

REFERENCE PAPERS

WARTIME INFORMATION BOARD, OTTAWA

October 16, 1944

CANADA

The Dominion of Canada covers an area of 3,694,863 square miles and extends over the whole northern half of the North American continent, with the exception of Alaska to the northwest and Labrador to the northeast. Divided from the United States by the 49th parallel of latitude in the west, the Great Lakes and St. Lawrence River in the centre, the 45th parallel (except for the northern hump of Maine) in the east, the southernmost point in Canada is Middle Island, Lake Erie, at 41° 41'. Across Canadian territory lie the shortest air routes from the United States to Europe and Asia, and directly across the pole is Russia.

Canada is the third largest country in the world, smaller only than Russian and China. It is one-fifth larger than the United States, or about the same size as the United States and Alaska, and it constitutes 27% of the total area of the British Commonwealth of Nations.

About 65% of Canada, however, is covered by the Laurentian, or Canadian, Shield - a vast area of ancient rocks, bush, and swamp surrounding Hudson Bay and frozen solid for a good part of the year. Although almost useless agriculturally, its vast natural resources, especially in minerals and hydro-electric power, are still in the early stages of development.

The nine provinces of Canada may be divided into four geographical sections:

- 1) The Maritime Provinces (Prince Edward Island, Nova Scotia, and New Brunswick) -- a geographic continuation of the United States Atlantic seaboard states, possessing the only Canadian Atlantic ports open the year around, and depending mainly on lumbering, coal mining, fishing and mixed farming.
- 2) Central Canada (Quebec and Ontario) -- the Laurentian Shield in the north, rich agricultural lands and a concentration of industry in the southern Great Lakes and St. Lawrence River region.
- 3) The Prairie Provinces (Manitoba, Saskatchewan, and Alberta) -- formerly used almost entirely for wheat production, now supporting mixed farming, livestock raising, and the production of oil and coal.
- 4) The West Coast (British Columbia) -- separated from the rest of Canada by the Rocky Mountains and predominantly mountainous, with salmon fishing, fruit raising, and lumbering among the main industries.

In addition to the nine provinces, there are two "territories" - the Yukon and the Northwest Territories, both lying north of the 60th parallel of latitude. Covering over 41% of the area of Canada, the resources of these territories are administered by the Department of Mines and Resources.

Canada's natural divisions run north and south but the vast St. Lawrence River and Great Lakes system cuts 1,900 miles into the heart of the country, providing the strongest link between the west and east. Hudson Bay, a great sea 590 miles wide and 1,300 miles long (including James Bay) cuts down through the Laurentian Shield into Quebec and Ontario. Although the mighty rivers of the west empty into it and it has several natural harbours, this northern route to Europe is only navigable for from three to five months of the year.

The most recent Canadian census, taken in 1941, recorded Canada's population as 11,506,655 -- less than that of New York State. This figure represents a growth, however, of 8,000,000 in the last 70 years. About 90% of

the people live within 200 miles and 50% within 100 miles of the United States border. Montreal is its largest city, with a population of 1,139,921.

The largest racial groups in Canada's population are as follows:

British (English, Scottish, Irish)	5,715,904
French	3,483,038
German	464,682
Ukrainian	305,929
Scandinavian	244,603

While people of British stock are spread all over Canada, the French have concentrated in Quebec, with considerable French-Canadian settlements in Manitoba, around Winnipeg, and in northern and eastern Ontario. A census of the French colony in 1754 showed a population of 55,009; this group has grown to nearly three and a half millions, or about 30% of the population of Canada. With their own language, Church, and -- in Quebec -- their own laws and educational system, the French-Canadians have maintained intact their own way of life.

The other ethnic groups, though tending to settle in their own communities, mainly in the prairie provinces, are gradually being assimilated into English-speaking Canada.

HISTORY

The first settlers in Canada, excluding the Indians, were the French who came originally as fishermen and founded colonies on the Atlantic coast along the St. Lawrence River at the beginning of the seventeenth century. Through their activity as fur traders they began the opening up of Canada. English settlements later in the century tended to centre along the Atlantic seaboard to the south. But as the English also established trading posts far into the interior, they came into a series of conflicts with the French which culminated in the Seven Years' War.

With the Treaty of Paris in 1763, French ascendancy in the new world was at an end and their North American settlements fell under British rule. Only 11 years later, England guaranteed the French way of life and enabled French Canada to preserve its customs and its unity by passing the Quebec Act which has been called the French-Canadian "Bill of Rights." Mainly as a result of this Act, the French refused to join the 13 colonies in the American War of Independence.

The influx of British settlers (the United Empire Loyalists) across the border after this war changed the whole future of Canada. Settling mostly along the St. Lawrence in what is now Ontario, and in the Maritimes, they began turning Canada into a multi-national and bi-lingual country. With them they brought their belief in representative government and other British institutions. After the turn of the century, immigrants from Ireland, Scotland and England flocked into Canada, helping to push back the frontiers and develop new settlements. In 1824 the population of British North America (excluding Newfoundland) was 900,000. By 1861 the population of the four separate colonies which had emerged was over 3,170,300.

These four -- Upper Canada (Ontario), Lower Canada (Quebec), Nova Scotia and New Brunswick, each with its own system of parliamentary government -- were drawn together in making plans for union or confederation for a variety of reasons; certain difficulties had arisen in the functioning of the political system; the need for a common plan of defence was felt; the development of trade made some kind of inter-colonial organization desirable; and, in the minds of the leaders at least, there was the idea of laying the foundation for a nation that would stretch from sea to sea, taking in the whole territory to the west of the Great Lakes.

July 1, 1867, was proclaimed the birthday of the Dominion of Canada. Confederation inaugurated an era of expansion and tremendous development. The Canadian Pacific Railway linking the Atlantic and Pacific coasts made possible the settling of the west, and helped to unite the nine provinces in one vast country. With the maximum encouragement from the railways and the government, immigrants not only from the British Isles but from all parts of Europe poured into Canada. Some settled in the great agricultural lands of the west, turning them into one of the world's leading granaries; some brought their skills to the urban centres of the east and played their part in the growing industrialization of the central section of the country. Between 1871 and 1911 the population doubled.

Problems of assimilation and internal development still abounded but

with the achievement of self-government and union, Canada could turn to external relations with the Empire and the world and to the development of its nationhood. Fighting side by side with Britain in the First World War, Canada was none the less anxious to speak for itself in international matters, and demanded -- and obtained -- a separate seat at the peace conference and in the League of Nations.

The logical outcome of the growing importance and independence of the Dominion in World affairs was reached in the enactment of the Statute of Westminster, in 1931. This gave statutory effect to the Declaration made at an Imperial Conference held in 1926, that the various members of the British Commonwealth of Nations were "autonomous communities within the British Empire, equal in status, in no way subordinate one to another in any aspect of their domestic or external affairs." They are united only by a common allegiance to the Crown.

Free to make treaties and trade agreements, free to declare war or stay at peace, Canada can be as independent of Britain as it chooses. Canada, like the other dominions, has a separate system of diplomatic representation. When the Second World War broke out, Canada declared war on its own behalf, seven days after the United Kingdom's declaration. With rapid rise to international importance and advance to the position of third trading nation in the world, Canada is now recognized by other nations as a country in its own right.

