

CANADA

DEPARTMENT OF THE SECRETARY OF STATE

OFFICE OF THE CUSTODIAN

ADDRESS ALL  
COMMUNICATIONS  
TO THE  
CUSTODIAN'S OFFICE  
PLEASE REFER  
TO

Victoria Building,  
7 O'Connor Street,  
Ottawa, Canada.  
January 12, 1943.

FILE No.....  
Legal Section  
GWM/DI

CONFIDENTIAL

Dear Mr. Shears:-

I have received some correspondence from your Department during the past week and have answered some of the letters, and expect to be able to deal with them all today or tomorrow. But, in order that you may know that I have not forgotten my promise to press for a definite determination of policy here, I think it is advisable to review events since my arrival, but would request that this letter remain on your personal file and its contents be considered as confidential by you for the present.

Upon my arrival in Ottawa, on December 30th, I discussed, in a general way, the Vancouver office, with Dr. Coleman, and presented my report to him for the Custodian. I advised that I was proceeding to New York the following weekend to discuss my position there, but he stated that a special committee of the Cabinet was anxious to have me attend the meeting to discuss the general Vancouver situation, and requested that I defer my trip south. It was anticipated that the meeting would be held possibly on Monday, the 4th instant, but owing to unforeseen events, it could not be arranged until yesterday, and was held at 2.30 p.m. in the office of the Honourable T. A. Crerar.

*Friday.*  
In anticipation of the meeting, and in an attempt to get my position clarified in New York, I went to New York ~~Thursday~~ night, returning here Monday morning at 11.15. For your information, the situation in New York has not yet been clarified, but I am hoping to have a definite decision by the end of this week.

I attended the special meeting of the committee of the Cabinet in the afternoon, and the decisions of the committee as to policy are far better than I had hoped to obtain, but since they necessitate certain amendments to existing Orders-in-Council, and these amendments cannot be passed until Thursday, I am not in a position to discuss the entire picture at this time, since I do not believe in counting our chickens before they are hatched, but I will write you immediately the Order-in-Council is dealt with. Incidentally, the amending Order-in-Council is being drafted by myself, and will be approved by Dr. Coleman.

Since some of these matters will require careful consideration by you, and are going to upset your organization, one of them I think should be mentioned here, although it will be subject to the approval of the Order-in-Council, and that is that the Soldier Settlement of Canada will withdraw from the farm picture entirely.

This, of course, is extremely confidential, but I think you should know that Mr. Murchison has agreed to our taking Mr. McKay into our organization to handle the farm problems. I appreciate that this will require considerable diplomacy in so far as Mr. Richardson is concerned, but I would suggest that it can be dealt with along the line that we will require a farm expert in view of the withdrawal of the Soldier Settlement, whose advice will no longer be available. Mr. Richardson could ~~either~~ work with Mr. McKay, dealing in particular with the chattels involved, co-operating in this regard with Mr. Green. You might turn this problem over in your mind, but in the meantime, continue to have leases prepared and approved by Mr. Barnet, until you are officially advised of the change. Mr. McKay's salary will be set by the Deputy Custodian here, since it will have to take into consideration the remuneration he is now receiving.

You will recall that we had many discussions as to the interpretation of the words "management and control," with particular reference as to the Custodian's power to liquidate, and it is intended to definitely give this power by amending Order-in-Council. In anticipation of this amendment being approved, I wired P.S. Ross and Sons and yourself about the Royston Lumber Company Limited, and Mr. Wray may be instructed to proceed with the sale of the Deep Bay Logging Company Limited, if Mr. Stewart has not already arranged it. The necessary orders, of course, will have to be prepared and signed.

As regards the radios and cameras, this is a matter separate and distinct from the other problems discussed, and may be made known to the staff, and the policy carried out.

In so far as the Press are concerned, if they should hear of it, I would suggest that the only thing to tell them is that radios and cameras are not being released to Japanese residing in the Province of British Columbia. I am writing you a separate letter dealing with these articles, so that you may put it on the proper file.

I am also writing you about the fishing vessels and the disbursements incidental to their administration, and that letter speaks for itself.

As regards the disposition of chattels, this matter was considered, and I believe a policy of liquidation will be adopted, but the method of carrying out the liquidation is being considered by Dr. Coleman and Mr. MacNamara, the Deputy Minister of Labour, and I will advise you when they have reached a decision. In the meantime, the present policy regarding chattels should be continued. I am also writing you a letter dealing with the policy of insurance now being followed, this policy having been approved.

I had a meeting with Admiral Stevens this morning concerning the Nanaimo Shipyards, and I am writing a letter dealing with this situation, one copy being