

remaining months of the fiscal year; the expenditure being made now is at a rapid rate. Starting at relatively low levels in the early spring and summer months—approximately \$25,000,000 a month in the first quarter of the fiscal year—our war expenditures increased rapidly, amounting in December to \$84,000,000 and in January to \$87,000,000. This is at a rate of over a billion dollars a year.

In planning the war programme for the coming year we have had regard to the following factors:

- (a) The physical capacity of Canada to produce equipment and supplies for ourselves and Britain;
- (b) Our consultations with the British government as to the forms our effort should take in order to make the most effective contribution to the joint cause; and
- (c) Our belief that the Canadian people desire that this country do its utmost, and that they are willing to make the sacrifices and bear the burdens which such an effort involves.

To finance the programme that has been developed on the basis of these considerations we have decided to ask parliament for a war appropriation of \$1,300,000,000 for the coming fiscal year.

The war program which was outlined by the Prime Minister yesterday and the war activities which will be carried on during the next fiscal year, as set out in the statements made by the defence ministers in the debate on the address, will involve a total estimated expenditure in excess of this sum by perhaps as much as \$150,000,000. But, as the house will realize, there are very great difficulties in making precise estimates of war expenditures. In particular, there are at least three factors which make accurate estimates impossible.

First, there is the impossibility of calculating wastage of equipment and the amount of ammunition that will be used, as this will depend upon the nature of the warfare that develops.

The second factor has to do with the capital assistance which has been given to manufacturing plants through the Department of Munitions and Supply. Large sums of money have been advanced, and additional sums will be advanced, to contractors to pay for adding to their plants or to build new ones. Additional sums will be advanced to provide working capital. In many cases Canada and the United Kingdom are making advances on a joint basis, but in some of these cases the division between the two countries has not been settled. In the meantime the money has been put up in order that there shall be no delay; the division will be worked out later.