

CANADA AND THE WAR

WHAT CANADA IS DOING

A Tribute to the Canadian People

STATEMENT BY

Right Hon. W. L. MACKENZIE KING, M.P.

Prime Minister of Canada

HOUSE OF COMMONS, MARCH 25, 1941

*Issued by the Director of Public Information, Ottawa,
under authority of Hon. J. G. Gardiner,
Minister of National War Services*



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More than a month has now elapsed since the resolution was introduced on which the war appropriation bill is based. During that time, discussion on the resolution and the bill have, with the exception of a few days, occupied the almost continuous attention of hon. members. I am not objecting to what there has been in the way of consideration in detail of the various aspects of Canada's war effort. That, I believe, has been all to the good. I feel, however, that the detailed discussion, and the many by-paths explored, may have tended to obscure from the house, and certainly from the country, the tremendous significance of our war appropriation.

A Stupendous Effort

We are enacting a measure which pledges Canada to the most stupendous effort in our national history. I feel we should not allow the bill to receive its third reading in this House of Commons without giving the fullest possible credit to those who have made the measure possible, and who are bearing the burden of the tremendous task which it imposes, namely, the people of Canada.

There has been far too great a tendency, both in the house and in the press, to speak of what we are doing as the government's war effort. We all know it is something far greater than that; it is Canada's war effort. What is more, it is an effort which is wholly worthy of Canada, and of which every Canadian is entitled to be justly proud.

As a tribute to the people, whom all of us in this chamber represent, I am going to try this afternoon to put that effort in its true perspective; to give a broad picture of what Canada is already doing, and what we have undertaken to do in the coming year.

Canada's Armed Forces

It is only eighteen months since we entered the war. Yet, in that year and a half, our armed forces have grown to the point where to-day, in the three services, there are a quarter of a million men on active service. I might add that this figure does not include over 175,000 additional men, enrolled in the reserve army, who are subject to call for the defence of Canada.

A Canadian Army Corps, Canadian destroyers, and Canadian air squadrons are sharing in the defence of Britain. Our navy and our air force are doing their part to keep open the vital sea lanes of the north Atlantic. Canadian garrisons in Iceland, Newfoundland and the West Indies are on guard in the outposts of this continent. Canadian engineers are strengthening the defences of Gibraltar. In recent months we have also sent overseas, hundreds of radio mechanics for vital defence duties with the Royal Air Force.

From the Atlantic to the Pacific, Canada to-day is throbbing with military activity. Soldiers, sailors and airmen are cooperating in the defence of our ports, our coasts and our coastal waters. The Canadian navy, which had only fifteen ships when war broke out, now has over 180. Nearly sixty military training camps are distributed across the country. In these camps, the soldiers in our active army, and the young men called up under the National Resources Mobilization Act to prepare them for the defence of Canada, are now training side by side. Some ninety establishments of the British commonwealth air training plan are already in operation. In addition, facilities are being provided for training schools of the Royal Air Force under the jurisdiction of Canada's air ministry.

It is for the maintenance and expansion of this military programme that the present appropriation is being voted. The Minister of Finance has already told the house that he expects the appropriation to be exceeded, and that his best estimate at present is that, in the next fiscal year, Canada's direct war effort will cost the Canadian people \$1,450,000,000.

Canada's Two-fold Task

But Canada has a twofold task in this war. Not only are we sharing as a full partner in the struggle; not only are we, with but one important exception, ourselves bearing the whole cost of equipping, supplying and maintaining our military, naval and air forces at home and overseas, giving of life as well as of treasure, but we are also helping to supply to Britain equipment, munitions and the other essentials of war. The exception I have referred to is this: Canada is paying the entire cost of three air squadrons already in Britain. But as Canada is bearing the major portion of the cost of the British commonwealth air training plan, the United Kingdom, on its part, will maintain in the field Canadian pilots and airmen graduated from the plan. The number of Canadian pilots and airmen on active service overseas is steadily increasing month by month. The flow of trained aircrew from the plan will soon be measured by thousands.

