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*Le secrétaire d'État aux Affaires extérieures
à l'ambassadeur aux États-Unis*

*Secretary of State for External Affairs
to Ambassador in United States*

TELETYPE EX-2583

Ottawa, July 13, 1945

I have discussed with Finance your message WA 3579 regarding Lend-Lease supplies transferred by the United Kingdom to Canadian Services, and that Department has furnished me with the following comment for you:

It is unfortunate we did not inform you more of the background of this situation in sending you the suggested draft message, as it might have answered in advance some of the questions you raise. In the first place, it should be made clear that conversations and correspondence have been carried on with the United Kingdom about this matter over the past three years, mainly over the question as to who would pay the United States for these supplies, and more latterly, as regards the possible methods of estimating them. Lord Keynes wrote a very long letter¹ to the Deputy Minister of Finance some months ago about the matter, a copy of which we could send you if necessary to give you some of the background material. At first it was contemplated that the U.K. might pay the U.S. for these supplies but later it was agreed that Canada ought to pay for them rather than the U.K. However, when the large magnitude of the amounts became evident, and the effect of these payments in increasing Mutual Aid that would be necessary to the U.K. and in seriously depleting Canada's reserves of U.S. dollars, it was felt that an entirely new line such as that suggested should be taken.

As regards your suggestion that we should have no objection to the U.K. supplying the U.S. with what information they can as to the nature and extent of the transfers in question, we are anxious if we possibly can to avoid any figures being given to the U.S. as that is likely to crystallize in their minds, and possibly in the minds of Congress, as an amount which Canada should rightfully pay the U.S., or else the U.S. should waive payment for, in effect thereby providing Canada with Lend-Lease. It is precisely this unpleasant dilemma which we are most anxious to avoid and yet which we are apt to be led into if the U.K. officially informs the U.S. that any specific or estimated value of Lend-Lease supplies has been transferred to Canada. In addition, for the reasons set forth in the proposed message, we believe that any estimates that can be given by the U.K. are quite arbitrary and could not stand up to any searching scrutiny. In fact, the amounts of such Lend-Lease supplies actually received are not known and cannot be ascertained. On the other hand, the U.K. we feel may be most reluctant to have this reason emphasized as the only one impelling us to refuse to agree to any estimates. It was for this reason that we felt the message should state that we did not believe any determination of the amounts involved would need to be made.