When the Department of External Affairs was set up in 1909 Canadian representation abroad consisted of the high commissioner's office in London. Negotiations with foreign powers on such matters as trade and boundaries were conducted through the medium of the British Foreign Office. Dealings with other parts of the Empire passed through the Colonial Office.

The growth of the department was gradual until 1926. From that year until 1929 Canadian representation abroad was increased more rapidly. Then followed a decade of consolidation of the offices. By 1939 there were five Canadian legations (in the United States, France, Belgium, the Netherlands and in Japan) and one high commissioner's office in the United Kingdom.

At the outbreak of war Canada required additional diplomatic contacts. High Commissioners were appointed to Australia, New Zealand, South Africa, Ireland and Newfoundland.

In 1943 there was an unusually rapid expansion in the exchange of diplomatic missions among the United Nations. In that year the legations in the United States, the Soviet Union, China and Brazil were raised to the status of embassies. There followed early in 1944 the establishment of embassies in Mexico, Chile and Peru. There is also a Canadian legation in Argentina.

A Canadian representative to the French Committee of National Liberation, with the personal rank of ambassador, is now in Paris. A charge d'affaires is maintained in London to the governments-in-exile of Belgium, the Netherlands, Czechoslovakia, Greece, Norway, Poland and Yugoslavia.

In summary, Canada now maintains seven embassies, eight legations, (including the representations to the foreign governments in London) and six high commissioners' offices.

In so far as Canada has a written constitution, that document is the British North America Act, 1867, with subsequent amendments. A large part of Canadian constitutional practice is, however, unwritten and must therefore be interpreted from historical precedent and common procedure.

The titular head of government is the King, represented by the person of the Governor-General, who retains certain official functions. Parliament consists of two chambers, a Senate of which the members are appointed for life, and a House of Commons to which the members are elected by popular ballot.

Unlike the practice of the United States, where the President is elected as such, the Prime Minister in Canada assumes his portfolio indirectly, as the leader of the political party with the majority support in the House of Commons.

Cabinet Ministers, as well as the Prime Minister, are elected by popular ballot and hold seats in the House of Commons as individual constituency members. The Cabinet is therefore responsible as a body to the House of Commons and its members, as individual representatives to the constituencies they represent.

The legislative body of the government is the House of Commons, with a present membership of 245 elected by popular vote. The Province of Quebec has a fixed representation of 65 seats with the other provinces represented according to their population in relation to that of Quebec. The House is elected for a maximum period of five years, but may be dissolved at any time by the Governor-General at the request of the Prime Minister. The Senate has a fixed number of 96 members appointed for life on the recommendation of the Government.

Every bill must be passed by both chambers before it becomes law and the Senate has the theoretical power of veto. In practice, however, the Senate's functions are largely the important ones of criticism and scrupulous study of any legislation passed by the House of Commons.

As laid down in the British North America Act, the powers of government in Canada are divided between the federal government and the provinces. Each province has its own legislative body which is unicameral, with the exception of Quebec. Matters that can be described as of local interest, such as education, health, property and civil rights and municipal institutions are under provincial jurisdiction. Matters affecting the country as a whole, such as trade and commerce, defence, banking, post office, currency, railways and navigation are assigned to the Dominion.

Under the War Measures Act, the federal government assumed wide powers for the prosecution of the war, subject to the control of Parliament. The Act has been extensively used in organizing the military and economic sides of the war effort.

Since the war, the federal government has intervened in some provincial matters, including the control of wages and working conditions and price fixing. The provinces have also handed over to the Dominion the sole right to collect income taxes during the war, with the stipulation that a portion be allotted back to them as compensation for their loss of revenue.

THE ARMED FORCES

More than 35% of Canada's male population between the ages of 18 and 45 have joined the Canadian navy, army or air force since war began. Growth of the services in four years of war has been as follows:

	September 1939	1940	1941	1942	1943	1944
Navy	1,800	10,000	24,000	40,000	67,000	90,000
Army	4,500	155,000	230,000	350,000	460,000	475,000
Air Force	4,000	30,000	80,000	115,000	200,000	204,000
Total	10,300	195,000	334,000	505,000	727,000	769,000

Enlistments of women in the armed forces up to September, 1944, have been as follows:

Women's Royal Canadian Naval Service	more than	5,500
Canadian Women's Army Corps	"	18,400
Royal Canadian Air Force (Women's Division)	"	16,800
Nursing Services	"	3,704
Women doctors in the armed forces	"	54
Total		44,458

Canadian casualties from the beginning of the war until July 31, 1944, are as follows:

	<u>R.C.N.</u>	<u>Army</u>	<u>R.C.A.F.</u>	<u>Total</u>
Dead and presumed dead	1,184	9,788	9,848	20,820
Missing, prisoners (including escaped and repatriated) interned	351	5,108	5,217	10,676
Wounded	<u>303</u>	<u>18,343</u>	<u>896</u>	<u>19,542</u>
Total	1,838	33,239	15,961	51,038

In this world war as in the last, the allies are fighting at the end of supply lines stretching across the world's widest water spaces. Keeping open the north Atlantic route, "the lifeline of Europe," has been of first importance. It is in the work of convoy protection and U-boat hunting that the Royal Canadian Navy found its chief role up to the invasion of western Europe.

Following Japan's attack on Pearl Harbor, United States naval strength has been largely centred in the Pacific, with the result that the protection of the Atlantic routes has rested almost entirely on the United Kingdom and Canada. From 1942 to the spring of 1944, Canadian convoy escort never fell below 40% and was often as high as 48%. After the invasion the R.C.N. assumed considerably increased responsibilities and for the summer months of 1944 provided 100% of close escort for all North America United Kingdom trade convoys. During August, 1944, the largest convoy of the war, more than 1,000,000 tons of cargo, arrived at United Kingdom ports from North America with wholly Canadian close escort protection.

Besides its responsibilities in close escort -- continuous protection provided by warships accompanying the convoy to its destination -- R.C.N. ships made up approximately 30% of all support force units in the north Atlantic during the summer of 1944. It is expected that the R.C.N. will continue to be responsible for the major burden in this theatre for some time to come.

Other tasks of the Canadian navy are to guard Canadian shores, to destroy or capture enemy merchant and fighting ships and to assist in blockade operations.

Since the beginning of the war the Canadian Navy has sunk 15 submarines. Canadian ships have participated in actions which have sunk or damaged more than 60 enemy surface ships. Most of this activity has been in recent months -- before the spring of 1944 the RCN had had only two encounters with German ships.

Increase in personnel of the R.C.N. during the war (from about 1,800 in 1939 to more than 90,000 men and women in 1944) has been paced by an increase in ships. From an original 15 ships in 1939, it has grown to more than 700, of which about 350 are fighting ships. This represents an almost 50-fold increase in the number of ships.

Canada is now the third largest naval power among the United Nations. Canadian shipyards have concentrated on the production of small, sturdy ships, fast and manoeuvrable enough to elude enemy torpedoes and run down enemy submarines. Greatest strength of the Canadian navy lies in its corvettes; but the R.C.N. also sails frigates, fairmiles, minesweepers and destroyers built in Canadian yards.

To increase offensive strength, Canada is to have a flotilla of eight Tribal class destroyers, the largest, fastest and most powerful type of destroyer afloat. Four of these, built in British yards, are already in use. One, H.M.C.S. ATHABASKAN, was sunk in April while taking part in an engagement off Brest in France. The others are being built in Canada.