What I have said up to the present relates to Canada's outright national contribution as a belligerent. It is being paid for in full by the Canadian people. It is not something that has been leased to Britain. It is not something that is being lent to Britain. It is a direct contribution by Canada to the cause of freedom. It represents the freewill offering which our country began to make over a year and a half ago, when this parliament decided that Canada should enter the war at the side of Britain. It is a contribution which we are making to-day, and which we will continue to make.

Canada: A Major Source of Supply

Canada, as I have indicated, is also a major source of supply for Britain. In common with the United States, Canada is an arsenal of democracy. Since the war began, the British and Canadian governments have undertaken capital advances of over \$380,000,000 for the expansion and equipment of Canadian industry. New plants have been built; old plants extended to make the complex instruments of war, many of which were never before made in this country. The creation of a vast new war industry has taken time. Occasionally impatience has been shown at delays. The same impatience has been evidenced elsewhere—even in Britain. I might say that none in Canada are more impatient of delays than members of the government itself.

I should like to remind hon. members of what Mr. Churchill said not long ago in the British house on this very subject. Here are his words:

It is not possible to make a warship go to sea, and fight against the enemy, until fires have been lighted, and the water in the boilers changed from cold to tepid, to warm to hot. The steam is generated and the vast power is given. While this is going on there is no use rushing about uttering alarming cries.

I might add that it is equally useless to utter alarming cries about any aspect of war production. Careful critical scrutiny is of great aid to the government, and is appreciated by the country. But general charges, doubts or suspicions serve only to belittle the country's effort and to discredit Canada in the eyes of the world.

Wartime Industrial Expansion

We have every right to take pride in our industrial expansion. Canadian labour and Canadian industry have responded splendidly. We have been building

an aircraft industry from the ground up. We have already built over fifty small naval vessels and more are being built. We are turning out motor transport vehicles at the rate of hundreds a day. We are producing universal carriers, Bren and Colt-Browning machine guns, trench mortars, bombs for aircraft, great quantities of shells and ammunition, a wide range of chemicals, electrical apparatus and radio equipment, many other types of essential manufactured goods, large quantities of base metals and alloys, and an increased output of steel. We will shortly begin to produce field guns, and before the year ends, naval guns, anti-aircraft and anti-tank guns and Lee-Enfield rifles. The production of tanks and of cargo vessels is already under way. Plans are also being made to build destroyers in Canada. Such are the highlights of our programme of war production.

The expansion of production has already been reflected in the absorption of between 330,000 and 350,000 additional men in industrial employment since the outbreak of war. Nor must it be forgotten that the armed forces and industry will make additional demands estimated at over 300,000 men in the coming year. Skilled labour and specialized plant facilities will have to be increasingly diverted to the production of vital war supplies. All along the line, Canadian industry has been geared up to make a maximum contribution to the prosecution of the war.

Canada's Indirect Effort

Perhaps the best illustration I can give of the magnitude of the indirect contribution by Canada to the war is to say that, over and above what is being appropriated for our direct war effort, we expect,

during the next twelve months, to send to Britain approximately \$1,500,000,000 worth of munitions of war, raw materials and agricultural products. This total is larger than was originally estimated, but it has been arrived at as the result of a careful re-examination of the figures relating to British orders already placed, or to be placed, in Canada, and the probable production of our war plants and other Canadian industries.

It is only at this point, when we have fully realized the magnitude of Canada's direct and indirect contributions to the war, that, with justice to the Canadian people, comparisons can be made of the financial arrangements between Britain and Canada, and the arrangements between Britain and the United States.

Financial Assistance to Britain

Britain, of course, cannot herself find all the necessary dollars with which to pay for her enormous purchases of Canadian products. For the new fiscal year, Britain's deficit in her balance of payments with Canada is now estimated at over \$1,150,000,000. Canada must provide Britain with the Canadian dollars to meet this deficit, either by purchasing Canadian securities now held in Britain, or by the accumulation of sterling balances.

