“A Perennial Problem”:
Canadian Relations with Hungary, 1945-65

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2014-15 marks the 50th anniversary of the establishment of Canadian-Hungarian diplomatic relations. On January 14, 1965, under cold blue skies and a bright sun, János Bartha, a 37-year-old expert on North American affairs, arrived in the cozy, wood paneled offices of the Secretary of State for External Affairs, Paul Martin Sr. As deputy foreign minister Marcel Cadieux and a handful of diplomats looked on, Bartha presented his credentials as Budapest’s first full-time representative in Canada. Four months later, on May 18, Canada’s ambassador to Czechoslovakia, Malcolm Bow, arrived in Budapest to present his credentials as Canada’s first non-resident representative to Hungary. As he alighted from his embassy car, battered and dented from an accident en route, with its fender flag already frayed, grey skies poured rain.

The contrasting settings in Ottawa and Budapest are an apt metaphor for this uneven and often distant relationship. For Hungary, Bartha’s arrival was a victory to savor, the culmination of fifteen years of diplomatic campaigning and another step out from beneath the shadows of the postwar communist take-over and the 1956 Hungarian Revolution. For Canada, the benefits were much less clear-cut. In the context of the bitter East-West Cold War confrontation, closer ties with communist Hungary demanded a steep domestic political price in exchange for a bundle of uncertain economic, consular, and political gains. Few Canadian policymakers thought the price was worth it. Though sometimes tempted by the allure of trade, ministers repeatedly rejected Hungarian overtures for closer relations until the early 1960s, when they judged the balance of interests to shift in Canada’s favour. They were wrong.

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1 I would like to thank Ryan Shackleton, Patrick Belanger, Marcel Jesenský, and Michael Stevenson for their help with this paper. The views expressed are mine alone, and do not represent the views of my Department or the Government of Canada.
It would be hard to exaggerate Canada’s disdain for Hungary in the immediate aftermath of the Second World War. An enemy state during that conflict, by the late 1940s, communist Hungary was well on the wrong side of the worsening Cold War divisions between the democratic West and the Soviet Union’s East Bloc empire. Its human rights violations, especially Cardinal József Mindzenty’s show-trial and imprisonment in 1948, left Canadians “bitter” and “hostile.” Indeed, when Canada’s UN diplomats championed a resolution targeting Hungary in November 1949, their UN office switchboard lit up with almost a hundred calls of support. Editorial backing was equally strong. Canadian UN speechifying on Hungarian human rights, gushed the Toronto Daily Star, was “of exceptional importance and confirmed Canada’s reputation as one of the principal exponents of the Western powers.”

Nor was it likely that the miniscule trade between the two countries would offset these deep political tensions and justify closer diplomatic relations. Canadian exports to Hungary declined from $1,063,000 in 1947 to $35,000 in 1954. Imports hardly kept pace with inflation, creeping up from $103,000 in 1948 to $124,000 in 1955. Similarly, there was little demand for consular or immigration services. Hungarian immigration, mostly postwar refugees drawn from the displaced person camps of Western Europe, peaked in 1951 at just over five thousand (from an influx that year of 194,391) before dwindling to less than 700 in 1955.

Among Canadian diplomats, there was little appetite to take on Hungary. Canada’s small Department of External Affairs had just gone through a period of rapid expansion that was simply unsustainable. From 1946 to 1948, the department grew from 26 posts with 67 officers to 44 posts with 216 officers, leaving it without experienced staff or funds to open any new missions. This was especially true of missions behind the Iron Curtain, which involved extra security costs. Moreover, the prospect of reciprocal missions spooked the Royal Canadian Mounted Police (RCMP), which worried that a Hungarian embassy might be used to spy on or intimidate the expatriate Hungarian-Canadian community. Thus, when Hungarian diplomats, seeking trade opportunities and diplomatic legitimacy for their newly-erected communist regime, sought to establish relations with Canada in 1949 and again in early 1955, they were turned firmly aside.

