

Northwest Canada, and will make payment to the United States Government for all construction of a permanent nature carried out by the United States Government on air routes in this area."

4. It was subsequently agreed between the two Governments that, in addition, the Canadian Government should assume the cost of permanent air installations elsewhere in Canada and at Goose Bay (Labrador) built by or on the account of the United States Government, the cost of the telephone line from Edmonton to the Alaska boundary built by the United States Government and the cost of the proposed improvement program on the Northwest Staging Route.

5. Discussions have recently taken place between representatives of the two Governments regarding the details of the decisions and arrangements referred to in the two preceding paragraphs, with a view to listing the installations involved and their costs, and to settling the exact amount of money to be paid by the Canadian Government to the United States Government.

6. It is my understanding that the following has been agreed as a result of these discussions. The Canadian Government will pay to the United States Government the following amounts in United States dollars for construction carried out by the United States Government:—

Northwest Staging Route (including contracts not yet completed)	\$31,311,196
Flight strips along the Alaska Highway	3,262,687
Flight strips along the Mackenzie River	1,264,150
Hudson Bay Air Route	27,460,330
Airfield at Mingan, P.Q.	3,627,980
Airfield at Goose Bay, Labrador	543,000
Telephone line from Edmonton to Alaska boundary	9,342,208
Total	<u>\$76,811,551</u>

7. The details of the costs of construction are shown in the attached appendices marked "I", "II", and "III", which have been prepared by the United States War Department. The appendices show that costs of \$90,683,571 were actually incurred by the United States Government in construction but \$13,872,020 of this amount was for installations which, although of value to joint defence during the war, have no permanent value. It has been agreed that the Canadian Government should pay that part of United States construction costs which represents installations having a permanent value, namely \$76,811,551.

8. The costs incurred by the Canadian Government on United States Government account which the Canadian Government will assume pursuant to the decisions reached are as follows:—

Northwest Staging Route	\$18,359,953
Northwest Canada	1,290,010
Airfield at Goose Bay, Labrador	9,950,000
Total	<u>\$29,599,963</u>

In addition, the Canadian Government will pay \$5,161,000 for the projected improvement program on the Northwest Staging Route. Details of the four items mentioned in this paragraph are given in the attached appendix marked "IV".