



Goose Bay Airport, Labrador, was constructed by Canada in the early years of the Second World War.

against attack on North America; it was perhaps even more important for the maintenance of communications across the North Atlantic. The new naval base of St. John's was extremely useful as an advance base for convoy escort forces. The new air bases also made possible air coverage of convoys in the later stages of the War, and Gander and Goose Bay in particular were of major importance as staging fields for ferrying aircraft to the United Kingdom and later to the European mainland.

As in 1914-18 the people of Newfoundland made significant contributions to the common effort: about 10,000 went overseas, either to the United Kingdom forces or as a forestry unit, and about 1,500 men and 525 women served in the Canadian Forces; there was a heavy loss in Newfoundland shipping; and over \$12,000,000 of the Government's accumulated surplus was lent to the United Kingdom, interest free. This time, however, Newfoundland did not attempt to finance its forces overseas as in 1914-18, except to the extent of supplementing pensions and post-discharge benefits to bring them up to the Canadian standard.

In order to reduce the carrying charges on the public debt the Commission of Government, immediately after assuming office, had arranged for the consolidation of outstanding bond issues into a single sterling issue at 3 p.c., guaranteed as to principal and interest by the United Kingdom.

By the winter of 1940-41, the economic effects of heavy defence expenditure by Canada and the United States were being felt. In 1941, for the first time since 1919, Newfoundland enjoyed a surplus of revenues over expenditures and continued to do so to the fiscal