

special financial measures the desirable volume of international trade could not be reached because, during the transitional years, many countries would have insufficient income from their own exports of goods and services and inadequate liquid reserves to cover their abnormal transitional requirements for commodities.

Loans and export credits by the Canadian Government have been designed to replace Mutual Aid as post-war means of enabling the needs of overseas customers for Canadian goods to be met during the transition period, or until such time as the war-torn countries receiving them have re-established their trade and finances. Such credits are adjusted to the financial position of the customer and differ from Mutual Aid in that they are credits repayable in the future when the countries concerned can discharge them. Under the post-war conditions now existing, they are as necessary to the healthy maintenance and development of Canadian export trade as they are to the rehabilitation of the countries receiving the goods exported. In this connection, it is well to remember that Canada in proportion to her new-found productive capacity enjoys a very limited internal market. This points to a large unused capacity in the exporting industries under post-war conditions if efforts are not made to promote trade. The nation will be called upon to import more, over the long run, if she is to increase exports. For, while it is true that Canada has emerged from the War with a large export surplus financed largely by export credits, there still remains the necessity for a substantial long-term increase in imports once the abnormal financing of exports in the transitional years has terminated.

Already Canada is committed to an outlay of \$2,000,000,000 on export credits. Of this, \$1,250,000,000 will go to the United Kingdom, and the remainder to other nations, including \$242,500,000 to France and smaller amounts to China, the Low Countries and some other countries. Only a portion of the \$2,000,000,000 will be used during 1946; a small amount of some export credits was spent in 1945. The loan of \$1,250,000,000 to the United Kingdom is made to facilitate the United Kingdom's purchase of goods and services in Canada and to assist in the restoration of external commercial and financial relations. Already the financial agreement with the United Kingdom has produced most constructive results in the comprehensive manner in which the outstanding accounts between the two countries have been cleared and the way prepared for maintaining a desirable flow of trade through normal channels during the next few years. The agreement provides for the final clear-cut settlement of the claims and obligations arising out of the wartime collaboration between Canada and the United Kingdom.

The total of Canada's financial aid to the United Kingdom and other countries is shown in the following statement which gives all Mutual Aid, gifts, loans and export credits for the War and post-war period to Mar. 31, 1946.

WAR AND POST-WAR ASSISTANCE TO THE UNITED KINGDOM AND OTHER COUNTRIES

(1) CONTRIBUTION TO THE UNITED KINGDOM— War Appropriation (U.K. Financing) Act, 1942.....	\$1,000,000,000
(2) MUTUAL AID (Expenditures according to preliminary accounts to Mar. 31, 1946)—	
United Kingdom.....	\$2,068,700,000
Australia.....	91,100,000
British West Indies.....	5,500,000
China.....	27,000,000
France.....	24,100,000
India.....	13,400,000
New Zealand.....	14,900,000
Union of Soviet Socialist Republics.....	160,800,000
<b>TOTAL, MUTUAL AID.....</b>	<b>\$2,405,500,000</b>