

to meet her payments." However, the difficulty was that one of the newspaper lords over there who owned a paper with a very wide circulation was constantly arguing in big type on the front page that Britain did not need the loan. I said to Lord Balfour: "Why are we meeting and discussing this matter, when a very prominent newspaper, owned by a rich baron, says Britain does not need the loan?" I shall always remember his reply: "That is nonsense. I will put it this way: If we do not get the loan we shall not for many years have butter on our bread, or sugar in our tea." When I said that I did not believe Canada would be ungenerous, I little thought that some day I would be introducing this bill.

So I have stated, the 1946 agreement between the two countries was for a loan of \$5 billion, the United States' contribution to be \$3½ billion, and Canada's contribution \$1½ billion. Interest and principal payments were to be made annually by the United Kingdom. Honourable senators will recall that late last year, owing to difficulties in which the United Kingdom found herself, she asked to be allowed to take advantage of the waiver clause in the 1946 agreement. The new agreement, which has already been signed by the two countries, will defer the interest payment of \$22 million, which was due to Canada in 1956, but honourable senators will be glad to know that the instalment of principal due in 1956, amounting to \$15 million, has been paid. In future we possibly shall be asked to defer both the interest and principal payments on specific occasions.

Article I (i) of the schedule to the bill provides:

No more than seven such annual instalments may be so deferred. The first of any such deferred instalments shall be paid on December 31, 2001, and the others shall be paid annually thereafter, in order.

Paragraph (iii) reads as follows:

Deferred instalments shall bear interest at the rate of two per cent per annum payable annually on December 31 of each year following that in which deferment occurs.

This loan agreement of 1946 was known as a "package deal"; that is, it was contingent on Canada and the United States agreeing to the terms of the loan. That agreement contained three provisions. The first related to the general balance of payments; the second related to the level of United Kingdom exports; and the third provided that any waiver of payments had to be agreed to by both Canada and the United States. A fourth provision, in the United States agreement only, was very complicated, but it could not affect Canada unless the United States refused to waive a payment.

It might interest honourable senators to know that the provisions of this Bill 238 has already been passed by the United States Senate, and by the House of Representatives, I think, as recently as yesterday. So the agreement now awaits only our consent. The changes proposed in this bill are exactly the same as the changes in the United States bill.

In view of the fact that the recent British budget estimates expenditures of \$12 billion in the coming year for a population of 52 million, while our own budget estimates expenditures of over \$5 billion for a population of only 16 million, some people may think that the United Kingdom does not need any financial concession by Canada at this time. Nevertheless, we can be sure that Britain is going through a very difficult period. Wages are fairly low. I happen to know that the superintendent of a big transport corporation, which operates 35 large lorries, is paid 10 pounds a week, or about \$28 in Canadian currency. The rate of pay for a comparable position in Canada is \$75.

Taxes in the Old Country are very high. As you know, almost every wage earner has to pay income tax. For instance a person getting as little as \$21 or \$22 a week pays a tax. Furthermore, all wage earners are subject to payroll deductions for social security purposes. A man making 7 or 8 pounds a week is subject to a deduction of 5 shillings for social security, and his employer has to better that by one shilling. So the Government collects through that one worker 11 shillings per week.

However British people are happy and contented, and doing the best they can under difficult conditions. They have not the money that we in Canada have to spend on luxuries; they must economize in various ways.

Honourable senators, I have no hesitation in recommending that the Senate pass this bill and ratify the agreement which has already been signed. I believe that by doing so we shall be making a fine gesture toward Great Britain and be doing ourselves a good turn as well.

**Hon. Mr. Euler:** May I ask my friend what is the date to which the annual instalments are deferred? I understood that it was into the next century.

**Hon. Mr. Davies:** The payment of any deferred instalments will not start until the year 2001.

The motion was agreed to, and the bill was read the second time.

#### THIRD READING

**The Hon. the Speaker:** Honourable senators, when shall this bill be read the third time?