By the end of 1955, however, Ottawa’s attitude had softened significantly. Much of the impetus for change lay abroad. Stalin’s death in 1953, the Korean peace conference of May 1954, and the July 1955 East-
West summit in Geneva signalled reduced Cold War tensions. Canada’s leading Soviet expert, Robert Ford, back in External Affairs after two long stints in Moscow, encouraged Canadian policy-makers to see the Soviet Union as a conservative and satiated power, ready to accept the status quo in central Europe. What Moscow wanted, he argued, was a “workable division of the world more or less along the present lines.” External Affairs Minister L.B. Pearson agreed. Indeed, he returned from his own trip to Moscow in the fall of 1955 fearful of Soviet isolation and Moscow’s dangerous ignorance of the outside world. “Canada should meet Soviet overtures halfway,” he told cabinet, “and indicate a willingness to settle problems as they arose.” In late 1955, ministers agreed to a stepped-up program of official exchanges and opened talks with Moscow on a trade agreement.

Improved relations with Moscow quickened Canada’s contacts with the East Bloc satellites, including Hungary. Pressure for a shift in Canadian policy came primarily from Ford, who had tracked political and social unrest in Eastern Europe since the 20th Soviet Party Congress in February 1956. Ford’s hopes were restrained, and he warned that Moscow would insist on maintaining some form of control over the satellites for the foreseeable future. Even so, he argued that Khrushchev’s rapprochement with Tito, the denigration of Stalin, and the rehabilitation of nationalist leaders in Hungary, Poland, and Czechoslovakia were evidence of a “liberalization” that “may offer some degree of Titoism.” Ford urged the West to abandon its rhetorical commitment to the liberation of the satellites, which only alarmed communist authorities and raised impossible expectations in Eastern Europe. Instead, Canada and its allies should increase contacts with the satellites, encouraging closer commercial, cultural, and scientific ties. “Our object,” Ford told Pearson, “is to wean them away to some degree from extreme dependence on the Soviet Union and to encourage any developments which will ameliorate the lot of the satellite peoples.”

There were new domestic pressures to justify closer relations with Eastern European as well. Through the mid-1950s, politicians and farmers from Western Canada were growing evermore concerned at aggressive American efforts to protect the over-extended agricultural sector in the United States. They were especially alarmed at Public Law 480 and US agricultural disposal policies which gave away huge amounts of American wheat as foreign aid, often displacing Canadian wheat from many of its traditional markets. Between 1954-55 and 1956-57, Canada’s share of the world market for wheat and flour fell sharply from 27.4% to 20.6%,
while the American share rose from 31.2\% to 41.9\%.\textsuperscript{11} Net farm income in Saskatchewan, whose rural economy was based on wheat, plummeted from $531 million in 1951 to $179 million in 1957.\textsuperscript{12} Suddenly, Eastern Europe represented a potentially important and contested market for prairie wheat. Thus, when the Hungarian government, which bought 150,000 tons of Canadian wheat in March 1956, proposed exchanging “most-favoured-nation” (MFN) treatment in April, External Affairs sniffed a deal.\textsuperscript{13}

Ottawa refused a straight-up exchange of MFN treatment. Mutual tariff reductions were meaningless when trading with communist countries, which normally imposed no tariffs but relied on the state’s economic apparatus to manage imports and exports by fiat. Instead, cabinet demanded annual purchases of 150,000 tons of wheat on a cash basis in exchange for granting Hungary its lowest generalized tariff, or MFN status. Officials in External Affairs, who suspected that Budapest would also seek to exchange diplomatic representatives, steered themselves to resist. A trade office “of some sort” was possibly legitimate, they admitted. But, it would involve no privileges or immunities, be severely limited in size, and be located under the watchful eye of federal security authorities in Ottawa.\textsuperscript{14}

The Hungarians were tough and canny negotiators. Canadians Mitchell Sharp and Ed Ritchie liked the delegation and its personable leader, Tibor Barabas. The East European visitors were able, flexible, pleasant, and surprisingly independent in their judgements. They were openly thrilled that a Hungarian-Canadian had been chosen as “Miss Rough Rider,” notwithstanding her outspoken anti-regime views.\textsuperscript{15} It helped too, perhaps, that the Hungarian minister in Washington issued 30 exit visas as the talks began in mid-October “to create a good impression in Canada.”\textsuperscript{16} During ten days of discussions, Barabas slowly whittled down Hungary’s proposed purchase commitment to just 300,000 tons over three years, convincing Ottawa to extend credit to his cash-strapped country as well. By the time the deal was approved by cabinet on October 28, he and Pearson had even quietly agreed that Canada and Hungary would open reciprocal diplomatic missions within 12-18 months.\textsuperscript{17} “Trade motives take priority in this,” deputy foreign minister Jules Léger told Pearson, “though the rapid changes in the political situation in Hungary also argue in favour of a more forthcoming attitude... than would have been possible a few months back.”\textsuperscript{18}