During April, 1944, the R.C.N. acquired a new fleet of class destroyers. Sixteen British built corvettes are being added to the R.C.N. in exchange for 16 Canadian-built Algerine class Fleet minesweepers.

The Royal Canadian Navy is now manning two escort aircraft carriers of the Royal Navy. Their flying personnel is supplied by the Royal Navy's Fleet Air Arm. In October, 1944, the first four of a group of 31 Canadian naval officers graduated as naval fliers from the Canadian Service Flying Training School at Collins Bay, Ontario. They were trained for flying duties with a view to eventual service as Royal Canadian Naval fliers.

Canadian naval forces had an important part in the invasion of France. One hundred and nine ships, manned by approximately 10,000 men and officers, took part in D-day operations. One of the flotillas of minesweepers that cleared the way through enemy waters was entirely Canadian, and Canadian ships also formed a good proportion of another unit. Two Canadian infantry landing ships, H.M.C.S. PRINCE DAVID and PRINCE HENRY carried thousands of Canadians and allied troops across the Channel. These two ships also took part in the invasion of southern France in mid-August. Six of Canada's largest and most powerful destroyers took part in pre-invasion and invasion operations which bombarded the enemy coast. They, together with Canadian motor torpedo boat flotillas, continued to harass enemy shipping throughout the summer and protect the allied supply routes. Before the invasion, Canadian ships had operated in many battle theatres, including the Atlantic Ocean, the north Pacific, the Mediterranean, the Caribbean and other special territories. Two complete landing craft flotillas helped land the Eighth Army in Sicily. Late in 1943 a large number of Canadians arrived in the United Kingdom to man a Canadian motor gunboat flotilla to fight from United Kingdom shores with ships of the Royal Navy's famed "mosquito navy."

In addition to the Canadians on Canadian ships, thousands of R.C.N. personnel have been lent to the Royal Navy and have been fighting on British boats. They have been in service in every part of the world.

In line with the growing strength and expanding functions of the navy, in January, 1944, Canada sent Vice-Admiral P.W. Nelles, chief of the naval staff, to the United Kingdom with the new rank of senior flag officer. This step followed the transfer overseas of the men who had held the posts of chief of staff in the other two services -- Lieutenant-General Kenneth Stuart, chief of Canadian general staff, and Air Marshal L.S. Breadner, chief of air staff. The three men who had guided the building of the Canadian forces in Canada now represent their services overseas.

Canada also has its own merchant navy. Canadian merchant seamen are providing the crews for a fleet of merchant ships which has grown from 37 at the outbreak of war to nearly 150 ships in less than five years--a fleet which may total more than 300 at the end of the war.

Since the outbreak of war 994 Canadian merchant seamen have lost their lives by enemy action. Of these 628 were serving on Canadian merchant vessels, 250 on United Kingdom ships, and 116 died while serving on ships of other allied nations. In addition, 145 merchant seamen are interned in enemy prison camps and 37 have been repatriated in exchanges of prisoners.

Men of this un-uniformed service have maintained shipping lanes to the United Kingdom, shared in the evacuations of Dunkirk, Greece and Crete, aided in the establishment of beachheads in the Mediterranean area, and pushed through dangerous waters to Russia.

ARMY

First contingent of the Canadian Army arrived overseas in December, 1941, and other Canadian Army units have been building up Canadian armed strength in that theatre of war ever since. For several years the chief task of the Canadian Army Overseas was to defend the United Kingdom from possible invasion and to prepare for action. By September, 1944, Canada's entire overseas army was in action in Europe--First Army headquarters, two corps headquarters, five divisions and two armoured brigades.

In August, 1944, it was made known that the First Canadian Army was in action in France -- the first time in history that Canada has had a separate army in the field. Commanded by Lieutenant-General H.D.G. Crerar, it is made up of the Second Canadian Corps, (which consists of three wholly Canadian divisions) a British infantry division, a Polish armoured division, and forces from the Netherlands and Belgium, many of whom were trained in Canada.

The First Canadian Corps, consisting of one infantry and one armoured division as well as its allotted service troops, is in action in Italy as part of the British Eighth Army. A unit of Canadians is also serving with a special service force, a combined Canadian-United States group of super-commandos, which established the Anzio beachhead, first entered Rome and took key points off the south coast of France in preparation for the invasion there.

The first Canadian paratroop battalion ever dropped into battle took part in the pre-dawn landings made by the allies in France of June 6, 1944. It later became part of the First Allied Airborne Army.

Up to July, 1943, when the invasion of Sicily began, the best known operations in which the Canadian Army had taken part were at Hong Kong and Dieppe. The British-Canadian-United States force which landed in Sicily included the Canadian First Division and First Armoured Brigade, both of whom were given a vital position in the line of battle.

In Italy the Canadians had an important part in the Adriatic coast campaign which ended in the capture of the stronghold of Ortona at the end of 1943. Spearheading the allied attack on the Gustav and Hitler lines in the spring of 1944, the First Canadian Corps drove the first wedge into the strategic Liri Valley defences and opened the way for the Eighth Army drive toward Rome. Much of the success of the early stages of the campaign around Cassino was attributed to the initial hammering of Canadian tanks. All along the Casilian Way the Canadians were in the van of the fighting.

When the autumn offensive was unleashed against the Gothic Line, it was the Canadians who opened the way for the fall of Rimini and consequent collapse of the eastern hinge of the Line.

From the beginning of the fighting in Normandy, Canadian troops have been given some of the toughest and least spectacular assignments. They have fought for every inch of ground gained and have engaged the cream of German warriors.

Posted on the allied left flank, Canadians and British held a large part of Hitler's crack armored troops while the United States armies were completing the capture of Brittany and racing across France. Successful accomplishment of their assignment helped insure the success of the whole campaign in western Europe.

The first real offensive for the Canadians was the drive on Carpiquet, which opened the way for the British-Canadian drive from Caen to Falaise to smash German control of this area and join the United States forces driving up from farther south. From Normandy the Canadians pushed north across the Seine, through Rouen, across World War I battlefields, toward the Channel coast to capture enemy-held ports and destroy their rocket gun installations.

These mopping-up operations have been of vital importance to the allies. While, farther west, the first stage of the war on the Siegfried Line was in progress, the Canadian Army took Le Havre, Dieppe, Boulogne, Calais and Ostend, all ports that the allies need to rush supplies from England to the front. Capture of the French, Belgian and Netherlands Channel coast brought an end to enemy shells falling on the south coast of England and drove the Germans to seek other means of sending off their rocket bombs.

The army in Canada comprises general service personnel, available for service anywhere in the world, and troops called up under the National Resources Mobilization Act for compulsory service in Canada and its territorial waters. By order-in-council these men may be despatched to areas outside Canada. Such troops formed a large proportion of the Canadian contingent which joined United States forces in occupying Kiska.

Canadian soldiers have served in strategic defence areas in Newfoundland, Labrador, Iceland, Alaska, Gibraltar and islands adjacent to the West Indies and the east coast of the United States.

In five years of war the Royal Canadian Air Force has expanded from a force of little importance to the fourth greatest air power among the United Nations.

The R.C.A.F. has three objectives:

1. To administer the British Commonwealth Air Training Plan.
2. To maintain and supplement the air force overseas.
3. To provide for the aerial defence of Canada and to

combat enemy submarines from the Atlantic and Pacific coasts.

