the day. He argued that, if Canada refused the permit, it “could seriously damage Canada’s reputation for reliability in servicing aircraft it sold.” Cabinet agreed to the export of the parts to Pakistan, “ostensibly” for the repair of aircraft for the Iranian Air Force.⁴³⁴ Although this transaction was allowed, the Cabinet decision did not alter the intention of the Secretary of State for External Affairs to continue to stop shipments of “significant military equipment” from Canada to Iran because of the continuing risk of diverting more Canadian equipment to Pakistan. That policy continued for about a year, before even this blanket restriction was dropped, although External Affairs continued to advise other departments that a precondition to all sales to Iran was that “reasonable grounds” had to exist for believing that the equipment would remain in that country.⁴³⁵

Orenda was allowed to proceed with its permit and provided Pakistan with parts until June 1970. In that time, the PAF spent nearly \$3.5 million dollars overhauling and refitting the engines of the 90 CF-86s. Despite now being fully integrated into the PAF, the planes were still officially listed with the Iranian Air Force.⁴³⁶ Events in 1971, however, would change even this formality.

The Sabre Mark VI goes to war

Pakistan’s return to representative democracy in 1971 did not bring any semblance of normalcy to the relationship between Pakistan’s two wings. When elections were held on December 7, 1970, a frustrated East Pakistani electorate voted in 160 out of 162 seats for the strongly autonomist Awami League Party, led by Sheikh

⁴³⁴ LAC, RG 2 Series A-5-a Volume 6338, January 10, 1968 Cabinet Conclusion, “Export To Pakistan Of Canadian Parts For F-86 Combat Aircraft”

⁴³⁵ LAC, RG 49 Volume 811, File IPB-6836-305/00, part 6, “Summary of Canadian Policy on the Sale of Defense Equipment in the Middle East” circa 1969.

⁴³⁶ LAC, RG 25 Volume 9801, MF 4009, “Visit of Prime Minister Trudeau to Pakistan,” January 1971

Mujibur Rehman. The most successful party in the West, Bhutto's People's Party, captured only 82 seats out of a possible 138 in that region, coming in second overall.⁴³⁷ This also meant that the Awami party commanded an absolute majority in the national assembly. The President of Pakistan, General Yahya Khan, declared that a new constitution and national assembly would meet in Dacca on March 3, 1971. In most other countries, this would have meant that the Awami League could form the next government and put through its platform of political and economic reforms. But Pakistan was a deeply divided society – physically, culturally and in the mindset of its leaders. Instead of accepting the results of the election with good grace, Bhutto declared that his party would not sit in the assembly meeting and asked that it be postponed while the President set up a constitution for the country. On March 1, 1971, Yahya Khan accepted this request.

East Pakistan went into a wave of violent protest with strikes and demonstrations across the province. Martial law was declared and the army took control of state. Even after Shiekh Rehman worked out a compromise solution with Yahya Khan and Bhutto, the protests continued and the government of Pakistan refused to withdraw the army in East Pakistan. On March 15, Sheikh Rehman announced that he was taking over the administration of East Pakistan. The demand for separation on the streets increased. Claiming that the law and order situation in East Pakistan had become intolerable, President Yahya allowed the army to take over the functions of the state.

So began Pakistan's bloody civil war. In the suppression of the revolt in East Pakistan by the armed services, it is estimated that over five million refugees fled the

⁴³⁷ Singhal, p. 192

country into neighbouring India.⁴³⁸ Many returned with the assistance of the Indians as members of the *Mukhti Bahini* (Liberation Army) to mount an insurgency in East Pakistan. India did not remain passive for long. For most of the summer of 1971, India prepared for war with Pakistan. After amassing troops along the border throughout November, Pakistan launched air strikes against India on November 3, 1971. Despite widespread international condemnation, Prime Minister Indira Gandhi gave the Indian army the go ahead to invade East Pakistan and 10 days later the Pakistani army surrendered in Dacca.⁴³⁹

The story in West Pakistan was different. There, as in 1965, a stalemate quickly developed. During the war the Canadian Sabre formed the backbone of Pakistan's air defence network. It was the primary day fighter and faced off against much larger numbers of IAF fighters, including the advanced MIG-21. Statistics from the Pakistani Air Force claimed 141 kills, the majority by Sabre VI pilots and only 24 F86 losses.⁴⁴⁰

The end of an era

In March of 1971, when martial law was declared in East Pakistan, Canada did not react immediately with an arms embargo. There was first a partial embargo on lethal equipment in July that was placed on the entire subcontinent, guaranteeing that no new Pakistani request for Sabre spare parts could be fulfilled. As former High Commissioner to Pakistan, C.J. Small, recalls, this resulted in Canada having a "substantially lowered