The Hungarian uprising and the brutal Soviet intervention of 1 November 1956 spelled delay, but, remarkably, they did not immediately
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upset the bilateral arrangement. As Russian tanks rolled into Budapest, Canadian officials, skittish about appearing to side with Moscow, and Barabas, unsure if his mandate still stood, agreed to defer signature. But wheat was a powerful motivator, and by 3 January 1957, the grain trade and its potent cabinet advocate, Trade and Commerce Minister C.D. Howe, were pressing External Affairs to conclude the deal. Pinned between principle and national self-interest, squirming diplomats temporized. “I did not see how we could take any action that might seem to be bolstering up an unpopular regime in Hungary,” assistant under-secretary John Holmes explained to deputy trade minister Fred Bull over lunch. But if János Kádár, Moscow’s new puppet in Budapest, showed any signs of broadening his regime’s popular support, Holmes offered, “we would probably favour the wheat deal as soon as possible.”

That was not enough for Howe, grown short-tempered and autocratic as he aged. The trade minister brought the issue to cabinet a few days later. Even as Immigration Minister Jack Pickersgill rallied Canadians to welcome large numbers of Hungarian refugees to Canada, Howe insisted that the wheat deal would “feed the people and help the victims” in Hungary. His colleagues were clearly unimpressed, and when Pearson cited strong US objections to any business “whatever” with the Kádár regime, they quickly deferred the trade deal.

But, by May, wheat sales were back on the agenda. Amid reports of Belgian efforts to sign a civil aviation treaty with Budapest and French bids to sell wheat to Hungary on soft credit terms, fretful trade officials and diplomats told Pearson that there were “strong commercial” grounds for reviving the deal. The pragmatic minister thought so too. But doubtless aware of continued popular hostility toward Kádár’s Hungary, Pearson was taking few chances as Canadians headed to the polls on June 10. Sure, he minuted, let’s have “another look at it on, say, June 15th!”

Pearson and his Liberal colleagues were swept from office on June 10, and replaced by a Progressive Conservative ministry under an untested and largely unknown leader, Prime Minister John G. Diefenbaker. Few issues mattered more to the Saskatchewan parliamentarian than wheat sales and the welfare of prairie farmers, who turned out en masse to back Tory candidates. Intellectually, Diefenbaker grasped the importance of reaching out to Moscow and its allies to defuse dangerous Cold War tensions. These concerns were offset in Diefenbaker by a strong emotional commitment to political and economic freedom, and a deep sympathy for the captive nations of Eastern Europe. Just as important, he was acutely sensitive to the voting preferences of their anti-communist compatriots in
Diefenbaker and his ministers would soon have their chance to tackle the “perennial problem of Hungary.”

Through the late 1950s, Kádár’s post-revolutionary regime remained a global pariah, even denied full standing at the UN General Assembly, where its credentials were questioned and rejected. Isolation provided Budapest with strong incentives to continue seeking closer diplomatic relations with Canada (as well as other Western powers). In addition to enhanced international respectability, better relations would give Budapest access to the 40,000 Hungarian refugees, who had poured into Canada following the revolution. On a practical level, these were already straining the limited consular services provided by the Polish Embassy in Ottawa, which handled Hungarian interests in Canada, and were reportedly gnawing at Polish-Hungarian fraternal relations. They doubtless represented a tempting target for Hungarian intelligence too. Moreover, Budapest still looked eagerly at the Canadian market and government credit facilities to bolster its economy. In December 1957 and January 1958, Hungarian officials in Ottawa and in Europe revived the notion of a trade deal and diplomatic exchange.

The reaction in Ottawa was divided. Naturally, the salesmen in the Department of Trade and Commerce were pleased with the renewed interest. Indeed, by mid-January, a Wheat Board agent had quietly slipped into Paris for preliminary talks with Hungarian state officials, who offered to buy “substantial quantities” of prairie wheat in exchange for a trade deal and diplomatic ties. Associate deputy trade minister Mitchell Sharp was clearly in support: “In view of the continuing serious difficulties facing our wheat exports, even on credit terms, we in this Department would strongly favour such a decision.” Moreover, he added in justification, several European countries had recently re-established normal trade with Hungary. It was time for Canada to act.