COMMONWEALTH
AIR TRAINING
PLAN

The agreement under which the British Commonwealth Air Training Plan was established was reached December 18, 1939. Partners to the agreement were Canada, the United Kingdom, Australia and New Zealand. Canada undertook administration of the plan. Purpose of the plan was to produce the greatest possible number of air crew not only numerically but in the quality of the output. The successful establishment and operation of this plan has been one of Canada's most important contributions to the war.

Construction work was commenced on December 18, and the plan has not had a holiday since.

The first students commenced training at an initial training school in April, 1940.

In December, 1941, the last school scheduled under the original plan was opened, but the plan was greatly expanded. The original agreement called for peak air crew production at the rate of 20,864 a year. With expansion of the program the sights were raised to a planned peak of 52,503 a year. That rate of production was to have been reached in June, 1944. The actual peak was reached in February, 1944, when 3,899 air crew were graduated -- an annual rate of 50,700. The Balfour-Power agreement of February, 1944, lowered the objective to a rate of 20,965 a year. Because of time-lag and the fact that air crew are now in training to meet requirements 18 months hence, the actual production during August, 1944, was approximately 3,215, or the rate of 38,864 a year. The lower rate of production provided by the Balfour-Power agreement will be reached in the spring of 1945.

The cumulative total of trainees from all sources entered on air crew undergraduate training courses from the inception of the plan to August 25, 1944, was 152,925. (This last figure does not include 5,296 Royal Air Force and Royal Air Arm personnel graduated from Royal Air Force schools established in Canada prior to July 1, 1942, when these schools became part of the BCATP. These schools, however, were supervised and administered under the plan so that the grand total of all entrants into training in Canada was 158,221).

Of the total of 152,925 trainees, there was graduated a total of 108,587 and 20,109 were unsuccessful in completing their difficult courses. Additional of the 5,296 graduated from the Royal Air Force transferred schools brings the total to 114,253. Of these, 60,503 were Royal Canadian Air Force personnel, 34,361 Royal Air Force, 8,067 Royal Australian Air Force and 6,026 Royal New Zealand Air Force.

In October, 1944, there were 23,859 men in air crew training. Of this total 13,856 were Royal Canadian Air Force personnel. Personnel now commencing training remain in the plan for an average of 12 months, and after graduation they require a further period of post-graduate and operational training and familiarization of from six to eight months. On the average a period of 18 months elapses between the time an airman commences air crew training and the time he fires his first shot at the enemy. Statistics of present training production should therefore be considered in the light of the fact that the plan is now operating in anticipation of what may be the requirements a year and a half hence.

The total number of Royal Canadian Air Force potential air crew (untrained) either awaiting entry into initial training schools or undergoing pre-air crew education to qualify for air crew training was between 4,000 and 5,000 in October, 1944.

Total number of pilots graduated under the plan	43,858
Total R.C.A.F.	23,114
" " " navigators (all categories and air bombers trained)	37,074
Total R.C.A.F.	16,378
" " " wireless operator air gunners	15,021
Total R.C.A.F.	10,315
" " " straight air gunners trained	12,706
Total R.C.A.F.	10,315
" " " flight engineers and sundry other air crew trades	687
Total R.C.A.F.	20,000
Ground personnel recruited to operate schools, squadrons, etc.	146,184
" " " posted overseas	34,200
Trained in technical trades at technical training	

schools 38,445
 The total number of training aircraft on the strength of the plan as at August 25 8,605
 (At the peak more than 11,000 aircraft were employed in training).

Training of air crew in Canada in accordance with the original conception of the training plan will be continued so long as trained air crew are required in the theatres of war. Advantageous developments have made a gradual diminution possible, and that trend will be continued in direct proportion to the number of trained air crew demanded in the operational theatres. Both the Royal Australian Air Force and the Royal New Zealand Air Force. have discontinued sending men to Canada for training, but there is a considerable number from both still under training. The Royal Air Force is continuing to send some personnel for training, but most are personnel who have had initial training, and, in addition, potential pilots have been graded for elementary flying training with from 10 to 12 hours' flying time.

In Canada there are in the reserve of the British Commonwealth Air Training Plan some 4,000 Royal Canadian Air Force personnel who have gone through a certain basic military training, but have not embarked on any air crew training properly so called. On the completion of this basic training they have been employed on other duties while awaiting their turn to be given air crew training. Because of the slowing down of the plan inaugurated in February, 1944, some of these men who could reasonably have expected to be well into air crew training have been kept back. As there was little likelihood that a considerable number of these men would ever be required, it was therefore considered advisable to release them. They have all volunteered for active service in any theatre of war, and arrangements have been completed which will provide that those who transfer to the Army will receive all credits which they have earned by reason of their Royal Canadian Air Force service.

The first Royal Canadian Air Force unit sent overseas was an army co-operation squadron which reached England in February, 1940. A fighter squadron arrived the next June in time to help in the Battle of Britain. There are now at least 42 Royal Canadian Air Force squadrons in actual operations, and nearly all their air crew, commanding officers and ground crew are Canadian. Entire cost of these squadrons is borne by Canada.

Royal Canadian Air Force squadrons overseas operate under the direction of the Royal Air Force bomber command, coastal command, fighter command, allied expeditionary air force, Mediterranean command and Indian command. During 1943 these squadrons were grouped together within each command as far as their operational role permitted. As a result of this move, Canada has a bomber group, fighter wings, reconnaissance wing and several auxiliary units.

Some idea of the activities of the Royal Canadian Air Force squadrons, prior to the invasion, is given by the following figures covering the period from January, 1943, to February, 1944:

Sorties flown	38,544
Operational hours flown	129,461
Tons of bombs dropped	21,990
Enemy aircraft destroyed	208
Enemy aircraft probably destroyed and damaged	162
Locomotives destroyed	150

Besides aircraft and locomotives, Royal Canadian Air Force squadrons have destroyed enemy U-boats, merchant vessels, tugs, barges, military installation motor vehicles and transports of all kinds.

At the end of 1943, for every air crew member of an Royal Canadian Air Force squadron there were about 10 Canadians flying with the Royal Air Force. Canada is now, and has been for many months, the largest and principal producer

of air crew for all Commonwealth forces. Royal Canadian Air Force graduates make up considerably more than one-half the total of all air crew supplied by partners in the Commonwealth. From 22% to 25% of all the air crew in the European and Mediterranean areas under British tactical command are Canadian boys, enlisted and trained in Canada, and the proportion is expected to increase to one-third.

Throughout 1944 allied air attacks over Europe have been continually increasing in number and intensity, and the Royal Canadian Air Force has had a considerable share. In the first five months of the year the Canadian group alone sent 19,000 tons of destruction down on enemy territory. In May, the month before the invasion, it dropped 6,000 tons of explosives and incendiaries on enemy targets.

During these tense days Canadian ground crews worked at top speed to have every possible aircraft available for H-hour. As a result every squadron in the Royal Canadian Air Force bomber group was represented in the massive air fleet that attacked the invasion coast, together with hundreds of fighting craft. Between midnight and dawn of invasion day the Royal Canadian Air Force dropped 1,000 tons of bombs. During the month of June the Canadians made 3,000 sorties to drop 10,000 tons of explosives over Europe - almost as great a tonnage as was dropped during the whole of 1943 by the Royal Canadian Air Force.

