

The Imperial War Graves Commission, of which Canada was a member, had followed strictly a policy of non-return in the war of 1914-1918. The United States had agreed, at that time, that their citizens who died while serving in Commonwealth forces were subject to Commonwealth governments' regulations. This policy had been re-enunciated in 1945 by the Commission as spokesmen for the member countries. There were often physical difficulties as well, which made compliance with such requests impossible in certain cases. Also the policy of non-return applied in relation to Canadians, without exception.

In the circumstances, it was recommended that the Department of National Defence be directed not to act upon the decision of November 27th, pending further consideration of the problem by External Affairs and the Imperial War Graves Commission.

(External Affairs memorandum to the Minister, Dec.17, 1946).

36. The Cabinet, after discussion, agreed that no action be taken on the decision of November 27th pending the discussions referred to by the Minister.

U.K. holdings of Canadian dollar securities;
disposition of proceeds of sales and redemptions

37. The Secretary of State for External Affairs stated that, as a result of discussions with the Minister of Finance, it had been agreed to recommend for Cabinet approval certain changes in the present policy which required that the proceeds of all sales and redemptions of Canadian dollar securities held by U.K. investors should be applied to retire the interest-free \$700 million loan which had been made to the United Kingdom in 1942. (The loan had already been reduced as a result of this process to \$472 million, as at February 26th, 1946)

The U.K. Chancellor of the Exchequer was likely to make an announcement in the immediate future in relation to U.S. dollar securities and it was desirable that a decision on the subject be made immediately.

(Department of Finance memorandum to the Minister, Dec.19, 1946).

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