External Affairs diplomats in their East Block headquarters were doubtful. Diefenbaker had made no secret of his scepticism about official advice on foreign policy, and they were carefully attuned to the prime minister’s strong anti-communist instincts and his prairie populism. They worried about the grim news from Hungary. The political situation in Budapest remained tense, insisted A. J. Pick of European Division, and there were rumours of a renewed campaign of repression. The foreign ministry was irked too by Budapest’s hostile and unfriendly references in the press to Canada’s reception of Hungarian refugees, a nasty dispute that had erupted openly in late December. The department was upset as well that Hungarian refugees in Canada were encountering obstacles in obtain-
ing exit visas for family members anxious to join them.\textsuperscript{30} Any rapprochement, they cautioned, would “cause unrest” among Hungarian refugees in Canada.\textsuperscript{31} The prospect of wheat sales and a trade agreement effectively died when External Affairs insisted on sending the question to cabinet in April 1958. There was no chance of cabinet support once deposed premier Imre Nagy was summarily executed in June, and the ministers were never asked their views.\textsuperscript{32}

It frustrated Hungarian policy-makers that Canada remained so unyielding while its Western allies, including the US, eased their sanctions against Budapest. What, probed Tibor Zádor, the top man in Hungary’s Washington Embassy in March 1959, was the problem? Politics, veteran diplomat Henry Davis, whispered in response. With 40,000 Hungarian refugees on its hands, Ottawa could hardly improve relations so long as communist apparatchiks prevented dual nationals from visiting freely and ignored the humanitarian claims of families wishing to reunite in Canada. Perhaps, Zádor offered, Budapest might review its emigration policies if Ottawa would favourably consider a limited “package deal,” which would resolve Hungary’s outstanding debts in Canada and Canadian claims for nationalized properties in exchange for the release of blocked Hungarian assets in Canada and permission to open a small consulate-general with two staff members.\textsuperscript{33}

The small step offered a basis for “testing” Hungary’s desire for better relations and it was greeted warmly in External Affairs. “This seems sensible,” approved the powerful under-secretary, Norman Robertson.\textsuperscript{34} East Block officials weighed the proposal fully in April, endorsing the full exchange of diplomatic missions provided there was progress on emigration.\textsuperscript{35} Support for the “package deal” grew through the summer. External Affairs could count on Trade and Commerce, which hoped to open the Hungarian market to Canadian wheat. The mission in Prague, whose officers had visited Budapest regularly since 1955, also backed the plan. The consular case was “incontestable” and there were obvious geopolitical reasons to encourage Hungarian trade with the West. More important, a mission offered the prospect of direct, if discreet, relations with Hungarians themselves. “I am sure a Canadian mission would be welcomed,” insisted Arthur Andrew, chargé d’affaires in Prague, “not least by those Hungarians who are most out of sympathy with the regime.”\textsuperscript{36} Indeed, by August, progress seemed virtually certain as Budapest issued a rare and unexpected exit visa to a Hungarian-Canadian dual citizen long trapped in Hungary.\textsuperscript{37}
But just as quickly, the door slammed shut, and remained so for the next three years. Comfortably slumped before their TV screens on Sunday, 25 October 1959, North American viewers learned that 150 Hungarian students languished in prison, waiting to be executed as they turned eighteen. TV Host Ed Sullivan urged his viewers to act, “to save these Hungarian kids.” The plea passed unnoticed in Washington, but sparked a minor panic in Canada. The student council president at the University of British Colombia quickly championed the cause and forced the prime minister to issue a supportive statement. External Affairs Minister Howard Green, who represented the riding of Vancouver Quadra, took notice. Ignoring departmental advice to avoid a futile Cold War “set-piece” in New York, Green insisted on debating Hungary at the UN General Assembly that fall.

Though short-lived, the furor was searing enough for those involved, and it scotched any prospect of reviving relations with Hungary. When Trade Minister George Hees resurrected the 1956 trade agreement in March 1961, Green refused to endorse the scheme, ensuring that cabinet turned it down “on political grounds, particularly because of the reaction... which must be anticipated from the Hungarian community.” Hees tried again, in the spring of 1962, but Green simply ignored him, instructing his officials to “let this ride.” Hungary was clearly off this government’s agenda.

