



During the war years, Canadian shipyards turned out 486 naval escort vessels, including frigates, corvettes and minesweepers; 391 cargo vessels, including 348 ten-thousand tonners; and more than 3,500 miscellaneous and special purpose craft.

The Canadian aircraft industry produced more than 16,400 planes, ranging from Lancaster bombers to training craft. It had employed fewer than a thousand people at the beginning of the war and the annual production was about 40 planes. By the end of 1943, more than 120,000 people were employed and the annual production exceeded 4,000 planes.

From new arsenals and shell-filling plants came more than 80 million rounds of heavy ammunition and more than 4,000 million rounds of small arms ammunition, millions of grenades, depth charges and mines.

Tanks were built for the first time in Canada. In 1941, 100 tanks were completed. By the end of 1942, production was at the rate of more than 2,000 a year. In all, 6,590 tanks were built. More than 790,000 other military vehicles were manufactured during the war.

The mining industry was expanded to make Canada the world's largest exporter of base metals. The production of food on farms was doubled, despite a 30 per cent reduction in agricultural manpower.

The total cost of the war to Canada was about \$19,000 millions—twelve times the cost of the first world war and one and one-half times the combined expenditure of all federal governments from Confederation, in 1867, to 1939. Nearly half of this was met out of taxes, and at their peak Canadian income tax rates were the highest in the world.

Canada alone, of all the co-belligerents, did not participate in Lend-Lease; all materials received from the United States were paid for in cash. No outside financial assistance was received from any source.

Furthermore, under the Mutual Aid Act of 1943, Canada made her own war supplies available as an outright gift to any member of the United Nations which could use them against the enemy and had not the means of payment. Total contributions under Mutual Aid exceeded \$2,500 millions. Other gifts of a similar nature brought the total of Canada's gifts to her allies to approximately \$4,000 millions, about eight times the normal peacetime federal budget. This figure is exclusive of other credits and loans, under which the Canadian people raised an additional \$1,500 millions of cash to help finance the war effort of their allies.

From the outset, the war effort of Canada was a concerted experiment to determine how much twelve million people, with abundant resources, under democratic administration, and immune from enemy attack, could produce, and how much of that production could be diverted to war uses. The results have set a mark for renewed achievement in peacetime.

Under the stimulus of war, the whole scale of Canada's economic life has been raised and her potentialities quickened. She has shifted from the position of a debtor to that of a creditor nation, has been swept into the broad current of international affairs, and for the future preservation of the world's peace has assumed obligations toward her neighbour states commensurate with those which she undertook in war.



GEOGRAPHICALLY Canada is a North American nation; historically and politically she is a member of the British Commonwealth of Nations.

INTERNATIONAL RELATIONS

Canada's neighbours, north and south, are the two most powerful states in the world, the Union of Soviet Socialist Republics and the United States of America. To the east Canada looks across the Atlantic Ocean towards Great Britain and Europe, to the west across the Pacific towards Japan and China. Her territory lies in the path of the shortest air routes linking five continents.

Canada's economy is, by its very nature, dependent on extensive exports and imports. Roughly one third of her total production is regularly shipped abroad in exchange for the products of other countries. Clearly she has a vital interest in multilateral trade in a world at peace.

These are some of the underlying factors which set the pattern of Canada's foreign policy today.