

Another measure of our war effort, apart from the enormous increase in production of implements of war, is the increase in the exports of Canadian products, particularly to the United Kingdom. Consisting as they do of foods, raw materials and manufactured goods, these exports to Great Britain are an indication of our increasing contributions to the war effort overseas. The aggregate value of exports to the United Kingdom for the nine months ending September, 1940, was \$380,817,000, as compared with \$242,725,000 in the first nine months of 1939. This shows a very gratifying increase of 56 per cent.

2. The war programme. I now want to turn from the general picture to the more specific features of our war programme, and to present to this house a report on the progress of our programme of expansion of industrial facilities, and production of munitions and war supplies. A great variety of items which we have asked Canadian industry to produce have never before been produced in Canada. Added to the problem of organizing existing productive capacity for maximum output, has been that of constructing and tooling up the plants to produce the diversified equipment of modern warfare, and the bringing of these new plants into production in the shortest possible time.

In so far as possible, it has been the policy of the government to rely upon existing plants for securing adequate supplies of munitions and their components. In many cases, however, the necessary plants did not exist, or, if they existed, their capacities were inadequate, and extensions of existing plants, or the construction of wholly new plants, has been necessary. The policy of the government, in giving financial assistance to expand existing plants, or to build new plants, has been based on the fact that the government is itself the sole purchaser of the production from these plants and, therefore, would itself pay any sums set aside as depreciation in the war period. We have, therefore, in cases where facilities cannot be financed privately, adopted the policy that new construction or expansion of manufacturing equipment, should be paid for by the government, and ownership retained by the government. In the case of new buildings, we have required that the land be deeded to the government, or leased to the government on satisfactory terms. Where machinery has been placed in an existing building, the machines have been stamped as the property of the government, so that government property can be recovered when its usefulness ceases for the production of munitions.

I should qualify the foregoing statement by saying that circumstances do not always permit us to follow the pattern I have described. We have on occasion found it necessary to expand plants along lines which do not permit the segregation of private property and government property. In such cases it has been our practice to place the operation of the plant in