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TELEGRAM

FROM: THE SECRETARY OF STATE FOR DOMINION AFFAIRS  
TO: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA.

LONDON, September 6th, 1939.

Following for your Prime Minister, Begins:

I am very grateful for your message and for information as to the defence and precautionary measures which the Canadian Government are taking or considering.

2. We realize that, as regards military activities, the immediate task of the Canadian Government will be the defence of Canada. As regards concerted measures, we are most grateful for your offer of assistance, so far as is necessary and possible, in the western Atlantic region. Participation in protection of Newfoundland will be of special value in view of the importance of the Bell Island iron ore mines.

3. As regards further military cooperation, our appreciation of the probable theatre of war and the character of main British and Allied military operations will be communicated separately as soon as possible.

4. Generally, so far as immediate steps are concerned, provision of naval vessels and facilities and of air force personnel would be of most assistance, and in particular at present time supply of any pilots and aircraft crews available is a capital requirement. As regards land forces, policy here is to avoid a rush of volunteers such as occurred in the last war and to expand by means of a controlled intake. The chief requirement is for certain technical personnel.

5. As regards supplies, there will undoubtedly be large requirements of Canadian dollars. According to Canadian balance of payments figures, Canada had an "active" balance with United Kingdom of about 175 million dollars a year over the years 1935 to 1937. United Kingdom purchases of some commodities obtained during those years in Canada will necessarily be curtailed, but purchases of other essential commodities are likely to be largely increased if necessary finances can be found.

6. It follows that the net balance of payments in favour of Canada may be substantially higher in war than in peace-time. For instance, if dollars are available for food, Defence department would like to increase our normal food imports from Canada by a very large amount, perhaps 100 million dollars, Ministry of Supply wish to purchase large supplies of various raw materials, in particular, copper, aluminium, nickel, and perhaps timber. Moreover, Air Ministry in addition to their outstanding commitments, would like to place very substantial further orders for aircraft and accessories. (The technical mission which as you know is now on its way to Canada has full particulars). All of these supplies are needed for the efficient prosecution of the war and the feeding of the civilian population. Figures which could be given at the present stage would not be exact enough to be of much value but we must reckon on our needs of Canadian dollars in war time greatly exceeding our peace time needs, perhaps by 200 and nearer 300 million dollars a year.

7. In the circumstances perhaps the most valuable immediate assistance which Canada could give in this field would be any steps which are possible to assist us in the financing of desired purchases. Ends.

SECRETARY OF STATE FOR DOMINION AFFAIRS.