Conditions changed in April 1963, when L.B. “Mike” Pearson’s Liberals replaced Diefenbaker’s shattered Tories. Pearson’s government was less inclined to see the world in grim shades of black and white, and it was quick to welcome evidence of East-West détente after the dangerous Cuban missile crisis the previous October. The Liberal prime minister rejected the idea that Canada might pursue the Soviet bloc’s “diplomatic and economic ostracism.” The only “reasonable” policy, he argued, was “to maintain as close contact as possible with the Soviet bloc leaders with a view to seeking and exploiting openings for negotiations on major east-west issues.” The ultimate goal, he added, was “the evolution of the thinking of Soviet bloc leaders.”

Canadian diplomats in Vienna and Prague, who continued their periodic visits to Budapest, were likewise encouraged by local evidence of progress. The marginalization of Stalinist hardliners following the 8th Congress of the Hungarian Communist Party in November 1962, the profile attained by non-party candidates in local elections in February 1963, the March amnesty for participants in the revolution, and increased emigration pointed towards a “general trend toward greater tolerance,”
making Hungary “one of the most liberal [countries] in the Soviet bloc.”

With one eye cocked for adverse Hungarian-Canadian reaction, Foreign Minister Paul Martin signalled the change in Canadian perspective, approving orders to abandon the fight over Hungarian credentials at the UN special session in May 1963. Thus, when Hungarian trade officials arrived in Ottawa in August 1963 for exploratory discussions, Canadian officials were primed to listen.

Progress was much slower than anticipated. Early talks foundered on Hungary’s refusal to accept the principle of a firm purchase commitment (as it had done in 1956) in exchange for MFN treatment and permission to open a trade office. By the time the Hungarians were ready to accept a commitment in October, the Canadian perspective had shifted dramatically. Inspired by their recent success settling trade and outstanding financial issues with weaker Bulgaria, East Block officials raised their sights and aimed for a similarly broad arrangement with Hungary. Budapest’s persistent pursuit of trade and diplomatic relations had convinced them that the time was ripe to wrest additional concessions from Budapest on its defaulted pre-war debts, some stretching back to the First World War, war damages, and postwar compensation claims. Consequently, in late December, External Affairs insisted seeking Hungarian assurances that Budapest was ready to discuss these claims to the negotiating agenda.

Trade and Commerce, which had hoped to lead narrowly focussed trade talks, where Canada enjoyed an advantage, took a dim view of this effort and proved uncooperative in the difficult interdepartmental discussions required to hammer out the Canadian offer. Amid reports of concessionary US wheat sales to Hungary, Maurice Schwarzmann, an assistant deputy minister, resented making solid trade prospects dependent on an uncertain claims agreement. He also questioned Canadian tactics. “The moment we sign a trade agreement,” the veteran negotiator insisted, “our bargaining counters will have been spent, and if in the process we have not achieved a settlement... our chances of doing so may well be gone.”

But Finance backed External Affairs. “Our bargaining position with the Eastern European countries seems to be particularly strong at the present time,” argued Rodney Gray, head of its international relations division. “Countries like Hungary appear anxious to improve their trade relations with Canada and to impress us with their credit worthiness... the time would appear propitious for us to try and settle as many of our outstanding claims as possible and on as good — or better — terms as other countries such as the US, the UK, and France have obtained.”
Perhaps, External Affairs wondered, Canada should sweeten its offer? Officials agreed to do so in late January 1964, adding the exchange of diplomatic representatives as well as emigration and consular issues to the proposed agenda. Eventually, in March 1964, with Budapest hinting impatiently that it would boycott Expo ’67 if a trade agreement was not forthcoming, a Canadian package headed to cabinet. Assured by confident officials of an attractive outcome, Liberal ministers approved a broad Canadian negotiating offer without discussion in April 1964.

But bilateral talks opened on a sour note. Péter Mód, Hungary’s first deputy minister of foreign affairs, arrived in Ottawa upset by recent Canadian demands for still more advance assurances of Budapest’s purchase commitment. Until the crucial trade question was settled, he shrewdly told Under-Secretary Marcel Cadieux, the rest of the Hungarian team was staying home. For almost a week, the two countries were deadlocked. In exchange for a trade agreement and the right to a trade office, the Canadians demanded annual wheat sales of $12 million over a three year period; the Hungarians offered just $5 million and demanded a Montreal trade office with full consular facilities. The gap seemed unbridgeable. Perhaps, Cadieux hinted to Mód, more progress might be made by simultaneously engaging the full agenda, allowing greater trade-offs.

