

It is only at this point, when we have fully realized the magnitude of Canada's direct and indirect contributions to the war, that, with justice to the Canadian people, comparisons can be made of the financial arrangements between Britain and Canada, and the arrangements between Britain and the United States.

Financial Assistance to Britain

Britain, of course, cannot herself find all the necessary dollars with which to pay for her enormous purchases of Canadian products. For the new fiscal year, Britain's deficit in her balance of payments with Canada is now estimated at over \$1,150,000,000. Canada must provide Britain with the Canadian dollars to meet this deficit, either by purchasing Canadian securities now held in Britain, or by the accumulation of sterling balances.

In this connection, it may interest the house to know that from September 15, 1939, to the end of February this year, the United Kingdom's deficit with Canada amounted to approximately \$737,000,000. Of this deficit, Canada provided 45 per cent by the repatriation of securities, and 21 per cent by the accumulation of sterling balances in London, while only 34 per cent was met by the transfer of gold. During the six months' period ending February 28 last, Britain's deficit with us was \$359,000,000, and Canada financed the whole of that deficit, except for \$65,000,000 which was covered by gold shipments. Since the early part of December, no gold has been received from the United Kingdom.

In order to facilitate Canadian purchases in the United States which are essential to keep up Canadian war production, Britain, we hope, will continue to be able to make up a part of her deficit by providing Canada with some gold, or United States dollars. I wish, however, to emphasize the fact that whatever gold, or United States exchange, Britain makes available to Canada is for one purpose only, and that purpose is to enable Canada to make payments to the United States for war purchases. The gold, or its equivalent, assists Canada in meeting our exchange deficit with the United States, but it does not decrease by one dollar the net amount which must be raised from the Canadian people in taxes and loans.

The Total Burden

To meet the total burden upon the Canadian people of our direct war effort and our indirect effort in the form of financial assistance to the United Kingdom during the next fiscal year will, according to the best estimates which can now be made, require almost 44 per cent of the