

have the budget brought down at an early date. I hope to have it ready within the next two or three weeks, so that the Canadian people may know as soon as possible the details of our financial and taxation programme for the year.

I wish to outline a little more fully the measures that are being proposed to make possible the continued flow of Canadian munitions, foodstuffs and other war materials to the various theatres of war. The principal measure for this purpose is the bill to set up a Canadian war supplies allocation board and provide it with authority and funds to procure war supplies to be transferred to others of the united nations. There are two subsidiary proposals which I shall mention later, one of which is provided for in the supplementary war appropriation and the other in the main war appropriation.

Canada has been able to provide a huge volume of war supplies over and above the requirements of our own forces. Raw materials and foods we have been able to furnish from the beginning, and we have greatly increased our production of these basic necessities to meet the war requirements of Britain, the United States, Russia and others of the united nations. From the large new factories we have built during the war and the extensions to other plants has come a flood of munitions and specialized war equipment—ammunition, guns, tanks, aircraft, transport vehicles and merchant ships—which have been sent to many theatres of war. A large part of these war supplies has gone to Britain and to British forces abroad. Much has gone to other nations of the commonwealth. Canadian supplies have also been sent in substantial volume to Russia and China.

In order to enable these various countries to obtain these supplies from Canada, special financial arrangements have had to be made, because these nations did not have available Canadian dollars that were required to pay for Canadian products.

The main way in which we have assured this flow of war supplies to our allies heretofore has been to provide Britain with the Canadian dollars necessary to pay for what the sterling area obtained from Canada in excess of what it sold to Canada. This served to make Canadian dollars available not only to Britain but also to Australia, New Zealand and other British empire countries which purchased their foreign exchange from Britain. The first means by which we provided dollars to Britain was that of paying our debts before they were due. The next was merely to allow pounds sterling to accumulate to our credit. Later these sterling balances not used in pay-

ment of debts were converted into a loan to Britain, interest free for the duration of the war. Finally we provided a free gift of a billion dollars, assuming this as part of our share of the cost of the war. This billion dollars has now been exhausted. Other means must be found to continue providing Britain with the large volume of essential war supplies she requires from Canada.

Others are involved as well as Britain. Canada desires to continue sending supplies to Russia, to the heroic Russian army and to the hard-working men and women who have made its success possible. We want to play our part in providing China with everything that can be transported to her, so that she may strike back at Japan quickly and effectively. We want Australia, New Zealand and other parts of the commonwealth to be able to get from Canada all that we can provide them of the things they require from us in carrying out their part of the united nations' effort. Heretofore, as I have indicated, Australia and New Zealand have purchased from Britain the Canadian dollars they required, but we think it would be more satisfactory from the point of view of all concerned if they were able to make more direct arrangements with us.

We will continue to produce many kinds of war supplies substantially in excess of the requirements of our own forces. We are able to supply a great deal because we have a high productive capacity in relation to our population and because we are relatively safe from direct attack and invasion. I believe, and I think most Canadians believe, that it is our national duty and our privilege to share our abundant supplies with the other united nations, putting the excess of our supplies over the requirements of our own forces into a pool to be allocated among those of our allies who can make the best use of them in accordance with strategic needs. No financial impediment should be allowed to interfere with this sensible sharing of our war production. We are engaged in a common enterprise; the defence and security of Canada are imperilled if any of our partners lack arms; victory for each depends upon victory for all.

After thorough consideration, therefore, the government is proposing that Canada should share its production of essential war supplies with the other united nations on the basis of strategic needs. It is proposed in the legislation to reserve the right to transfer goods on such terms and conditions as the government may deem appropriate, so that in certain cases Canada may receive the benefit of such reciprocal arrangements as may be practicable. However, the government believes that the conditions under which Canadian war supplies