For the next two weeks, negotiating sub-committees tackled consular affairs, trade, diplomatic representation, and claims issues. Max Wershof, who handled the consular work for External Affairs, easily secured promises that dual citizens using a Canadian passport could enter and leave Hungary freely, an important victory for Hungarian-Canadians though not as much as the ministers had expected. The trade dispute, too, slowly gave way as each side moderated its demands. Canadian negotiators eventually settled for annual guaranteed sales of wheat and barley worth $8 million, much less than the $10 million minimum that cabinet had wanted, but not an insignificant sale. To achieve this settlement, Canadian diplomats dropped their opposition to a Hungarian trade office with consular status in Montreal.

There was more trouble over diplomatic representation and the claims agreement. Cabinet had approved the exchange of diplomatic representation on the cheap, favouring dual accreditation on a non-resident basis. The pressure for missions in the newly independent states of Africa and Asia was enormous in the mid-1960s, and External Affairs saw few benefits in a mission in Budapest. Moreover, a Hungarian resident mission in Ottawa might mean security issues. The Hungarians, who wanted access to their large expatriate community in Canada and greater diplomatic
legitimacy, demanded more, firmly insisting on their unfettered right to a resident mission.\textsuperscript{56}

They rejected Canada’s position on claims too. The Pearson government had hoped for language that would commit Hungary to review debts and claims in a speedy and wholesale manner and to pay them in convertible funds, thus setting solid precedents for subsequent negotiations with Poland and Czechoslovakia, where the Canadian stake was much larger. Mód refused to yield even a little, insisting that these were precisely the kinds of issues that ought to be settled in the negotiations themselves. At most, Hungary would agree to give Canada terms no less favourable than it gave to other states. Given Budapest’s interest in obtaining a trade agreement and exchanging diplomatic representatives, this was probably as good a deal as Canada would ever get, admitted Cadieux. “Our leverage is now at a maximum point,” he warned Martin, and “our bargaining power on both the trade and diplomatic questions may deteriorate as time goes by.”\textsuperscript{57} With Mód hinting that American wheat sales were readily available, Ottawa would have to give in if it wanted to sell its wheat.

Ministers were clearly disappointed in the result. It was, Martin and Sharp admitted to their cabinet colleagues, “not possible to reach a full agreement.”\textsuperscript{58} In an unusually frank statement, Sharp blamed the unsatisfactory debt and claims settlement on earlier governments (of which he had not been part) for being “remiss” in not pressing Hungary to settle in the 1940s. There were likely to be security issues with the new Hungarian offices to be opened in Ottawa and Montreal, Martin warned gloomily. Neither Hungarian-Canadians nor the Opposition would like this limited deal, which they would denounce “as a betrayal of the goal of freeing Eastern European peoples from Soviet domination.”\textsuperscript{59} But with a wheat sale in the offing, ministers consoled themselves with the lofty geopolitical notion that “relations with countries such as Hungary was essential if there was to be any hope of exercising influence over their policies.”\textsuperscript{60} Cabinet approved the deal, which was signed in Ottawa on 11 June 1964.

Though Hungary and Canada traded diplomatic representatives in early 1965, and Ottawa sent a resident consular official to Budapest in 1966, it is hard to conclude that these exchanges generated any real interest in better or closer ties. The tough negotiations and Ottawa’s disappointed hopes cast a pall over, and provided little momentum to, a basic mercantile connection. Indeed, implementation of the 1964 agreement soon began to undermine relations, which stumbled fitfully during the late 1960s. As Martin feared, one of the obstacles was domestic, as the
Canadian Hungarian Association and its tireless spokesman, Paul Villányi, stepped up their close surveillance of bilateral interactions. The group remained upset over ongoing consular problems and barriers to family reunification, reminding Liberal ministers that they had “prematurely” allowed Budapest to open missions in Ottawa and Montreal without “a firm quid pro quo.” The 10th anniversary of the Hungarian uprising in late 1966 amplified domestic doubts, especially when Cadieux stirred a fuss among cabinet members by asking Transport Minister Jack Pickersgill, who had played a prominent part in welcoming Hungarian refugees in 1957, to limit his commemorative activities lest he compromise bilateral ties. Pickersgill refused.

