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advantages to ourselves, we believe too that such relations form the soundest basis for a stable and enduring peace.

I have referred to Canada's part in restoring a working world economy -- let me now refer to our financial position and our task at home in making the adjustment from a wartime to a peace time economy.

What is Canada's financial position today? I can best answer that question by referring to the cost of the war -- the extent to which it was paid for -- whether it was paid for by taxes or by borrowing -- Canada's national debt compared to pre-war years -- and the overall picture of employment and standard of living in Canada.

Let me expand some of these points. Total war and demobilization expenditures up to the end of March, 1946 have been about \$19 billion.

In 1939 the net debt of the Dominion was a little over \$3 billion. By March 31, 1946 this net debt had increased to about \$13 billion. The total cost of a war amounting to about \$19 billion is only reflected in an addition to the net debt of \$10 billion. In other words, we paid nearly half the cost of the war out of taxes. This remarkable achievement was possible because Canada was enjoying very high wartime production and full employment. In spite of heavy taxes, we kept up a high standard of living. We did that because our people performed miracles of production.