

men. It was estimated that our programme would cost for the first year of the war, till September, 1940, at least \$315,000,000.

It is now realized—in May, 1940—that the figure will be much higher. But this sum of \$315,000,00 is about 50 per cent greater than the total of our war expenditures during the last war up to March, 1916, that is, between August, 1914, and March, 1916. This sum is almost as great as our expenditures for the fiscal year 1917-1918, when the Great War was at its height. The budgeting for 1940-1941 will disclose an expenditure of \$700,000,000. This should certainly allay any fear of parsimoniousness on the part of the Government.

Hon. Mr. Ralston also said:

The Minister of Finance, with any sense of responsibility, must give constant attention to the cost of the war, both in money and materials, as this may be a long war. Our preparation must not be on a diminishing, but rather on an increasing scale. We must not cripple ourselves from the outset. We must keep in mind the supply of war materials and our financing of their purchases by our Allies, which will be an important part of our war effort.

Our programme does not involve the same appealing activity that characterized the opening of the last war, when marching men were embarking for overseas immediately, mostly without any training, one-fifth being rejected in England as misfits. Recognizing that modern mechanized warfare really is a grim and costly and long drawn out business, we demand that Canada's effort should be practical rather than spectacular.

The British Government intimated that Canada could be of most immediate assistance by facilitating the purchase by the United Kingdom of essential supplies in this country, which meant that Great Britain needed Canadian dollars for that object. We repatriated Canadian securities, and we shall continue to finance Great Britain in such or other manner. This has a three-fold effect: it assists the United Kingdom in the purchase of supplies; it opens a market for Canadian products; furthermore, the buying back of our bonds reduces our liabilities abroad and will strengthen our international financial position. But of course this means that money must be found in Canada to pay for those bonds. We cannot, as in 1914, borrow from the United States, because of the Neutrality Act, nor from Great Britain.

Another measure which we took to strengthen our financial ability to carry out the war was the establishment of the Foreign Exchange Control Board, whose object is to conserve for the prosecution of the war the financial resources which we have in this Dominion. I will not dilate on the importance of that policy, which is of tremendous

Hon. Mr. DANDURAND.

help in protecting our capital resources and maintaining the stability of the Canadian dollar.

Before the war the Government had a survey made of Canadian industry and industrial capacity. The Defence Purchasing Board had been set up and gave splendid service up to the 1st of November last, when it was absorbed by the War Supply Board, which in turn was replaced by a Department of Munitions and Supply on April 9. That department has the benefit of the experience and organization built up by the board, and it has the services of most of the latter and of all its employees.

As we all know, Mr. Wallace R. Campbell rendered most valuable service as chairman of the board, with Messrs. Gravel, Woodward and Harrison as assistants. Mr. Campbell is still acting in an advisory capacity.

The British and French Governments appointed that board as their purchasing agents in Canada.

The Minister of Transport stated last January that the War Supply Board was a finely adjusted piece of machinery. It was placing some 500 orders a week, at a cost of about four million dollars. It attended to the outfitting of the men for service abroad and at home—the First and Second Divisions, and the ancillary troops, as well as the Navy and the Air Force. The food supply was bought in huge quantities.

In January last Mr. Howe made this solemn promise at the close of his statement:

I can offer you no message that will find a quicker response in your hearts than the promise that I and all those associated with me in the activities of the War Supply Board will spare neither personal effort nor any resource at our command to see to it, without any equivocation, without consideration, personal or political, that the armed forces of the Dominion are the best fed, the best clothed and the best equipped in the world. To that sole purpose we are dedicating all our thoughts and all our energies. In so far as it is possible for us to do so, within human limitations, we shall not allow the second front line to fail the first.

Here are some facts and figures relating to war contracts:

Total contracts let to May 15:

For Canadian Government over \$200,000,000.

The Allied governments over \$75,000,000.

All let in Canada except about \$50,000,000.

Air Training Plan:

Deliveries of all materials ordered being made in time to proceed with work according to plan.

Air fields which are being constructed by the Department of Transport will all be completed this year. (Plan did not call for completion of all air fields in 1940.) Cost about \$20,000,000 Work proceeding night and day.