There were other substantive reasons for Ottawa’s lack of enthusiasm for pursuing relations with Hungary. As anticipated, Hungarian embassy officials were soon spying on Canada and its Hungarian-Canadian expatriate community, practices confirmed by both the RCMP and Hungarian defectors in the US. Indeed, to the disappointment (and irritation) of External Affairs, by mid-1968, over 50 percent of mission staff, including some senior representatives, were engaged in “illegitimate functions.” And the return to Canada remained depressingly minimal. Bumper crops in Hungary prompted Budapest to delay, and later suspend, its purchases of Canadian grain, leaving the agreement’s key trade component unfulfilled. By the time the deal expired in June 1967, Hungary had purchased only 100,000 tons of its 250,000 ton commitment. Budapest was similarly unresponsive in negotiations over unsettled debts and claims. Despite three rounds of talks, where they enjoyed little leverage, frustrated Canadian diplomats failed to convince the Hungarians to increase their initial $300,000 offer, while they slashed Canada’s claim from $70 million to $25 million, and then, to $10.5 million.

Most important, the renewed Cold War tensions that accompanied the escalation of the Vietnam War after 1965 reinforced the basic geopolitical reality that divided Canada and Hungary. When the Soviet Union invaded Czechoslovakia in August 1968 to crush its recent political and economic reforms, Budapest marched with Moscow. Though sympathetic to Hungary’s unhappy predicament — External Affairs labelled it the “least guilty” — there would have to be repercussions to appease domestic and allied opinion. Ottawa quickly suspended general political and social contacts, adopting an attitude that was “correct but cool.”

That ought not to have surprised anyone. Budapest and Ottawa were always on different sides of the 20th century Cold War dividing the communist East from the Democratic West, a fundamental division that
defined their postwar relations. For the regime in Hungary, in 1948 as well as 1958 and 1964, Canada promised access to the expansive possibilities of postwar capitalism and a pathway to international respectability. Better relations with Canada was a prize worth winning. For Ottawa policymakers the benefits of closer ties with Budapest were less obvious. Certainly, the European nation represented a small but not insignificant outlet for Canadian wheat, an important consideration as world markets grew more competitive. There were consular and immigration benefits to be gained too. But the dismal human rights record of Hungary’s communist authorities meant that the risk of alienating Catholic voters and anti-communist refugees, especially after the influx of Hungarian refugees in 1956-57, was very high. Strategic rather than bilateral tactical considerations tipped the balance, as successive Canadian governments narrowed their view of relations with Hungary to a gambit in the East-West contest. Burdened with the overblown hopes that accompanied this view, it is hardly surprising that Canadian-Hungarian bilateral relations often disappointed in the decades after 1945.

NOTES

1 Robert Ford to the Under-Secretary of State for External Affairs (USSEA), 7 April 1949, and SSEA to London, telegram 605, 12 April 1949, Record Group (RG) 25, vol. 6258, file 9959-40, Library and Archives Canada (LAC).


4 Figures taken from Canada Yearbook for 1950 (Ottawa: 1950), 913 and 973; and Canada Yearbook for 1955 (Ottawa: 1955), 911, 971.


6 A.D.P. Heeney, Memorandum for the Minister, 10 October 1950, RG 25, vol. 6505, file 8589-40, LAC.


13 Léger, Memorandum for the Minister, 30 July 1956, RG 25, vol. 6285, file 9959-40, LAC.

14 Ibid.

15 E.A. Ritchie, Memorandum for Defence Liaison Division, 8 November 1956, reprinted in Donaghy, DCER, Volume 23, 1080-73.

16 Léger, “Memorandum to the SSEA,” 3 October 1956, reprinted in Donaghy, DCER, Volume 23, 1069-70.


19 Donaghy, “’An Unselfish Interest?’,” 262.

20 Marginal notes by Holmes on Jim Grandy, Memorandum to the USSEA, 3 January 1957, RG 25, vol. 7171, file 9376-A-40, LAC.

