

Kingdom and in the United States. To-day we are prohibited by the neutrality legislation of the United States from access to their security markets. To-day not only are we unable to borrow in the United Kingdom, but one of the most important parts of our war effort has been, and will continue to be, our ability to repatriate our securities. It has been and will be our duty to provide Britain with a proportion of the dollar exchange she requires in order that she may purchase certain essential agricultural and industrial supplies on this continent.

The actual money which has been paid out of the treasury on war account in the first eight months of the present war has been more than double the amount paid out in the first eight months of the last war. On the 19th of February, the Minister of Finance made public his estimate that, for the fiscal year of 1940-41, we shall require for war expenditure alone, at least \$500,000,000. The developments that are taking place and the additional activities and commitments which are proposed, and to which I shall refer in a few moments, have necessitated the revision of this estimate to at least \$700,000,000.

In the happening of certain other events and in the making of further commitments, to which no reference can be made at the present time, the figure of \$700,000,000 will be subject to a further revision upwards. In other words, our present estimate is that we shall be spending nearly two million dollars a day on Canada's war effort in the present fiscal year. Let it be clearly understood that that represents war expenditure only. For all purposes—war expenditure, plus the ordinary expenditure for the public services of Canada—the estimate will be over one billion dollars in the present fiscal year. I am just told by the Minister of Finance (Mr. Ralston) that the figure is not merely over one billion dollars, it is over 1100 million dollars. In other words, for all purposes, we shall be spending from now on an average of more than three million dollars a day. In the fiscal year of 1915-16, the total war expenditure on all accounts was \$166,000,000.

The reasons for the increased costs brought upon us by the growing necessity of the situation I have already referred to. In the last war there was no Canadian air force, nor air training plan. In this year we estimate for naval expenditure alone more than \$100,000,000. In the corresponding period of the last war, the estimate was \$3,000,000. Our estimated naval expenditure in this first year, therefore, is over thirty times what it was in the similar

[Mr. Mackenzie King.]

period for the last war. The estimated naval expenditures for the present fiscal year are more than three times the total naval expenditure for the whole of the last war.

The needs of modern war, also, have almost doubled the cost per man of maintaining a division in the field.

In connection with supply, the total contracts let to the 15th day of May, amounted to \$275,000,000. Of these amounts, \$200,000,000 have been placed on behalf of the government of Canada, and \$75,000,000 on behalf of the allied governments. With the exception of amounts totalling about \$50,000,000, all contracts have been let in Canada.

Twenty shipyards are engaged in the production of 90 vessels of war. Production is well in advance of the scheduled time. There are under construction 82 aerodromes, 175 construction projects, including coastal fortifications, submarine defences and hangars. There are on order 9,000 motor vehicles, at a cost of \$14,000,000, 3,000 of which have already been delivered overseas.

War munitions are being manufactured at a cost of \$80,000,000.

One large explosive plant is under construction. A second is in the course of organization. Industry is working at full speed to meet the future requirements of clothing, boots and personal equipment. The production of small arms munitions is being expanded as rapidly as equipment can be installed.

The Department of Munitions and Supply, with the assistance of the war-time prices and trade board, has taken every available step to protect sources of outside supply, and ensure against a shortage of raw materials. In addition to this, constant study is given to the possibilities of the increased use of Canadian materials in the production of supplies for ourselves and our allies.

I now propose to give the house particulars of the present position in relation to the Canadian navy, the Canadian active service force and the militia, the Royal Canadian Air Force and the air training plan. I do not need to remind the house that modern warfare demands extensive and intensive training, that modern military and naval equipment cannot be built in the space of a few weeks, however strong may be the manufacturing and industrial resources on which this construction depends.

As at May 10, 1940, the personnel of the Royal Canadian Navy consisted of 952 officers, 5,662 ratings. These numbers include 125 Canadian officers and 100 ratings who are serving in the British navy. That personnel is being increased by recruitment, and will be

increased as rapidly as ships come into service. There is a provision in the estimates for the current fiscal year for the increase in our navy personnel to a total of 1,450 officers and 10,000 ratings by March 31, 1941. There will be, of course, a progressive increase from this time to that.