⁴³⁸ Kux, p. 193

⁴³⁹ *Ibid.*, p. 200-201

⁴⁴⁰ Gwen Kerr, "Pakistan Air Force - The Canadair Sabre Goes to War," available at <http://www.pakdef.info/pakmilitary/airforce/ac/sabre.html> (3 January 2003)

popularity in Pakistan in both official and other circles.”⁴⁴¹ When the war actually began in December 1971, Canada placed a full embargo on all military equipment. This embargo would last until March 6, 1973, and even when it was removed, it would not appear that Canada ever authorized the sale of offensive equipment or lethal spare parts to the subcontinent.⁴⁴² Instead, the Canadian government only took opportunities to promote non-offensive military systems in the subcontinent.⁴⁴³ Since then no major transfers of armaments to the subcontinent have been publicly acknowledged.

⁴⁴¹ John Small, “From Pakistan to Bangladesh 1969-1972: Perspective of a Canadian Envoy,” in *“Special Trust and Confidence”: Envoy Essays in Canadian Diplomacy*, ed. David Reece (Ottawa: Carleton University Press, 1996), p. 228

⁴⁴² LAC, RG 20 Volume 500, File 74/712-Indi, part 1, “India/Canada Defence Trade,” May 30, 1973

⁴⁴³ A popular legend in the Canadian military relates to what allegedly happened to the HMS Bonaventure after it was retired in 1969. Before being scrapped in Taiwan the ship allegedly met up with her sister carrier the INS Vikrant and the two ships were quietly exchanged before the Vikrant was scrapped. This would have been a major violation of Canada’s arms sales policy at the time, and no concrete evidence was discovered in Canadian arms sales files to substantiate this rumour.

Conclusion

In the spring of 1953, Lester Pearson addressed a town hall in New York on Canada's international relations. The speech touched on different aspects of Canadian diplomacy in the post-war period, and had this to say about the failure of the international system after the Second World War:

In 1945, from the rubble and destruction of World War II, there emerged a great hope and a great principle. The hope was that through the United Nations we might succeed, in the words of the Charter, "in saving succeeding generations from the scourge of war which twice in our lifetime has brought untold sorrow to mankind.

Canada's support for the United Nations at that time, and her support now, is based on the principle that aggression could only be prevented or defeated through the organization of collective security. That principle was right in 1945, and it is right today. But we - and others - were gradually forced, through our experience of the events of 1945, '46 and '47, to recognize that the unanimity of the Great Powers on which the prospect of collective security through United Nations action was originally planned had yielded to mistrust and then to deep hostility. Instead of the peace for which we so earnestly hoped, we felt the icy breath of the 'cold war.'⁴⁴⁴

After the war, Canadian diplomats, optimistic and perhaps a bit naive, believed in the possibility of an international system that would be able to control the spread of weapons and reduce militarism. They took some steps to curtail their participation in the international trade in armaments. Although suspicious of Soviet intentions in Europe and elsewhere, they still believed that the United Nations would provide member states with some degree of security. When it became obvious that this strategy had failed, and that Canada's geopolitical interests would be served by selling weapons abroad, External Affairs cautiously began to authorize sales to foreign governments. They were supported in this decision by the Department of National Defence, which believed that parts of Canada's war production facilities, Canadian Arsenals Inc. in particular, had to be

⁴⁴⁴ Lester B. Pearson, "The International Situation," in *Canada: Nation on the March*, comp. Henry T. Heald and H.L. Enman (Toronto: Clarke, Irwin & Company, 1953), p. 6

maintained in order to produce equipment for Allied action in the case of war with the Soviet Union. By 1948, the need for increased foreign trade of all kinds, including armaments, to balance off the dollar deficit with the United States, also made selling arms attractive for members of Cabinet and officials at External Affairs. In the specific case of South Asia, Cabinet debates over the period between 1948 and 1971, indicate an interest in some of these economic incentives, including balance of payments and creating employment.⁴⁴⁵ In this sense, the existing literature is correct to argue that arms sales were designed with economic and industrial goals in mind.

The closely related strategic argument that armaments exports were necessary to ensure that Canada, a “second tier” state, could maintain an independent arms manufacturing capacity was also a factor in thinking throughout the federal government, and especially in the Department of National Defence. But in the case of South Asia, the government had a mixed record in assisting private and public businesses that were trying to establish long term sales in India and Pakistan. Although sales of DeHavilland products had been taking place in the subcontinent for some years, after the China-India border war in 1962, Canada did much to assist selling DeHavilland products to India, but it refused to provide the full complement of Caribou transport planes India wanted and that DeHavilland believed was necessary to the future viability of the new and more advanced line of Buffalo transports. Canadair, maker of the CL-44, a line of aircraft that was failing on the world market, could also have benefited from financing arrangements in a sale to Pakistan in 1963. Government interest in assisting Pakistan was evident, but when given the opportunity to finance the sale to satisfy Pakistan International Airlines, Canada did not save the transaction. Levy Auto Parts, a company disliked in some

