

equipment and armament, supplemented by Canadian-made light aircraft and a number purchased in the United States. However, with the defeat and final capitulation of France, Britain needed all available aircraft at home and the normal delivery of planes to Canada was interrupted. In the emergency, Canada increased her own production and placed heavy orders in the United States. The training plan had to be advanced accordingly and construction was rushed on all schools; manning facilities were enlarged, with the objective of bringing 83 schools into operation six months ahead of schedule.

Throughout the remainder of 1940 and the first half of 1941 the Plan rapidly gathered pace and volume, and the transport overseas of trained aircrew personnel increased correspondingly. With this acceleration and expansion there came greater cost, and by May of 1941 the Minister for Air announced that in place of \$600,000,000 with \$350,000,000 as Canada's share, the plan would cost \$824,000,000, of which Canada's share would be \$531,000,000. These figures are based on the three-year agreement terminating in March, 1943.

Canada is now air-conscious as never before. As a result of the acceleration of the Plan, more than 60 schools were, in June 1941, busily engaged in training pilots, observers and air gunners from all parts of the Empire, including Australia, New Zealand, the United Kingdom, Singapore and Malaya, and also from the United States. Eighty-three schools are planned to be in operation by September, 1941, instead of April, 1942. The growth of this Plan from its inception stage in December, 1939, to that of a great co-operative effort requiring a staff of 40,000, has been a great undertaking. There has been a corresponding growth in the strength of the Royal Canadian Air Force from 4,500 officers and men when war was declared, to more than 56,000 at June 1, 1941; in addition, about 8,000 civilians were on the pay-roll at the latter date. The number of Canadian airmen serving overseas is being steadily increased, although for reasons of policy the actual strength cannot be disclosed.

The Economic Effort and Its Organization

Modern war requires the full and effective mobilization of the nation's economic resources to equip and supply the fighting forces and to maintain the civil population while as much as possible of the national effort is devoted to war. For Canada, this has implied not only the provision of men and material for her own fighting forces, but the furnishing of food, materials, munitions and equipment to Britain and her Allies. The financing of all these operations has been a major task upon which the success of the entire national war effort is founded.

Fortunately, the Canadian financial structure has been developed to such a degree in recent decades that it has now proved itself able to support the extremely heavy demands, that have so far been laid on it, without damage. These demands have arisen not only from the direct cost to Canada of her own war activities but also from the need to provide Britain with very extensive financial assistance in obtaining war supplies in Canada. In addition there has been a serious foreign exchange problem in the form of a shortage of United States dollars resulting from the need to obtain essential materials and war supplies from that country.