By the second week of the invasion a Canadian Spitfire wing was operating from a full-fledged airfield in Normandy, and a complete mobile Royal Canadian Air Force airfield unit had been moved across the English Channel. Between invasion day and the end of June the Royal Canadian Air Force destroyed more than 80 enemy aircraft, one destroyer and several E-boats.

In addition to attacking industrial centres, robot bomb bases, airfields, communications and shipping, Canadian fliers have given close support to advancing ground troops. Dive-bombing Spitfires and rocket-firing Typhoons have swooped in just ahead of army units to destroy machine-gun nests and strongly fortified positions.

In addition to their activity over German and Axis-held territory in Europe, Canadians have participated in air attacks in many parts of the world. An Royal Canadian Air Force bomber wing reinforced the bomber force in the Mediterranean area, and Royal Canadian Air Force personnel took part in the African campaign and the Battle of Malta. Canadians had a large role in the successful operation by transport aircraft and the third tactical air force in Burma which placed allied troops some 200 miles beyond the Japanese.

One of the most ambitious projects of the Royal Canadian Air Force has been the formation of an overseas mail squadron which operates a 7,500-mile air line for Canada's three armed services from Canada to the United Kingdom and from there to the Mediterranean theatre.

R.C.A.F.
IN THE
WESTERN
HEMISPHERE

Almost as many Royal Canadian Air Force squadrons formerly were engaged in western hemisphere operations as there were Royal Canadian Air Force squadrons overseas, but with the withdrawal of the Japanese from the Aleutians and the improvement in the U-boat war situation, several of these squadrons have been released for service overseas.

Royal Canadian Air Force squadrons operating under United States command took part in the Aleutians campaign. Other squadrons have patrolled Pacific sea lanes, and fighters were poised for air attacks.

The Royal Canadian Air Force has taken control of all flying on the Northwest Staging Route -- the airway system from Edmonton to Alaska which was built largely by Canada and was ready for use when the United States declared war on Japan. Control towers are staffed by the R.C.A.F., and the R.C.A.F. is solely responsible for security on the route.

The Northwest Staging Route was formerly controlled by No. 2 Wing in Edmonton, Alberta, but was made into the Northwest Air Command on June 1, 1944. The expanding scope of Canadian participation in Northwest developments

justified the formation of a separate air command for this region, especially in view of the international implications involved by the extensive use of the northwest passage by the United States and Russia.

On the Atlantic coast the unrelenting hunt for submarines and the protection of troops and supplies have been the main jobs of R.C.A.F. squadrons operating from bases in Canada, Newfoundland, Labrador and Iceland. Since the first U-boat attack by the R.C.A.F. in October, 1941, until the end of 1943, there were 63 attacks on enemy submarines, one-half being made in 1943.

Canadian women have a vital part in the nation's war effort. More than 44,000 have donned uniforms to release men for action. One of every four persons employed in making munitions in Canada is a woman. On the farms, in business and industry, in increased governmental staffs and in the many organized voluntary services women have stepped into the breach caused by shortages of manpower.

An indication of the growing enlistments of Canadian women in the armed services is given in the following table:

One woman in every 1,250 had enlisted at December, 1941
One woman in every 134 had enlisted at December, 1942
One woman in every 66 had enlisted at December, 1943

The first women's service organized in this war was the Royal Canadian Air Force (Women's Division) established on July 2, 1941. It was also the first Canadian women's service to send a contingent overseas. Its members are now stationed all across Canada, in the United Kingdom, Newfoundland, the United States and the Bahamas.

The Canadian Women's Army Corps was established in August, 1941. C.W.A.C. personnel are serving in the United Kingdom, Newfoundland and the United States.

Youngest of the three women's services, the Women's Royal Canadian Naval Service, was inaugurated in June, 1942. Canadian Wrens are serving at more than 30 naval bases, including Washington, Newfoundland and the United Kingdom.

Canadian women in the nursing services have been sent not only to the United Kingdom but also to North Africa, Sicily, Italy and France.

Before the Battle of France it was felt that Canada's industrial role in the war would be largely confined to the production of materials and equipment for its own troops and of limited quantities of aircraft and guns for the United Kingdom. However, the sharp increase not only in Canadian but in British orders which followed the fall of France turned Canada into one of the principal suppliers of war equipment for the United Nations. A vast expansion of industry was planned and carried out.

The Department of Munitions and Supply has awarded approximately \$9,450,000,000 of contracts. With a government expenditure of over \$850,000,000 in new plants and equipment, with war orders on hand totalling several hundred million dollars, with a large share of production commitments under Canada's Mutual Aid Plan, Canada remains one of the important cogs in the machinery of allied production. In proportion to its population, resources and productive facilities, Canada's industrial war effort is unexcelled by that of any other country.

An outline of Canada's war production to August 31, 1944, is given in the following table (preliminary figures):

SHIPS

Cargo ships, 10,000-ton.....	285
Cargo ships, 4,700-ton.....	23
Total cargo ships.....	308

Tankers, 3,600-ton.....	4
Tankers, naval.....	2
Total combat vessels	435
Powered cargo lighters.....	1,272
Tugs	124
Other vessels, 100 feet and up.....	17
Small craft with power.....	475
Barges and other small craft without power.....	5,000

AIRCRAFT

Service aircraft.....	4,006
Advanced trainers.....	5,765
Elementary trainers	3,686
Total.....	13,457

VEHICLES

Motor vehicles.....	659,100
Armored vehicles, tanks, self-propelled mounts, universal carriers, etc.	40,000
Total.....	699,100

Locomotives..... 229

COMMUNICATION EQUIPMENT

Units.....	322,373
Value.....	\$302,000,000

INSTRUMENTS

Units.....	404,952
Value.....	\$104,000,000

GUNS AND SMALL ARMS

Machine guns, rifles and mortars.....	1,305,884
Guns or barrels or mountings.....	118,000
Heavy ammunition, filled.....	100,000,000 units

(In addition, some 25,000,000 shells, cartridge cases or other components have been shipped abroad).

SMALL ARMS AMMUNITION

(This figure includes 37,000,000 rounds.....4,000,000,000 rounds of 20 millimetre ammunition for guns firing fused shells).

CHEMICAL EXPLOSIVES

1,374,526 tons

Purchases of personal requirements, foodstuffs, miscellaneous stores, etc., totalled at the end of 1943, \$2,988,000,000.

Beginning the war with an aircraft industry employing about 1,000 persons, now about 122,000 (of which 39,000 are women) are employed. Problems of tooling up for new types of aircraft and of turning them out by mass production have now largely been overcome.

Average plane production increased from 324 a month in the spring of 1943 to an average of 436 for December and January and February, 1944. The actual increase in poundage production was 50%.

In April, 1944, demand for Canadian-made artillery ammunition increased substantially. Large orders for shells, cartridge cases, fuses and other components have been placed. The expanded ammunition program called for the employment of an estimated 10,000 additional workers in the plants and will result in a considerable increase over the total 1943 output of 30,000,000 rounds of heavy ammunition and 40,000,000 cartridge cases.

Canadian chemists have discovered the most effective method of manufacturing RDX, the new super-explosive, and have devised important changes in the manufacture of TNT.

