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Secret

WWII - Anglo-Can Cooperative (Economic) ✓ ✓
WWII - Economic Policy (Economic Advisory Committee)
WWII - Finance ✓

Report of the Economic Advisory Committee

on

Means of Utilising Canada's Accumulating Sterling Balances.

In accordance with the request of the War Committee of the Cabinet, the Economic Advisory Committee has considered the situation with regard to the accumulation of Canada's sterling balances, the suggestions for utilizing them put forward in the secret memorandum from the Minister of Finance referred to by the War Committee, and the relation of these to the prices being received from Britain for Canadian feedstuffs. It was unfortunate that no representative of the Department of Agriculture was present at the meeting when these subjects were considered by the Committee, but the Committee members who were present were unanimous in endorsing the general principles outlined in the secret memorandum referred to the Committee.

The Committee believes that it was not within its function to make specific recommendations in regard to the amount and character of repatriation of Canadian securities held in Britain that might be undertaken from time to time, or to make specific recommendations in regard to specific military projects that might be approved from time to time to absorb sterling balances that would otherwise be accumulated. In other words, it felt that what the War Committee of the Cabinet desired from the Economic Committee was an expression of opinion in regard to general principles rather than specific details.

The Committee points out that because of the very large deficit in the British balance of payments with Canada which is estimated for the current fiscal year, the accumulation of sterling balances to Canada's credit will be larger and more

not read
12/8/41 (Sas)