

regard to the production of munitions in this country on a slightly different scale from what had prevailed hitherto:

Ottawa, 21st August, 1917.

Towards the close of 1916 the capacity for producing munitions in Great Britain had so increased that the Minister of Munitions advised that it was unnecessary to continue the production of munitions in the United States for British account, except for a few special lines. The production in Canada, however, was continued as before.

The minister has now advised that it is unnecessary to continue production in Canada on the present scale. He has directed that certain lines shall be discontinued; that other lines shall be produced in lessened quantities; while some lines are to be continued as at present.

The effect of this will be to stop the production of shells and components at some plants which are now producing sizes no longer required. In other plants, where shells are made of sizes of which a reduced output only is required, it will mean working during the day only, thus stopping night work. In other plants, however, where sustained production is required, operations will be continued night as well as day.

These changes have been anticipated by several important firms, who have already resumed, or are planning to resume, their pre-war activities in their own lines, while others are engaged in the production or preparation for production, of equipment needed for ships now under construction or to be built during 1918.

The reasons for the diminution of shell orders is clearly set forth in that statement. It is no doubt within the knowledge of the House that, by reason of the exchange situation which prevails between Great Britain and the United States, it is an object to Great Britain, from a financial standpoint, to manufacture as much of her own requirements as possible on the other side of the Atlantic. She is continuing to order in this country the shells which she specially requires, and my hon. friend is entirely mistaken in his statement that the shell industry of Canada is to be effaced. He had the information in the answer which I gave him, which would have told him that that conclusion was entirely unfounded, as I know he believes, because, instead of the Dominion Government decreasing the amount which we have supplied to the Imperial Government for the production of shells in Canada, we have, during the last two or three months, greatly increased that amount. I pointed out to my hon. friend, upon the occasion to which I have referred, that we had been paying \$25,000,000 per month to the Imperial treasury for the purpose of paying for munitions in the Dominion of Canada. I may say that in July and August we paid out much more than \$25,000,000 each month

for that purpose. I may say further that we have arranged, as my hon. friend has stated, to pay the sum of \$25,000,000 per month for September, October, November and December for shells, and it is our intention to continue such payments as long as the war lasts. Let us consider for a moment what that means. \$25,000,000 per month is easily said, but \$25,000,000 per month means \$300,000,000 per year. That is equal to two loans of \$150,000,000, one every six months.

In order that this House may see how the Dominion Government has risen to the occasion so far as supplying funds to the Imperial Government is concerned, I desire to submit just a few figures, promising not to take up too much of the time of the House. In round figures we have supplied the following amounts to the Imperial treasury during this year: January, \$20,000,000; February, \$25,000,000; March, \$34,000,000; April, \$25,000,000; May, \$26,000,000; June, \$36,000,000; July, \$48,000,000; August, \$37,000,000; and the estimate for the month of September is \$40,000,000. Not only is the Dominion Government supplying money to the Imperial treasury for the production of munitions in Canada, but it is by reason of the action of the Dominion treasury in financing the Imperial treasury that the dairymen of Canada to-day are able to sell their cheese to the British Cheese Commission. For many years the cheese industry of Canada has been built up by reason of the export market which existed in Great Britain. If the Dominion Government had not undertaken to supply the \$40,000,000 which represents the value of Canada's export cheese, the dairy farmers of this country would not to-day be able to sell their cheese in Great Britain, and there is no market to-day for that cheese in the United States. The dairy farmers of Canada, by reason of the action of the Dominion Government in furnishing that \$40,000,000, are deriving over 21 cents per pound for their cheese. The Dominion treasury, therefore, since July, has undertaken to furnish \$25,000,000 per month and more for munitions, and in addition has undertaken to supply \$40,000,000 for the purchase of cheese by the British Cheese Commission in Canada, and some \$10,000,000 additional for purchases made for the War Office account by the Department of Agriculture.

Mr. R. B. BENNETT: Have any arrangements been made with relation to the purchase of wheat?