

to spread the burdens of war as fairly as possible that the government undertook to control all prices, and, where necessary, to take other steps to control civilian consumption in fair and equitable ways.

In undertaking to control the cost of living, the government was following, on the economic side, the policy, adopted at the outset of the war, of a progressive and orderly advance towards the goal of a full-out effort. It was realized that the stage would ultimately be reached when the problem of a general rise in prices would have to be faced. We felt it was advisable to postpone action to control all prices until such action was really necessary. Complete control of prices, as all are coming to understand, involves many complications, and restrictions. Moreover, like all compulsory measures, it requires a large staff to administer the machinery of enforcement. It was clearly undesirable to take men's services from other tasks one moment before they were needed. Price control became necessary, late in 1941, if our people were to be spared the fears, the sense of insecurity, the suffering and the profiteering which the inflation of prices inevitably produces. The successful operation of price control and the ancillary measures to control wages and salaries will help in the winning of the war. After the war, they will aid our country on the road to recovery and reconstruction.

From this brief review, it will be seen that Canada's war programme has been a balanced programme. The record of achievement is a balanced record. What is more, this effort has been achieved by methods which have kept our country united. Indeed, without unity of purpose and effort as a nation, it could never have been achieved.

Let me come now to the programme for the present year, which has been prepared in reference to the fiscal year ending March 31, 1943.

The navy already has 350 ships and over 27,000 men in the service. The programme of expansion for 1942 can be expressed very simply. Our shipbuilding capacity is being used to build ships for Britain and for Canada. Apart from the naval craft built for Britain, the navy will take all the ships Canada can build, and it will enlist and train the men required to man the ships. No limitation has been placed upon the number either of ships or of men, save in so far as the number of available ships necessarily sets a limit to the numbers of men who can be enlisted for training.

The Canadian active army now consists of the corps of three infantry divisions, divisional and corps troops, an armoured division, and an army tank brigade in Britain. In addition,

there are, in Britain, in reinforcement units, thousands of reinforcements. A fourth infantry division, and the brigade groups of a sixth division, have been mobilized in Canada. In addition, there are the troops on home defence duties on our coasts and in vulnerable areas, and troops in training as reinforcements.

During 1942, that is this year, up to March 31 next, it is proposed to create overseas a Canadian army of two army corps: one army corps to comprise three infantry divisions and two army tank brigades; the other to consist of two armoured divisions. In addition, all necessary ancillary units to serve these two corps will be provided. To reach this objective it will be necessary: first, to convert the present fourth division into an armoured division and train and equip it for this special role and dispatch it overseas in due course; second, to raise, equip, train and dispatch overseas another army tank brigade for use with the infantry divisions of the Canadian corps; third, to raise, equip, train and dispatch additional ancillary troops for both the infantry corps and the new armoured corps; fourth, to maintain and reinforce these two corps; fifth, to provide headquarters staff organizations for an army and an armoured corps.

It will, however, be recognized that the ultimate disposition of all troops necessarily depends upon circumstances which determine the course of the war.

As for the territorial defence of Canada, special dispositions have been made where that seemed to be required, as a result of the outbreak of war with Japan. The garrisons of coast defences have been strengthened. Reserves have been allotted to deal with any likely emergency.

A special reorganization and regrouping of reserve formations is under way right across Canada, and an emergency organization of active service personnel in training centres or elsewhere is being established.

Whether it will be necessary to mobilize another division for Canadian defence when the fourth armoured division is dispatched overseas will, of course, depend on developments in the intervening period.

The situation in Canada in respect to anti-aircraft defence is improving each month as more equipment becomes available. New units are being mobilized in accordance with anticipated deliveries of equipment.

The 1942 army programme will create a thoroughly modern, well balanced and hard-hitting Canadian overseas army. This army will be complete and self-contained. It will be capable of operating in any theatre, and can be effectively maintained in respect to both man-power and equipment.