The problem of producing sufficient synthetic rubber to avoid a shortage which would have crippled Canada's production has been overcome. The Polymer Corporation, a crown company, in Sarnia, Ontario, is now in production of Buna-S type rubber at the rate of 2,500 tons a month and butyl rubber at 150 tons a month. This plant has no counterpart anywhere as it produces all the ingredients of synthetic rubber and also manufactures the finished synthetics. The expected increase in production in 1944 will not give any great relief to civilians. Most of the estimated 900,000 tires will be on military vehicles. These tires are said to be about 80% as efficient as raw rubber tires.

Canada's chief natural sources of wealth are agricultural lands, mines, forests, fisheries and water-power sites. Because of the war, Canada has rapidly changed over from being a producer primarily of foodstuffs and raw materials to an industrial nation of major importance. Ranking high in the world in the production of foodstuffs and fourth among the United Nations in the production of war supplies, Canada's external trade is now the third largest in the world.

Total trade (excluding gold):

1933	.....	\$	936,698,100
1940	.....		2,275,168,311
1941	.....		3,089,246,191
1942	.....		4,029,707,979
1943	.....		4,736,429,169

The expanding volume of Canada's exports is indicated by the following tabulation:

	Exports by Main Groups				
	1939	1940	1941	1942	1943
Agricultural and vegetable products (except chemicals, fibres and wood).....	\$220,118,056	\$218,263,811	\$285,708,739	\$257,778,304	\$483,756,894
Animals and animal products (except chemicals and fibres).....	\$131,803,706	\$164,723,794	\$201,730,555	\$256,725,462	\$289,566,02
Fibres, textiles and textile products.....	14,427,669	22,695,647	30,819,633	28,931,925	30,620,39
Wood, wood products and paper	242,541,043	348,006,396	387,113,232	389,805,396	391,069,65
Iron and its products.....	63,102,432	127,666,846	239,900,848	467,121,439	716,644,88
Non-ferrous metals and their products (except gold).....	182,890,103	194,711,984	244,012,336	308,903,239	332,704,96

Non-metallic minerals and their products (except chemicals).....	29,332,099	33,754,096	45,172,085	56,580,147	62,191,800
Chemicals and allied products.	24,263,342	31,222,806	58,676,338	77,332,918	86,350,800
Miscellaneous	16,447,654	37,909,040	127,869,409	520,594,466	578,530,200
Total	924,926,104	1,178,954,420	1,621,003,175	2,363,773,296	2,871,100,000

FOOD

The food industry is in many respects Canada's most important industry. It is complementary to agriculture; it is the biggest processing and merchandising business in Canada, and it contributes an important part of Canada's export trade.

Canada has increased its total output of agricultural products by more than 50% in the last four years, but further considerable increases under prevailing conditions seem unlikely. The net value of agricultural production increased from \$826,400,000 in 1939 to \$1,692,000,000 in 1942. This peak production was accomplished despite a reduction in manpower of 23%.

Although rationing of certain commodities has been introduced, total food consumption in Canada has increased during the war. Canada's food contribution to the United Nations has been made possible by increased production.

The importance of Canadian exports to the United Kingdom is readily seen when it is realized that from Canada the United Kingdom gets 65% of its bacon, 52% of its wheat, 35% of its canned fish, 25% of its cheese and 10% of its eggs.

To August 31, 1944, the Canadian Red Cross assisted by the Canadian government had sent 11,327,974 food parcels to prisoners of war.

Government food officials predict that if Canada is to meet greater demands for the urgent needs of the increasing number of armed forces and suffering people, its civilian population will have to face greater denials than have yet been experienced.

The character of production and the plan of farming have been greatly changed in many areas. In Western Canada the raising of hogs has become as common as the raising of wheat; livestock is to be found on thousands of farms where it did not exist before the war; butter production has been stepped up tremendously; poultry has greatly increased and improved; special crops have been introduced, and even vegetable growing has been extended.

With the exception of wheat, pre-war surpluses have largely disappeared. The wheat stockpile is being steadily reduced, and difficulty is being experienced in establishing and maintaining even moderate stockpiles of other commodities deemed essential for war operations and the maintenance of populations in liberated countries.

Production of the principal agricultural products during wartime and the average for the five years 1935-39 were as follows:

	1935-39	1940	1941	1942	1943
	.....(in thousands).....				
Total milk (lb.)	15,601,021	16,283,078	16,752,823	17,428,662	17,516,000
Creamery butter (lb.)	254,773	264,724	285,848	284,305	312,000
Cheddar cheese (lb.)	119,384	144,685	131,212	202,749	162,000
Eggs. (doz.)	234,523	250,403	259,157	295,253	330,000
Pork (lb.)	634,016	850,638	1,022,777	1,092,574	1,172,000
Beef (lb.)	618,556	643,459	720,651	736,823	886,000
Wheat (bu.)	312,399	540,190	314,825	556,121	293,000
Wheat stocks at July 31 (bu.)	101,142	300,473	480,129	423,752	601,000

Feed grains (oats, barley, mixed) (bu.)..	465,461	527,915	464,799	979,732	734,582
Flaxseed (bu.).....	1,508	3,049	5,788	14,992	17,911

Exports of food products to all countries have been as follows:

	1939	1940	1941	1942	1943
Fruits	\$ 10,533,749	\$ 5,862,481	\$ 5,761,600	\$ 4,583,378	\$ 6,894,933
Vegetables	10,257,109	5,174,687	5,292,441	5,409,478	7,798,985
Grains and products	155,413,468	172,306,998	231,028,237	188,755,356	391,407,046
Fishery products	28,881,452	31,650,889	41,178,257	49,786,965	57,148,016
Meats	37,445,336	63,289,240	84,177,848	110,428,586	130,790,199
Milk & products	18,221,708	20,404,055	21,270,037	34,261,317	36,065,230
Eggs	310,697	2,771,063	4,227,534	9,765,939	15,063,890

Even before the war Canada was one of the leading producers of vital minerals and metals, and during the war its output of these war essentials has been greatly increased. Canada now leads the world in the production of asbestos, nickel and radium, and takes second place in the production of aluminum. It supplies virtually all the nickel and 40% of the aluminum requirements of the allies.

Since the war Canada has concentrated on the search for minerals of strategic importance and allowed its production of some others (notably gold) to slump. The drop in total production - \$523,940,810 in 1943 compared with \$566,768,672 in 1942 - is explained mainly by the lower output of gold.

Expansion in the production of the minerals essential to war industry has occurred despite the severe labor shortage. As there is now a fairly ample supply of aluminum, molybdenum, magnesium, tungsten, zinc, chrome, lead and copper, some of these metals have been released for civilian manufacture. There are now only three metals, of which the main one is tin, for which the demand still exceeds the supply.

Canadian output of steel for 1943, 2,996,978 tons, approximately doubled 1939 production, 1,551,054 tons, but as total Canadian consumption was 3,620,000 tons, about one-third of Canadian requirements had to be imported from the United States, and strict conservation has been necessary. With the shift to lighter items in the production program and the completion of most of the industrial expansion, it has been possible to lift some of the steel restrictions, and six or seven controls have been relaxed.

