

victory. Consequently, the creation of an effective economic war organization was an essential part of the war effort. This is dealt with in detail at pp. xxxi-xxxvii.

The various economic agencies, together with internal and subsidiary organizations that have developed out of them, have enabled the transition from a peacetime to a war-time economy to be made smoothly. This transition was marked by rapid economic expansion until January, with only a very minor set-back in the following two or three months despite the relatively sharp recession in the United States.

By the time the new Parliament assembled on May 16 the War had entered a new and much more active phase. Germany had successfully invaded Denmark and Norway in April, and on May 10 had commenced the 'blitzkrieg' against Holland, Belgium, Luxemburg, and France. Holland was conquered, and the Germans had broken through into France the day before Parliament met. Parliament acted quickly to meet the new emergencies. A War appropriation of \$700,000,000 was the first measure passed. The powers of the Minister of Munitions and Supply were revised and enlarged in the light of experience and necessity. On May 20 the Prime Minister announced, among other changes, that the 2nd Division would be dispatched overseas as soon as possible, that a Canadian Corps would be formed in the field, and that a 3rd Division would be raised. A Minister of National Defence for Air was appointed. It was later decided to recruit as soon as possible some units of a Fourth Division and to raise, from veterans of the War of 1914-18, certain forces for guard duty in Canada. Additional precautions were taken to meet the dangers of sabotage or treachery in the light of experience in Norway and the Low Countries. Dangerous and subversive elements were arrested or interned. The greatly increased demand for supplies and equipment in Britain and France had important effects on the Canadian supply situation and also on training. Allied orders for equipment and munitions were greatly accelerated. Much greater supplies were to be needed for Canadian forces, and much of those normally obtained from the United Kingdom would have to be obtained in Canada or elsewhere. All aircraft, equipment, and munitions that could possibly be spared were rushed to the United Kingdom in answer to her urgent requests. As a consequence, various special measures were taken by the Department of Munitions and Supply to accelerate orders and production. The diversion of equipment and of personnel to Great Britain necessitated some revisions in the Air Training Plan, but it was stated that the construction of aerodromes in Canada and other work related to the Plan would be accelerated.

War was declared on Italy when that country declared war on the United Kingdom and France. The climax to the legislative action consisted in the introduction and passage, during the third week of June, of the National Resources Mobilization Act, authorizing the Governor in Council to require "persons to place themselves, their services and their property at the disposal of His Majesty in the right of Canada as may be deemed necessary or expedient for securing the public safety, the Defence of Canada, the maintenance of public order, or the efficient prosecution of the War, or for maintaining supplies or services essential to the life of the community", with the exception that persons could not be compelled to serve in the armed forces outside of Canada and her territorial waters. It was announced that a National Registration of Canada's man-power would be instituted at once. A second War Budget of June 24, provided for substantial increases in taxes (see p. xxxv).