

The second special financial arrangement to help cover the deficit in British payments to Canada was a loan of \$700,000,000 early in 1942, under the authority of the War Appropriation (United Kingdom Financing) Act. This loan did not bear interest during the war. The British government agreed to use any proceeds from the sale or redemption of remaining Canadian securities held in Britain to pay off this loan. On March 7, 1946, Prime Minister King announced that an agreement had been signed between the Canadian government and the United Kingdom government providing that the loan will be continued on the same basis as heretofore until January, 1951. Before that date the two governments will discuss how they are to treat the service and repayment of any balance of the loan then outstanding.

The third special arrangement was of more complicated character. During the early years of the war the British government had joined with the Canadian government in paying the cost of building special munitions plants of various kinds in Canada to produce war supplies for Britain. In 1943 the Canadian government undertook to repay to Britain all the money which the British government had expended for this purpose, so that Britain could use the funds for purchasing finished munitions rather than capital equipment. The result of this transaction was to place slightly more than \$200,000,000 at the disposal of the British government during 1943.

The fourth special measure taken to enable Britain and other allied nations to obtain supplies was a contribution to Britain of \$1,000,000,000 worth of Canadian war products. This was provided under the War Appropriation (United Kingdom War Financing) Act of 1942, and was completed within the same calendar year. The British government continued in this period to do its own purchasing through the Canadian Department of Munitions and Supply as its agent, and the funds provided under this act were turned over to it as required to meet the cost of specified types of war supplies. During this period the British government was also purchasing in Canada supplies for Australia, New Zealand and other Commonwealth and allied governments, and thus the contribution to Britain ultimately enabled other United Nations to benefit as well.

#### MUTUAL AID

The Mutual Aid Act was passed on May 20, 1943. Through Mutual Aid the Canadian government ensured that the products of its war potential moved steadily to its allies. Mutual Aid contracts were signed with the chief allies to supply the goods without payment. To December 31, 1945, it is estimated that a total of \$2,575,104,000 was expended by the Mutual Aid Board since its inception.

It should also be noted that the Canadian government, prior to Mutual Aid, in September, 1942, provided a credit of \$10,000,000 to the government of the U.S.S.R. for the purchase of Canadian wheat and flour.

The United States has received no assistance from Canada under Mutual Aid; neither has Canada received any lend-lease for itself from the United States.

The following table indicates the distribution by countries of Canadian Mutual Aid supplies in dollar value. It will be seen from the table that figures for the last nine months of 1945 are estimated only.