

The climax to the legislative action consisted in the introduction and passage, during the third week in 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. Provision was made for a national registration of Canada's man-power, which was carried out in August. A second War Budget of June 24, provided for substantial increases in taxes (see p. xxxiv).

On June 22, 1940, when the French Government signed an armistice with Germany, the second phase of the War was brought to a close. For Canada, the collapse of France and the German occupation of the small neutral countries of Western Europe was marked by redoubled efforts to strengthen the front lines of the Allied struggle against the Axis, and by increasing collaboration with the United States in all matters pertaining to defence and the production of war equipment. War was declared on Italy on June 10, when that country declared war on the United Kingdom and France.

After June, 1940, previous plans made by the Government for the prosecution of a long war were changed considerably, as the result of circumstances created by the German occupation of the whole coast of Western Europe, the increasing danger to the physical security of the United Kingdom and the extension of the theatres of war. The Air Training Plan was speeded up and, by the end of June, 1941, was six months ahead of schedule. For some months, prior to this date, air crews had been going overseas. The numbers of the Canadian Active Army overseas were more than doubled and the size of the Army as a whole was greatly increased. The striking power of the Army was (at June 30, 1941) being increased by the formation of an armoured division and an army tank brigade. The Royal Canadian Navy had more than doubled its personnel, and its tasks were growing daily in connection with the all-important work of keeping open the sea lanes.

In the field of finance, the period 1940-41 was signalized by vast increases in expenditure, revenue and borrowing. To meet enormous obligations, severe increases in taxation had been approved by Parliament.

The effects of the War were felt in other fields as well as finance and production. The difficulties of wheat marketing were intensified, while at the same time the demand for certain commodities like pork products and cheese increased considerably. The Government set aside \$35,000,000 to assist the farmers in reducing wheat acreage and to expand the production of feed grains.

Further efforts were made to stabilize production costs, the most important in this field being the application of a flat-rate bonus for wages in proportion to the increase in the cost of living, instead of percentage increases. Boards of Conciliation under the Industrial Disputes Investigation Act were directed to determine the amount of the bonus, according to a prescribed formula. In order to improve the working of the Act, amendments were introduced affecting the personnel of Boards and their operation.

The year was marked by notable developments in the relations between Canada and the United States. On Aug. 17, 1940, the Prime Minister met President Roosevelt at Ogdensburg, New York. As a result of this meeting, the United