In this connection, it may interest the house to know that from September 15, 1939, to the end of February this year, the United Kingdom's deficit with Canada amounted to approximately \$737,000,000. Of this deficit, Canada provided 45 per cent by the repatriation of securities, and 21 per cent by the accumulation of sterling balances in London, while

only 34 per cent was met by the transfer of gold. During the six months' period ending February 28 last, Britain's deficit with us was \$359,000,000, and Canada financed the whole of that deficit, except for \$65,000,000 which was covered by gold shipments. Since the early part of December, no gold has been received from the United Kingdom.

In order to facilitate Canadian purchases in the United States which are essential to keep up Canadian war production, Britain, we hope, will continue to be able to make up a part of her deficit by providing Canada with some gold, or United States dollars. I wish, however, to emphasize the fact that whatever gold, or United States exchange, Britain makes available to Canada is for one purpose only, and that purpose is to enable Canada to make payments to the United States for war purchases. The gold, or its equivalent, assists Canada in meeting our exchange deficit with the United States, but it does not decrease by one dollar the net amount which must be raised from the Canadian people in taxes and loans.

The Total Burden

To meet the total burden upon the Canadian people of our direct war effort and our indirect effort in the form of financial assistance to the United Kingdom during the next fiscal year will, according to the best estimates which can now be made, require almost 44 per cent of the national income. I may add that, as a result of the recent investigations to which I have referred, and which took into account the effect of the increased estimates of British purchases

in Canada, and our own expanded war programme, the estimate of Canada's gross national income in the new fiscal year has been raised to \$5,950,000,000.

For the benefit of those, either in this or in other countries, who have not a due appreciation of the magnitude of Canada's war effort, or who may have been misled by comparisons between our war effort and what has been said concerning the lease-lend programme of the United States, I am going to translate a few of these figures into comparable American terms. I understand the national income of the United States this year is expected to exceed 80 billion dollars. On that basis the estimated war expenditure, direct and indirect of Canada, in 1941-42, would be equivalent to an expenditure by the United States, in a single year, of almost 35 billion dollars. In providing the Canadian dollars necessary to meet the deficit in Britain's balance of payments with Canada next year, the Canadian people will be rendering financial assistance to Britain which would be equivalent, in comparable American terms, to something over 15 billion dollars a year.

A Maximum Effort

These figures may help members of parliament and the people of our country to appreciate what Canada is committed to, and what is meant by the statement that, in our opinion, Canada is making the maximum effort of which this country is capable.

But this is merely the financial side. Let me also make the comparison in terms of human lives. Apart from Canada's material contribution, Canada's men are participating in this war. The quarter of a

million Canadians on active service would, in terms of the population of the United States, be equivalent to an armed strength in the forces of the United States of over two and three-quarter million men, and this without taking account of a reserve army for home defence.

For the great contribution which the United States is making; for the still greater contribution which it will make, the government and people of Canada have nothing but admiration and gratitude. Since the United States has pledged its strength to a victorious issue we know that the struggle, though hard, will be shorter. But in the enthusiasm of our satisfaction that the United States has resolved to throw the decisive weight of its material aid into the struggle, we as Canadians have no reason to discount the magnitude of the material contribution and the contribution in man-power which the people of this dominion are making. It should never be forgotten that Canada is spending not only her treasure but her blood. Our eleven million people have given freely and pledged fully their treasure, their resources and their manhood. Canadians, also, have reason to be proud of the part which Canada has had in the reconciliation of the English-speaking peoples, the healing of ancient wounds, and the closing of the great schism of the Anglo-Saxon race.

Surely in the light of such a war record, without boasting and without vainglory, we may all take pride in the vision, the unity, the resolution and the achievement of the Canadian people.