

The underlying principles of mutual aid and lend-lease in the United States are the same: That no financial impediment should prevent allies from giving the maximum assistance to one another and that United Nations war resources should be used in the most effective way possible. While the Lend-Lease Act was adopted when the United States was neutral, the Mutual Aid Act was passed when Canada had already been at war for more than three and a half years and had extended financial aid in excess of \$2,700,000,000 to the United Kingdom and its allies.

NATIONAL
INCOME

The national income at factor cost in 1943 rose to a new high of \$8,000,000,000 an increase of 17.3% over the national income of \$7,500,000,000 in 1942. The wartime rise in national income per capita according to the figures released by the Dominion Bureau of Statistics has been as follows:

1939 -	\$402
1940 -	473
1941 -	565
1942 -	644
1943 -	746

FINANCE

For the five fiscal years ending March 31, 1944, Canada's war expenditures will have exceeded \$10,824,000,000. The daily war costs per capita have been:

<u>1939</u>	<u>1940</u>	<u>1941</u>	<u>1942</u>	<u>1943</u>
3¢	17¢	32¢	89¢	\$1.16

The gross bonded debt of the Canadian government and of the Canadian National Railways has increased 141% during the war from \$4,693,000,000 to \$11,302,000,000. The external bonded debt has decreased 54% from \$1,784,000,000 to \$819,000,000, while the domestic bonded debt has increased 260% from \$2,909,000,000 to \$10,483,000,000. This domestic wartime borrowing has equalled half of Canada's total cash requirements.

To finance the war effort, the government has aimed at the widest possible distribution of its war borrowing by means of periodic war and victory loan drives. Cash sales in two war loans and the five subsequent victory loans have been progressively larger. The fifth victory loan in 1943 netted a total of cash and conversion sales of \$1,571,311,550, compared to the first war loan in 1940 of \$250,000,000.

The government's policy has been to obtain the maximum assistance possible from persons of moderate means, primarily to reduce civilian consumer purchasing power as much as possible and thereby to combat inflation, and secondly so that as many persons as possible should have some reserve against emergencies.

The amount of cash applications from persons of moderate means advanced from \$132,000,000 in the first war loan to \$604,000,000 in the fifth victory loan. Marketing costs for each \$100 of bonds were 86.8 and 84.2 ¢ for the two war loans, and \$1.094 and 98.4, 98.6, 92.3 and 88 ¢ for the succeeding five victory loans.

At the close of 1943 Finance Minister Ilesley stated that he thought it possible that Canada's war expenditures had reached their maximum and that, even taking into account the need for financing relief supplies, no increase in expenditures beyond current levels need be anticipated.