

these tremendous figures at one thought—is the total net deficit, up to February of this year, on the indirect expenditure of Canada; for it is indirect expenditure when we are not paid back. That has been financed in accordance with the outline I have just given. Of that amount Great Britain paid some \$250,000,000 in gold, all her gold payments having been made prior to December, 1940, considerably over a year ago. There has been no payment in gold of any portion of this tremendous sum of money to Canada since that time. Of the balance, \$400,000,000 has been paid by repatriation of obligations of ours in government or railway bonds or debentures in Great Britain, securities which had not matured, but were paid or cancelled prior to maturity. That leaves a balance of about one billion dollars that has not been paid to Canada for goods already purchased and received in connection with this war. That is now an accumulation of sterling balances in London. So honourable senators will see from the statement up to date that except for the \$250,000,000 in gold paid prior to December, 1940, the entire balance of this \$1,770,000,000 has been financed by Canada, and one billion dollars of that is simply an accumulation of sterling owed to Canada in London by the British Government.

I do not intend to refer to the details of sections 4 and 5, for two reasons. They do not affect the principle of the Bill; and, secondly, the details of how these things are worked out being strictly technical, I think that no one other than technical advisers of the Department of Finance should undertake an explanation of them. It is provided by sections 4 and 5 that of the one billion dollars now standing as a debt to us in sterling, \$700,000,000 is to be converted from a sterling obligation to an obligation in Canadian dollars. I call honourable senators' attention to the fact that that obligation for \$700,000,000 is to remain in that form without any interest to be paid by the British Government during the rest of the war period, on the understanding that at the termination of the war adjustments will be made, not with regard to the past, but as to the future and the rate of interest then to be paid. That is all I need to say about sections 4 and 5.

The other provision of this Bill, and one that has been more in the minds of the public generally, relates to the so-called gift of one billion dollars. That has to be kept entirely separate from these past financial transactions about which I have been speaking. This part of the Bill provides for the payment for food-stuffs and munitions as they will be required by the British Government, to the

extent of one billion dollars. As I have already commented, the extent of the increase in expenditures is indicated by our now speaking of a billion dollars as we used formerly to speak of a million dollars. I would emphasize that by pointing out that this one contribution is double the total expenditure of Canada in any one year prior to the war.

Hon. Mr. HOWARD: For all purposes.

Hon. Mr. FARRIS: Yes, for all purposes. I think it is unfortunate that from time to time the expression "gift of one billion dollars" has appeared. Somebody might say: "That is a strange thing to do. Canada is a new country, not financially a rich country. Great Britain possesses the accumulated wealth of generations. It is a strange thing for Canada to make a contribution of cash to Great Britain." The thing to be kept in mind is the fact that this is in reality nothing more or less than a contribution of food-stuffs grown in Canada and shipped to Great Britain, of munitions manufactured in Canada and shipped to Great Britain, of aeroplanes, of tanks and of anything else which we can produce here and ship to that country.

Hon. Mr. MacLENNAN: Britain will not be called upon to pay for those.

Hon. Mr. FARRIS: No. What it means is that the gift consists of these things. If you wanted to give a man a new suit of clothes, you could do it in one of two ways. You could either hand him over a suit you already have or that you might purchase specially for him, or give him a cheque and tell him to make the purchase himself. But in either case, if the money is ear-marked for that particular purpose, the thing in substance is not the gift of money, but the contribution of the goods. That I would emphasize in this connection.

This Bill has a preamble, a long Whereas clause. I am not disputing in any way the correctness of that preamble, but for the purposes of my explanation of the Bill I have written out what I think is a simpler statement of exactly what we are proposing to do by the Bill. It is this:

Whereas Canada in common with her sister members of the British Commonwealth of Nations and in common with the other Allied nations is at war with Germany, Japan and other countries; and whereas the safety of Canada, her freedom and her national preservation are dependent on the success of our common cause; and whereas Great Britain has been and is to-day the front line of our defence and her preservation is vitally