⁴⁴⁵ Regehr, *Arms Canada*, p. 8

quarters of External Affairs for its shady cross-border dealings, was also prevented from selling spare parts for tanks to Iran or Pakistan after the CF-86 fiasco, a move that considerably affected the fortunes of that company. Canadian Arsenal, a publicly owned corporation, which had benefited tremendously from the 1948 arms sales approval by Cabinet to India and Pakistan, fared no better when Indian requests for an ammunition factory in 1963 were turned down by External Affairs. When pressed to assist the aerospace sector market weapons systems throughout the Third World, including South Asia, the Department of External Affairs also resisted attempts to politicize their Trade Commissions.

Yet, Ernie Regehr can argue, “Canadian military exports are not premised on extensive strategic objectives...it has never been Canada’s vocation to be an international supplier of arms in a kind of global strategic management exercise.”⁴⁴⁶ This thesis questions the assumption that the motivation for the arms trade was limited to crass economic motives and ensuring an independent arms production capacity in the case of South Asia.

In that region, Cold War political and strategic issues helped drive arms sales. In 1948, when none of her allies were capable of providing equipment to India or Pakistan, Canada stepped forward to fill the gap left by the decline of the British empire. Canadian diplomats believed that arms for friendly Asian countries could strengthen the relationship of those states with the “West” instead of the Soviet Union. The provision of such arms would also mean that the standing armies of India and Pakistan would be able to defend themselves against any possible internal or external Communist aggression. Making arms available to friendly Asian countries like Pakistan would also ensure that

⁴⁴⁶ Regehr, *Arms Canada*, p. 209

crucial airbases and intelligence facilities would be available for the use of Western countries in peace and war.

Escott Reid's concept of the "special relationship" between India and Canada should also be approached with more caution. Based on the size and volume of arms sales to Pakistan, it would seem difficult to still believe that Canada and India could have had a "special relationship" in the years 1947-1957. This is not to suggest that Canada considered Pakistan more important than India. Indeed, in other arenas of Canadian foreign policy, such as Korea, Suez and Southeast Asia, relations with India were of supreme importance. Rather, the Cold War perceptions held by policy makers such as Secretary of State for External Affairs Lester Pearson and General Charles Foulkes were initially in line with the United States, the United Kingdom and Pakistani views of the Soviet Union and Communist China. Neutralist India, on the other hand, did not share the Western world's belief that collective security was the best way to confront the Soviet Union.

After the border war in 1962, the views of Canada, her allies and India converged over Chinese expansionism in the subcontinent. Providing arms to India to contain Chinese aggression became an important goal to Canadian policymakers. A few years later, when it was feared that Pakistani leaders were allying themselves strongly with an isolated and unpredictable China, Canada allowed spare parts to go to Pakistan for the CF-86 in the hope that some Western influence in the subcontinent could be maintained.

Canadians accepted that India and Pakistan had legitimate armament needs because they faced internal and external threats to their security, but they were also fearful that such arms could be used in aggression between India and Pakistan, especially

in the simmering dispute over Kashmir. In order to minimize the possibility of warfare, Canadian diplomats felt that any arms sales made to the area would have to meet the criteria of not upsetting the balance of power between India and Pakistan. Ensuring that arms sold to either India or Pakistan could not make one country capable of defeating the other in a war, it was believed, would deter both sides from aggressive action. If a war did take place, Canada acting in concert with her allies, would be able to use spare parts diplomacy to bring back peace to the region quickly.

Between 1948 and 1971, Canada had significant relationships with both India and Pakistan based on Commonwealth ties and mutual diplomacy aimed at ensuring international peace. One notable aspect of this interaction came in the form of Canadian assistance to India and Pakistan. Aid plans were used for social and educational programs, the construction of public projects such as dams and canals, and the provision of food. A large part of Canada's relationship to the region was also built on the exchange of technical and scientific knowledge, especially in nuclear technology. Such aid programs, the largest that Canada ever undertook, were important instruments of influence that aimed to ensure that India and Pakistan benefited from their partnership in the Commonwealth, maintained their association with the Free World and received the benefits of democratic institutions not dissimilar to those in Canada. This was "soft power" at its finest.

In a similar sense, armaments acted as instruments of influence of a harder kind. Commercial benefits aside, arms sales to South Asia were meant to ensure that India and Pakistan remained in the Commonwealth and associated with the Free World. These armaments were intended to further Cold War aims that were shared with Canada's allies

and to maintain a balance of power between India and Pakistan to help deter possible wars in the subcontinent that could spread to other parts of Asia.

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