21 Cabinet Conclusions, 7 January 1957, PCO Records, LAC.


23 Pearson’s marginal notes, ibid.


25 SSEA to the Minister of the United Kingdom in Budapest, 13 December 1957, RG 25, vol. 6743, file 232-BG-40, LAC.

The initial verbal assault was made by the Deputy Chief of the Press Section of the Hungarian Ministry of Foreign Affairs at a press conference on December 7, 1957, who claimed 6,000 Hungarian refugees were waiting to return home, and that another 10-15,000 were unemployed. Canada immediately protested through the British Minister in Budapest. See Minister of the United Kingdom in Hungary to SSEA, Despatch 6, 19 March 1958, RG 25, vol. 6744, file 232-BG-18-40, LAC.

SSEA to the Minister of the United Kingdom in Hungary, 13 December 1957, RG 25, vol. 6743, file 232-BG-40, LAC.

Peter Dobell to Pick, 22 January 1958, RG 25, vol. 6258, file 9959-40, LAC.


Henry Davis, European Division, to USSEA, 16 March 1959, RG 25, vol. 6258, file 9959-40, LAC.

Prague to USSEA, Letter 544, 14 July 1959, RG 25, vol. 6258, file 9959-40, LAC.

Robertson, Memorandum for the Minister, 10 August 1959, RG 25, vol. 6744, file 232-BG-40, LAC.

Holmes, Memorandum for the Prime Minister, 29 October 1959, RG 25, vol. 7579, file 9959-40, LAC.

Holmes, Memorandum for the Prime Minister, 30 October 1959, RG 25, vol. 7579, file 9959-40, LAC.

Robertson, Memorandum for the Minister, 5 November 1959, and European Division to File, 18 November 1959, RG 25, vol. 7579, file 9959-40, LAC.

O.G. Stoner/Economic Division to European Division, 19 September 1961, RG 25, vol. 7579, file 9959-40, LAC.


Robertson, Memorandum for the Minister, 7 May 1963, RG 25, vol. 5269, file 8619, LAC.

Ottawa to Prague, telegram E-876, 11 May 1964, RG 25, vol. 13845, file 37-3-1-Hungary, LAC.


Maurice Schwarzmann to USSEA, 22 January 1964, RG 25, vol. 13845, file 37-3-1-Hungary, LAC.

Draft letter from A/Deputy Minister of Trade to USSEA, RG 20, vol. 1978, file T20-1349, LAC.

Rodney Grey, Director, International Economic Relations, Department of Finance to Deputy Minister of Trade and Commerce, 14 January 1964, RG 20, vol. 2641, file T20-1542, LAC.

Consular Division to Economic Division, 20 February 1964, RG 25, vol. 13845, file 37-3-1-Hungary, LAC.

Vienna to Ottawa, telegram TC-46, 12 March 1964, RG 25, vol. 13845, file 37-3-1-Hungary, LAC.

Canadian confidence is reflected in Marcel Cadieux, Memorandum for the Minister, 3 April 1964, G 25, vol. 13845, file 37-3-1-Hungary; and Cabinet Conclusions, 16 April 1964, LAC.

Cadieux, Memorandum for the Minister, 26 May 1964, RG 25, vol. 13845, file 37-3-1-Hungary, LAC.

O.G. Stoner (for Cadieux), Memorandum for the Minister, 4 June 1964, RG 25, vol. 13845, file 37-3-1-Hungary, LAC.

Cadieux, Memorandum for the Minister, 1 June 1964, and ibid, RG 25, vol. 13845, file 37-3-1-Hungary, LAC.

Stoner (for Cadieux), Memorandum for the Minister, 4 June 1964, RG 25, vol. 13845, file 37-3-1-Hungary, LAC.

Cabinet Conclusions, 9 June 1964, PCO Records, LAC.

Ibid.

Ibid.


Cadieux to J.R. Baldwin, 21 October 1966, and J.W. Pickersgill to Paul Martin, 27 October 1966, RG 25, vol. 10049, file 20-1-2-Hungary, LAC. In his letter to Martin, Pickersgill firmly rejected Cadieux’s “gratuitous and unsolicited advice” and refused to let External Affairs vet his speeches for “their political purity.” Pickersgill proposed to proclaim in anniversary activities “that the Hungarian refugees were justified in coming to Canada and that they are better off in this free country than they would be in a country which is still a police state.”

Draft Memorandum to Cabinet, 28 April 1967, RG 25, vol. 13845, file 37-3-1-Hungary, LAC.

Max Wershof, Chairman, Interdepartmental Committee on Claims, Report to Ministers, 27 April 1967, RG 25, vol. 13845, file 37-3-1-Hungary, LAC.
