

Canada which are included in the current proposals. There are, however, additional considerations supporting this proposed action. Due to the extensive advance notice of air training curtailment, good opportunity exists to reduce commitments to those applicable to equipment required only for maintenance of a greatly reduced air training scheme after March 31st, 1945. Most of such equipment will have been received just prior to March 31st, 1945, or will be received subsequent to that date so that it will be readily usable in any continuing R.C.A.F. activities in Canada.

(c) Costs of Winding Up of the Plan.

Costs of winding up the B.C.A.T.P. are somewhat difficult of definition and much more difficult of determination. The winding up of the B.C.A.T.P. has been in progress since the first major reduction was effected in March, 1944, and so long as the winding up continues until March 31st, 1945, the costs incidental to winding up will be included in Plan expenditures and shared by U.K. After March 31st, 1945, however, should the terms of the present Agreement be carried out, it would be necessary to account for such costs apart from the costs of such R.C.A.F. activities as are continued. The intermingling of matters pertaining to demobilization, repatriation, disposal of assets, winding up costs, etc., would appear to make it impossible to segregate such costs from costs of other R.C.A.F. activities in Canada.

The proposal that U.K. be relieved of its share of winding up costs arising subsequent to March 31st, 1945, is therefore commendable on the score that Canada would have full freedom of action in carrying out an orderly demobilization policy. To the extent that winding up has progressed by March 31st, 1945, appropriate costs will have been included in Plan costs and therefore be shared by U.K.

Winding up costs would also comprehend care and maintenance of assets and if Canada desires full discretion in the disposal of assets with a consequent undeterminable possible increase in costs of care and maintenance, it is only reasonable that such costs be assumed entirely by Canada.

Since the arrival in U.K. of Mr. Norman and Air Vice Marshal Nairn, both we and they have been unofficially notified, as would appear from attached copy of cable dated October 9th, (CX6785 F510) Secret, from Norman to Power, that there will be a further considerable decrease in the Air Training Plan. This decrease of course cannot go into effect immediately since it involves closing of schools in which some pupils have just entered courses.

The proposals now made by the United Kingdom as set forth in the attached cable, are;

- (a) U.K. to waive all interest in residual value of the Plan assets existing at March 31st, 1945, and be relieved of all cost of disposal subsequent to March 1945;

To this I answer yes.

Minutes and Documents of the Cabinet War Committee,  
Volume XVI, July - December 1944, (R.G. 2, 7c, Volume 16)

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