

Canada-United Kingdom Financial Agreement

be good business on the part of the government to assist these people through this fund, the way corporations are assisted.

I do not want to make a speech on immigration, but we have been trying to get immigrants to come to Canada from Europe. One of the best types of immigrants is the man from Great Britain. Other countries, particularly Australia, are offering advantages to British people. When the British citizen decides to make a move he looks around and tries to find the place where his money will be of the most value. The British pound is low in terms of our dollar. When the British citizen looks at Australia he finds that his money is worth more there, and quite often his decision to go to Australia is made on that basis and we lose a most desirable type of citizen. Some of them have a little capital to bring out, or some savings to invest. I would suggest to the government that they give serious consideration to assisting immigrants to bring to Canada small amounts of capital that they may have available, and that the opportunity afforded to these people should be equal to that offered by other parts of the world.

Mr. Sinclair: The situation with regard to this loan, Mr. Chairman, I am afraid is not quite as the hon. member thinks. Very briefly the story of this loan dates back to the early days of the war, when Britain ran up an account of roughly \$1 billion for Canadian purchases for which she had no dollars. An agreement was reached for liquidation of the holdings of the British government of Dominion of Canada bonds and Canadian National Railway bonds guaranteed by the Dominion of Canada; in other words, federal bonds. The British government paid in \$300 million on that, and then we gave them a dollar loan to the extent of \$700 million, or in other words financed the rest of it at no interest.

The original contract was that this would be payable on demand at the end of the war. If it were not paid then, it was to carry 2 per cent interest until paid. Just to fill in with the other transactions at that time, at the same time we concluded that agreement in 1942 we gave them a gift of \$1 billion to finance their expenditures in Canada for food, aircraft and things like that over the next period. That ran out about Christmas of that year, and in January of the following year, 1943, we began mutual aid which ran until the end of the war.

At the end of the war this particular loan became due. The British, of course, were not in a position to meet it, so the loan was extended for a further five years, again at no interest. The understanding, however, was

[Mr. Wright.]

that it should be payable out of the proceeds received by the British foreign exchange control authorities from the sale or redemption of Canadian securities in Great Britain, those securities being in the hands of the people. For example, if a Canadian bond became mature and was redeemed in Canadian dollars, the British foreign exchange control board kept those dollars. Over the years the loan has been reduced from the original \$700 million to roughly the figure mentioned by the hon. member, \$229 million, because of the application each year of those amounts of securities which have either matured or been sold in Britain for dollars.

The last step in this financing program occurred at the same time, that is in 1946, when we extended a further \$1,250 million of credit to Britain, this time financed at 2 per cent. However, that is quite removed from this situation. I put that story forward to show the trend of assistance to Britain.

At the end of the war the British pointed out that many of their holders of Canadian securities would like to invest further in Canada, a thing they could not do if the British foreign exchange control board took the proceeds of the sale of their bonds in dollars and just gave them sterling. This arrangement was, therefore, entered into between the Minister of Finance and the chancellor of the exchequer to permit some types of British industry to retain those dollars for investment in desirable industry in Canada. This would mean, of course, that each year we would get less in the way of payment on our outstanding debt. On the other hand, as the hon. member points out, it means that we bring to this country some of the very great British ingenuity and know-how, especially in the engineering trades. The way this has been done is that a firm in Britain makes application, first of all to the British foreign exchange control board, outlining what they want to do, what type of branch they want to build or what type of business they want to enter in Canada. The British foreign exchange control board will not authorize a straight transfer investment which is just a transfer of funds into some existing business or the acquisition of some existing business. The British foreign exchange control board approves types of investment that would be desirable both from their point of view and our point of view. This list is then submitted to our government, and we check it. We are interested in having real British investments, what they call bricks and mortar investments, in new Canadian industries.

I have a list here which will give some idea of the type of investment permitted. It is true that this has lowered the rate of