

been issued with an average holding of approximately \$25 each. The original objective of \$50,000,000 in the first year has been raised to \$122,000,000. We have recently concluded arrangements with the United Kingdom to repurchase Canadian securities to the amount of \$109,000,000 to provide the United Kingdom with Canadian funds for war purchases in Canada.

The Minister of Finance (Mr. Ilsley) will, of course, give a detailed report of our war finances. I should, however, not like to conclude this brief survey without pointing out that, thanks in no small measure to the excellent work of the Foreign Exchange Control Board there has been no major disturbance in the international exchange position in so far as it affects Canada. Equally, due to the splendid services performed by the War-time Prices and Trade Board, there have been no undue burdens placed upon Canadian consumers.

Before turning to another aspect of my subject, I should like to remind the house that the only limits the government is prepared to place upon Canada's war effort are those imposed by the extent of our resources, both human and material, and by our capacity for sacrifice. We will make financially possible, the utmost effort the people of Canada are physically and morally capable of making.

The policy of the government in this respect was clearly set forth by the present Minister of National Defence when, as Minister of Finance, he brought down the budget on June 24. Let me repeat his words:

I need hardly say that our war effort is not in any sense to be limited by any such financial calculations or by what we can comfortably accomplish. We must make the maximum effort of which this country is capable. Financial provision can be made and will be made for whatever it is physically possible for us to produce or to procure in the way of war services, supplies and materials. The limits of our effort are not fiscal; if there are any such limits they are physical, mental and moral—by that I mean the physical limits of our resources and the mental and moral capacity of Canadians to bear burdens and make sacrifices.

A similar statement of government policy was made by the present Minister of Finance at the close of the review he gave the house of our war finances on July 30, when he said:

See that Canada does her utmost—on the land, on the sea and in the air—and the cost, in so far as money can meet it, will be gladly and proudly paid.

I wish now to speak of Canada's relations, and indeed of the relations of the whole British commonwealth, with the United States, in the period under review. Before discussing these relations, I should like to say a word

about how much our own Canadian war effort owes to the cooperation of the United States. Aircraft and tanks for training purposes, and destroyers for active service, are outstanding among the many essentials of warfare which the United States has so generously made available to Canada. The president's announcement on Friday last of the priorities being given to Britain and ourselves is only the most recent example of United States assistance magnanimously given to the United Kingdom and to Canada. Every member of the house will, I am sure, join with me in an expression of our appreciation and gratitude.

When history comes to record the time and place at which the onward sweep of nazi aggression was halted, and the tide of war turned, that place and time will be found, I believe, to be the English channel, during the months of August and September. Just as the evacuation of Dunkirk will remain a chapter unsurpassed in the history of British arms on land, on sea and in the air, so the indomitable resistance of Britain, the stout hearts of the people of London, the unflagging skill and daring of the young men in the air, and the unceasing vigilance of the navy will mark the supreme moment in the present world conflict when tyranny was halted in its threatening course, and despair was changed to hope.

There remains little doubt that when French resistance collapsed last June, the government of France and her military leaders believed that not only France but also Britain was doomed. In their despair, they thought that the nazi onslaught was irresistible and that Britain, too, would crumble before the might of the German attack. The terms of the French surrender and much that has happened since can be understood only in the light of this conviction of nazi invincibility.

Nor were the French alone in this appalling belief. It was generally held on the continent of Europe and, to a surprising degree, even in the United States. Public attention there became concentrated on the extent of American preparedness to meet the threat to this hemisphere which would follow the defeat of Britain. The myth of isolation was dissolved in an almost frenzied preoccupation with self-preservation. In order to meet the requirements of United States defences on land and sea and in the air, a movement of opinion developed even to the length of urging the retention in America of supplies of equipment and munitions desperately needed by Britain. Ominous rumours spread and gained credence that Britain could not hold out.