Production in tons of the chief wartime minerals and metals has been as follows:

	Asbestos	Coal	Total Nickel	Refined Copper
1939	364,472	15,692,698	113,052	231,664
1940	346,805	17,566,884	122,778	261,878
1941	477,846	18,225,921	141,139	278,224
1942	438,698	18,707,110	141,616	261,200
1943	427,141	17,786,562	143,887	254,200

	Refined Lead	Refined Zinc	Pig Iron
1939	190,568	174,641	846,418
1940	220,088	185,722	1,309,099
1941	228,027	213,608	1,528,053
1942	243,800	220,800	1,975,015
1943	224,800	208,300	1,758,265

	Steel Ingots and steel castings	Ferro-alloys	Aluminum
1939	1,551,054	85,540	82,800

	Steel Ingots and steel castings	Ferro- alloys	Aluminum
1940	2,253,769	149,394	109,200
1941	2,712,769	198,364	212,300
1942	3,121,361	213,636	335,800
1943	2,996,978	218,687	492,600

FOREST
PRODUCTS

Canada is the largest producer of newsprint in the world. An indication of its importance as a producer of forest products is given by the following figures:

	Canadian newsprint production (tons)	Exports of Canadian woodpulp (tons)	Production of saw lumber (thousands of board feet)
1939	2,869,266	705,515	3,976,882
1940	3,418,803	1,068,517	4,629,052
1941	3,425,865	1,411,724	4,941,084
1942	3,177,102	1,510,746	4,935,145
1943	2,982,797	1,556,457	4,640,000

FINANCIAL
ASSISTANCE
AND MUTUAL
AID

President Roosevelt said on November 11, 1943:

"Canada has received no lend-lease aid from the United States. She has paid cash for the supplies obtained in this country"

A similar statement is made in the 16th Report on Lend-Lease issued in August 1944. At the same time Canada is and has been since the beginning of the war extending considerable assistance to the allies on its own behalf.

In the first three years of war the flow of Canadian war supplies to the United Nations was assured by providing the United Kingdom with the Canadian dollars necessary to pay for these supplies. Countries in the British Commonwealth and also the Soviet Union have, through the United Kingdom, received substantial amounts of Canadian war supplies in this way.

Several methods of extending financial aid were used, among the most important being:

- 1) The buying back or "repatriation" of British-held Canadian securities amounting to about \$800,000,000, and the consolidation of the major part of accumulated sterling balances in London, amounting to \$700,000,000, into an interest-free loan the duration of the war.
- 2) A contribution of \$1,000,000,000 placed to the credit of the United Kingdom for the purchase of Canadian war supplies.
- 3) The assumption of the ownership of United Kingdom interests in Canadian war plants amounting to about \$200,000,000.

In May, 1943, Canada passed the Mutual Aid Act which provided for the distribution of Canadian war equipment, raw materials and foodstuffs to the United Nations to the value of \$1,000,000,000 on the basis of strategic need and in excess of what could be paid for. Of this amount \$912,603,220 was extended up to March 31, 1944. A further amount of \$800,000,000 was appropriated at the 1944 session of Parliament for the same purpose.

Instead of acting through the United Kingdom, Canada is negotiating directly and drawing up separate agreements with each country receiving its supplies. Such agreements, which have been entered into with the United Kingdom, the United States, the Soviet Socialist Republics, the French Committee of National Liberation, China, Australia and New Zealand, contain a pledge of reciprocal aid to Canada and a mutual undertaking to pursue international economic policies designed to implement the economic objectives defined in the Atlantic Charter and accepted by all the United Nations.

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.

The national income at factor cost in 1943 rose to a new high of \$ 8,800,000 000, 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

For the six fiscal years ending March 31, 1945, Canada's war expenditures will have exceeded \$15,000,000,000. The daily war costs per capita have been:

1939	1940	1941	1942	1943	1944
3¢	17¢	32¢	89¢	1.11	1.07

The gross bonded debt of the Canadian government and of the Canadian National Railways has increased 177% during the war from \$4,693,000,000 to \$12,723,000,000. The external bonded debt has decreased 57% from \$1,784,000,000 to \$763,000,000, while the domestic bonded debt has increased 311% from \$2,909,000,000 to \$11,960,000,000. 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 six subsequent victory loans have been progressively larger. The sixth victory loan in 1944 netted a total of cash sales of \$1,407,576,650, compared to the first war loan in 1940 of \$250,000,000 - \$200,000,000 cash and \$50,000,000 conversion of government security.

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 \$644,000,000 in the sixth 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, and estimated at not in excess of 87.5¢ for the sixth victory loan.

Following are Dominion government expenditures and revenues since 1939:

	1939-40	1940-41	1941-42	1942-43	1943-44	1944-45
	Millions of Dollars				Not final	Budget
War Expenditures:						
Army.....	68	383	511	1,038	1,335	1,535
Navy.....	11	88	129	210	370	410
Air Force.....	33	176	371	617	923	1,090

Dept. of Munitions and Supply	...	80	253	679	725	183
War Services Dept.	...	2	3	9	15	16
Miscellaneous Depts.	6	23	73	171	344	416
United Nations financial assistance (budgetary).....	...	...	...	1,000 ^x	913 ^{xx}	800 ^{xx}
<hr/>						
Total War Expenditure.....	118	752	1,340	3,724	4,625	4,450
Other Govt. Expenditures.....	563	498	545	663	736	702
<hr/>						
TOTAL EXPENDITURES.....	681	1,250	1,885	4,387	5,360	5,152
TOTAL REVENUES ^{xxx}	562	872	1,489	2,249	2,701	2,617
<hr/>						
Over-all deficit..	119	378	396	2,138	2,659	2,535
Total revenue to total expenditure	82%	70%	79%	51%	50%	51%
U.K. financial assistance (non-budgetary) ^x	104	361	1,053	.....	.....	.....

^x Financial assistance in 1942-43 provided for in budget and included in war costs. In previous years assistance to the United Kingdom was provided outside the budget as it involved investment or debt redemption rather than expenditures.

^{xx} Mutual Aid Act to provide United Nations war equipment, war materials, food.

^{xxx} Net after refundable taxes deducted.

For the five years ending March 31, 1945, Canada's total financial contribution to the war effort of the United Nations will have exceeded \$16,500,000,000. Of this amount approximately \$1,500,000,000 represents assistance provided the United Kingdom outside the budget through investment or debt redemption and not included therefore in the budgetary figures of war expenditures.

TAXATION

An indication of the wartime increase in taxation is given in the following tabulation of the principal specific taxes levied by the federal government in the fiscal years 1938-1939, 1943-44 and forecast for 1944-45:

	1938-39 (millions of dollars)	1943-44	1944-45 Budget forecast
Corporation taxes (including excess profits tax)	85	780	725
Individual income tax	47	813	760
Succession duties	(not levied)	15	17
Sales tax	122	305	290
Import duties and taxes (including war exchange tax)	94	287	280
Excise duties and taxes	78	357	375
Withholding tax on dividends, interest, etc.	10	35	35
Total	436	2592	2482

The corporation tax is levied on the profits of all kinds of corporations. The minimum rate on net corporate profits is 40%. In the event that profits are still large, the federal government takes 116 2/3% of "standard" profits, based on average profits in the years 1936 to 1939, except in cases where companies were considered "depressed" in the basic period. After the war 20% of this profits tax will be refunded to enable the companies to restore and rebuild machinery and equipment worn down by wartime operations.

SUBSIDIES

Where absorption of all the increased cost within the trade is impossible the government may pay a subsidy in order to maintain the Canadian ceiling price. In general, import subsidies are based on the difference between the current higher cost to the importer and the cost in the basic period in 1941 of similar goods. Certain fruits, grains, chemicals, drugs, agricultural implements, textiles and many other articles are among those on which import subsidies have been paid.

