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rapid this year and next year than can be absorbed by any
reasonable or practicable program of repatriation. Making
full allowance for an effective implementation of that part
of the Hyde Park Agreement which provides for the United Kingdom
lease-lending the U.S. content of British orders in Canada,
Britain's deficit with Canada during the present fiscal year
will be of the order of $900 million. In view of the practical
difficulties involved in implementing this program, it is
quite possible that the net deficit may exceed the sum indicated,
unless, of course, Canada should fail to make deliveries of
completed munitions as rapidly as has been anticipated.

It is obvious that we cannot absorb the major
portion of the sum of $900 million by any practical repatriation
program. The remaining amount of the Dominion's direct and
guaranteed securities still held by British investors is
limited, and when this total has been fully repatriated the
repatriation of other Canadian securities or other Canadian assets
held by British investors will present practical difficulties
and raise important, political issues. These other securities
include, for instance, unguaranteed C.N.R. securities selling at
relatively low prices, substantial blocks of C.P.R. securities,
other private corporate stocks and bonds (including some in the
nature of direct investments), and a substantial amount of
provincial and municipal securities which would not be readily
saleable in this market and which, if repatriated, would presumably
have to be held for a long period of time by the Foreign Exchange
Control Board or other Government agency.

There are also certain possible dangers involved in
pressing a repatriation program too rapidly. In the first
place, there is the danger that such action might be construed,
particularly in the United States, as treating Britain more
severely than the United States is treating her under the