In addition to our 7 destroyers, we have in commission 15 minesweepers, 6 anti-submarine vessels, 15 fishermen's reserve vessels, and 51 other auxiliary vessels. The conversion of 3 high speed merchant ships to light cruisers will be completed shortly. A number of other vessels have been acquired and are now being armed for patrol duty. There are under construction 90 additional vessels, which include 54 patrol vessels and 18 minesweepers.

The Royal Canadian Navy, apart from its patrol duties on our own coasts, is assisting actively in the coastal defence of Newfoundland, and is cooperating with the British and French navies in the Caribbean area. It is also taking an active and important share in the convoy duty so essential if the military supplies and foodstuffs required by the allies are to cross the ocean in security.

I have already referred to the estimate of over \$100,000,000 for the Royal Canadian Navy in the current fiscal year.

I now give you the essential facts with reference to the Royal Canadian Air Force. The figures which I shall quote are separate and distinct from the developments and projects of the commonwealth air training plan.

As at May 10 of the year, we had 1,389 officers, 10,926 airmen, or 12,315 of all ranks. Their disposition is divided between army co-operation, home defence, and the Royal Air Force contribution to the Canadian share of the instructional staff of the air training plan. In cooperation with the army, we have one squadron overseas; we have a second squadron completing its training in Canada. Provisions have been made for the continuous training of reinforcements for both squadrons in our army co-operation school. For home defence, we have 9 squadrons in our present establishment, and will have 12 squadrons when our establishment is completed.

In the Canadian active service force, the personnel as at the 10th of May, 1940, was as follows: The first division is overseas, and its strength has been enlarged by the necessary ancillary troops. The number of troops in the first division and its ancillaries is 23,438. At Canadian military headquarters there are 240 officers and men. The total of men overseas is therefore 23,678.

We have in training for overseas service a second division with its ancillary troops amounting to 24,645. We have under mobilization other troops under the following headings:

Depots and training centres . . . . .	16,282
Troops engaged in coastal defence and anti-aircraft work . . . . .	9,036
Troops engaged in guarding vulnerable points . . . . .	1,665
Other troops in Canada . . . . .	6,223

The total personnel in the Canadian active service force as of May 10 is 81,519.

In addition to the active service force the non-permanent active militia has been organized into eleven territorial regiments for the purpose of providing reinforcements for the Canadian active service force units overseas. Apart from troops overseas and troops engaged in home defence our troops are assisting in the defence of strategic areas in Newfoundland, and further assignments of duties are contemplated in the Atlantic area.

In the three services there were as of May 10 more than 100,000 men on active service. In addition organization has been provided for the reinforcement of the Canadian active service force and for the recruitment as rapidly as ships can be put into commission of the personnel of the Royal Canadian Navy. Recruitment of the Royal Canadian Air Force is intimately associated with the British commonwealth air training plan to which I shall now refer.

The British commonwealth air training plan is not an exclusively Canadian undertaking. As the name implies, it is a joint plan in which the four governments, those of the United Kingdom, Canada, Australia and New Zealand, are all concerned. The plan originated with the British government. The preliminary work on the scheme was done by the United Kingdom air ministry. Canada cannot alter the plan at her own exclusive discretion, nor without regard for the essential factors of the adequate training of men to meet the demands of modern aerial warfare.

Neither the commonwealth air training plan nor any other air training plan can turn out trained pilots, observers and gunners immediately after its inception. The immediate requirements of the United Kingdom air force were and still are being met by the training establishments in the United Kingdom, which were in full operation at the outbreak of war. The joint training plan was established for the purpose of maintaining the progressive supply of trained pilots and airmen, and increasing it steadily until the allied air force had attained decisive superiority over the enemy in the air. It was felt that the plan