

*Canada-United Kingdom Financial Agreement*

**Mr. Sinclair:** Through the sale of Canadian securities of various types held in Great Britain. The realization comes in two forms, either when the security matures and the value is met automatically by the Canadian source, or when the Briton holding these securities attempts to sell them outside Britain. There is quite a market for Canadian securities in Britain amongst Britons paying sterling back and forth for them. I believe they sell at quite a premium. But if a Briton wants to sell a Canadian security outside of Britain he has to secure approval of the British foreign exchange control board. I believe they insist that he sell for dollars—either United States or Canadian dollars—that they take possession of the dollars, and give him sterling in exchange. That is the source of the funds used in repayment of this debt. The advantage of this type of redemption is that it does not affect the British trading position because we are not taking out of current import-export revenue but rather out of an accumulation of Canadian capital in Great Britain.

**Mr. Quelch:** Can the parliamentary assistant tell us what is the total value of Canadian securities held in Britain to date?

**Mr. Sinclair:** I thought that question might be asked. I have the figures here, though I do not think the figures are very reliable. It is a long list.

**Mr. Quelch:** Can the parliamentary assistant give the value of the Canadian railway securities?

**Mr. Knowles:** What did the hon. member mean when he said that the figures are not reliable?

**Mr. Sinclair:** As to value; there has been such a great appreciation in value. For example, C.P.R. stocks in 1948 had a value much less than that of the same stocks in the same hands today. That is one of the problems. On page 181 of the publication entitled "Canadian Balance of International Payments" the figures are given, and of course it gives all the payments by Great Britain on federal securities of Canada; that is, Dominion of Canada bonds and C.N.R. bonds guaranteed by the Dominion of Canada. Since 1945 there have been no holdings. They have all been repatriated.

**Mr. Quelch:** Has the parliamentary assistant a list of provincial bonds?

**Mr. Sinclair:** I have not a list of provincial bonds, but I have the total. The last total given here was \$37 million—that is in 1946—and \$78 million of municipal bonds. There are further figures here. Canadian assets abroad; that is just general assets abroad. That is the Canadian balance of international payments, 1950: direct investment, Canadian

[Mr. Quelch.]

investments held outside of Canada, \$393 million. It is a difficult thing to get an accurate statement of these holdings today. The holdings in Britain are not in the hands of the government; they are still in the hands of individuals. It is only when sale or redemption comes, when the proceeds are held by the foreign exchange control board, that we have knowledge of it. The tables are much too long to put in *Hansard* but I will send them over to the hon. member.

**Mr. Quelch:** What is the total amount of Canadian loans to Britain outstanding, in addition to these?

**Mr. Sinclair:** Since 1939 we have the \$1,250 million credit which was given in 1946 and of which up to date \$1,185 million has been taken up. That is, all but \$65 million has been taken up on that. The amount in 1942 was an outright gift of \$1 billion; then there was the mutual aid, which is after all part of our common war effort. Gifts or contributions—I guess that is a better word; it was not a gift, it was part of our common war effort—are listed in the final report of the Canada mutual aid board: 1943-44, to the United Kingdom, \$722,821,000; 1944-45, \$719,239,000; 1945-46, \$670,090,000; total mutual aid to Britain of \$2,112,150,000.

**Mr. Quelch:** That is a grant.

**Mr. Sinclair:** That is a grant; that is right. It should not even be called a grant. That was part of our common war effort. Britain was putting up plenty in other ways at the same time.

**Mr. Brooks:** While the minister is dealing with that matter I want to ask about the \$65 million paid to the western wheat growers. Did that amount come out of this loan to Great Britain?

**Mr. Sinclair:** My recollection of the \$65 million—I am not a wheat farmer—was that it was an item in our estimates—

**Mr. Brooks:** The wheat farmers know that.

**Mr. Sinclair:**—paid out of the consolidated revenue fund; paid by the taxpayers of Canada.

**An hon. Member:** Paid by the farmers themselves.

**Mr. Fair:** Will the parliamentary assistant tell us what the people of Canada got in exchange for that \$65 million? That will run up close to \$500 million, and it is continuing. That is for the period for which the \$65 million was paid, and the thing is still continuing.