

MUTUAL AID

"Canada has received no lend-lease aid from the United States. She has paid cash for the supplies obtained in this country." This comment on the independence of the Canadian war effort was made by President Roosevelt of the United States on Armistice Day, 1943. "It may also be noted," he went on, "that Canada has already made a billion dollars worth of aid available without payment to the United Kingdom and is now engaged in making available another billion dollars worth of aid to the United Kingdom, Russia, China and the other United Nations on a mutual aid program similar to our lend-lease program."

Since the beginning of the war Canada has been extending considerable assistance to its allies. In the first three years the flow of Canadian war supplies to the United Nations was assured by providing the United Kingdom with the Canadian dollars necessary to pay for these supplies. Countries in the British Commonwealth and also the Soviet Union have, through the United Kingdom, received substantial amounts of Canadian war supplies in this way.

Several methods of extending financial aid were used. The most important were:

The buying back or "repatriation" of British-held Canadian securities, amounting to about \$300,000,000, and the consolidation of the major part of accumulated sterling balances in London amounting to \$700,000,000, into an interest-free loan for the duration of the war.

A contribution of \$1,000,000,000 placed to the credit of the United Kingdom for the purchase of Canadian war supplies.

The assumption of the ownership of United Kingdom interests in Canadian war plants amounting to about \$200,000,000.

Instead of acting through the United Kingdom, Canada wished to negotiate directly with each country receiving its supplies. Thus the Mutual Aid Act was passed in May, 1943. Its preamble states in part:

"It is essential to the defence and security of Canada and to the cause of world freedom that Canada should make the utmost contribution to the victory of the United Nations.

"It is necessary that the products of Canadian war industry be made available not only for use by Canadian forces, but also to other United Nations, in accordance with strategic needs, in such manner as to contribute most effectively to the winning of the war.

"It is expedient that the conditions upon which Canadian war supplies are made available to other United Nations should not be such as to burden post-war commerce, or lead to the imposition of trade restrictions, or otherwise prejudice a just and enduring peace."

These were the principles on which the Mutual Aid Act was founded. It provided for the distribution of Canadian war supplies, including not only war equipment but raw materials and foodstuffs, to the United Nations to the value of \$1,000,000,000 on the basis of strategic need and in excess of what could be paid for.

Mutual aid agreements now have been signed setting forth the general terms and conditions under which effect is being given to Canada's policy. They cover the supplies which have been shipped to the countries concerned during the months before the agreements were signed and also the supplies that will be provided in the future. Agreements were signed with the United Kingdom and the Soviet Union on February 11, 1944, with Australia on March 9, and with China on March 22. Others are being negotiated.