FINANCIAL REPORT

Canada's war spending has steadily increased. In the 1940 - 41 fiscal year, direct expenditures for war was about $792,000,000. The amount spent in the first three months of 1941 was about five times as great as the amount spent in three months of 1940. The present rate of spending is well over $1,000,000,000 a year and it is expected that direct war expenditure in the present fiscal year will be approximately $1,450,000,000 - nearly twice as much as the amount spent last year.

In addition to this direct war expenditure, Canada gives Great Britain financial assistance. By repatriating Canadian securities held in Britain and by accumulating sterling balances, Canada, in effect, lends Great Britain money with which to make war purchases over and above those for which she is able to pay. Up to the end of March of this year the money which Canada lent Great Britain in this way amounted to about $537,000,000. The net amount which Canada expects to have to provide for this purpose in the present fiscal year, (April 1, 1941 - March 31, 1942), amounts to between $800,000,000 and $900,000,000. The exact figure will depend upon the extent to which the United States lend-lease act assists Canadian purchases in the United States on British account.

Canada's total war spending in the present fiscal year will be considerably more than $2,000,000,000 and will require between 35% and 40% of the national income, which it is expected will amount to $5,950,000,000. When the ordinary expenses of all Canadian governments, federal, provincial and municipal, are added, the total with which Canadians will have to provide the country during the present fiscal year amounts to about half the national income.

This year the national income of the United States is expected to exceed $80,000,000,000. On that basis, Canada's total war spending would be equivalent to an expenditure by the United States for defence and for aid to Britain of about $30,000,000,000 in a single year.

The financial policy of the Canadian Government is to pay for the war, as far as is possible, "as it goes". Money is to be raised as far as is practicable by taxing and borrowing from the public and from domestic financial institutions other than banks.

The 1941 - 42 budget provides for the raising of about 70% more money in taxes in the full fiscal year than was raised in this way in the 1940 - 41 fiscal year. Here are the figures for the three fiscal years beginning 1939 -