Subsidies are also paid on certain domestic goods where it is necessary to maintain the supply at the ceiling price level. These are goods such as canned fruit and vegetables, coal, milk and also some meats, fruits, vegetables, lumber and groceries.

The careful use of subsidies has been continuously extended to take care of unavoidable increases in costs, but the costs of subsidies were less than originally anticipated. The total of import and domestic subsidies paid by the Wartime Prices and Trade Board from December 1, 1941, to December 31, 1943 was \$115,378,235. In addition to this figure, the Department of Agriculture also pays certain subsidies to producers. For 1942 and 1943, the estimated amount is \$144,723,778.

MANPOWER

In 1939 about 4,000,000 Canadians were gainfully occupied, and at least 300,000 who were available for work were not employed. By the end of 1943, the gainfully occupied population had risen to approximately 5,100,000. About 1,900,000 of these were engaged in the armed forces, in supplying the weapons of war or in producing the food required for special wartime exports. The number available to meet civilian needs therefore had fallen to about 3,200,000.

The munitions industry at its peak employed more than 1,000,000 persons (including 800,000 directly engaged in the manufacture of war equipment). Of the total, more than 260,000 were women (or one person in four). The increase in number of women in industry is shown by the following figures:

One woman in every 186	was employed in industry at	December, 1940
One " " " 70	" " " " " "	1941
One " " " 30	" " " " " "	1942
One " " " 24	" " " " " "	1943

To provide training for the unskilled men and women entering war industry the Department of Labour set up the War Emergency Training Program in July, 1940. Full and part-time classes have been carried on in 125 plant schools and 105 other training centres (including vocational schools) since that time.

Since the inception of the plan, now called the Canadian Vocational Training Plan, to August 31, 1944, 359,610 persons have enrolled under the scheme. Approximately 106,800 have taken full-time pre-employment industrial classes, 59,860 were trained as foremen, 4,300 rehabilitation cases were handled, and nearly 66,000 were given various other types of industrial trades training.

During the war years the manpower situation in Canada has passed through three general phases:

1. From the outbreak of war until well into 1940 there was no planned manpower program in the sense of organized compulsory control and regulation over civilian employment.
2. Partial compulsory regulation over military service and civilian employment began in the summer of 1940.
3. Over-all compulsory control or regulation began early in 1942.

A series of orders-in-council passed in March, 1942, was amended and consolidated in the National Selective Service regulations of January, 1943. These are designed to maintain and increase the manpower available for the forces and vital industries and services by reducing the number of persons employed in less essential activities.

With few exceptions, employers and employees are prohibited from advertising for jobs, from terminating employment without seven days' notice, and from seeking, being interviewed for or offered employment without a permit from a Selective Service officer.

Under compulsory measures since passed, employers in a wide range of non-essential or low priority industries and occupations are prohibited from retaining male workers between the ages of 16 and 40 without a special permit.

Special steps have been taken to guarantee an adequate labour force for the nation's agriculture.

Persons in a growing list of occupations, including teachers, hospital assistants and civil servants as well as workers in high priority industries have been required to remain at their type of employment.

Job freezing proved of benefit to employers in all high priority industries. Along with lay-offs in various war plants which were releasing workers for absorption into other undermanned plants, the freezing order had a stabilizing effect on the Dominion-wide manpower situation.

Under mobilization regulations men who were single or childless widowers at July 15, 1940, who are between the ages of 18 and 42, inclusive, and medically fit, are eligible for military service in Canada and its territorial waters. So far, single men between the ages of 18½ and 38 and married men up to 31 years of age have been called up for compulsory military service. By order-in-council, authority may be given to despatch such men to areas outside Canada.

An industrial mobilization plan was devised and put into effect during 1943 to provide an orderly system of postponement and withdrawal of employees to serve in the armed forces. Employees of companies engaged in high priority production are classified according to age, sex and medical category. Those who are subject to military call-up are further classified according to relative indispensability or replaceability, and to the length of time they need be postponed in order to prevent losses in production.

INTERNATIONAL RELIEF

Canada has been a strong supporter of organizations designed to further international relief. Every month since August, 1942, 15,000 tons of Canadian wheat have been shipped to Greece as a gift to the Greek people from the people of Canada. Greek authorities have revealed that this Canadian wheat has been responsible for saving about half the population of the country from starvation. Canada was represented at the United Nations Relief and Rehabilitation Administration conference at Atlantic City in November of 1943. A Canadian, L.B. Pearson, minister at the Canadian embassy at Washington, was named chairman of the important committee on supplies which considers the provision, transportation and allotment of relief supplies. A sub-committee of the supplies committee will have responsibility for deciding whether or not countries in receipt of relief are able to pay for supplies. A second meeting of the UNRRA council was held in Montreal from September 16 to September 26, under the chairmanship of Mr. Pearson. At that time plans were consolidated and brought into working action.

Contributions to UNRRA are made on a basis of 1% of the national income of the contributing country which, in the case of Canada, amounts to about \$90,000,000.

CANADA-U.S. CO-OPERATION

Canada has constantly indicated its willingness to support international plans which will bring world betterment. With the United States, Canadian co-operation is particularly close.

In the fields of defence, economics and war production, Canada and the United States have joined forces through the following committees:

- Permanent Joint Board on Defence
- Materials Co-ordinating Committee
- Joint War Production Committee
- Joint Agricultural Committee
- Joint War Aid Committee

Canada is also a member of the Combined Production and Resources Board and the Combined Food Board with the United Kingdom and the United States.

On August 17, 1940, at Ogdensburg, New York, Canada and the United States signed the agreement on which co-operation in defence is based.

Recommendations of the defence board have resulted in the construction of a chain of air bases between Edmonton and Alaska and of the Alaska Highway.

At Hyde Park, New York, on April 20, 1941, the Prime Minister of Canada and the President of the United States agreed "as a general principle that in mobilizing the resources of this continent, each country should provide the other with the defence articles which it is best able to produce, and above all, produce quickly, and that production programs should be co-ordinated to this end."

The United States War Production Board, in determining the allocation of critical war materials, has reviewed Canadian applications on the same basis that it passes on applications from United States domestic industry. Canada, in its part, has poured its gigantic resources of vital raw materials into the common pot.

On November 10, 1942, Canada became a full member of the Combined Production and Resources Board, the principal objective of which is to combine the production program of the United Kingdom, United States and Canada into a single integrated program, adjusted to the strategic requirements of the war, as indicated by the Combined Chiefs of Staff, and to all relevant production factors.

In an exchange of notes concluded on November 30, 1942 Canada and the United States expressed their desire to continue in the post-war world their wartime co-operation.

The Joint Agricultural Committee was set up in March, 1943, to keep agricultural and food production and distribution in Canada and the United States under continuing review.

On August 22, 1943, during the Quebec conference the Prime Minister and the President announced the formation of a Joint War Aid Committee. This committee is to study problems that arise out of operations of United States lend-lease and the Canadian mutual aid program and, where necessary, make recommendations to the proper authorities.

Canada was admitted to full membership on the Combined Food Board on October 29, 1943. That board's purpose is to obtain a planned, expeditious utilization of the food resources of the United Nations.

On November 11, 1943, it was announced that Canada's legation at Washington and the United States legation at Ottawa would be raised to the status of embassies. Thus the Canadian embassy was the first to be established by any British country other than the United Kingdom.