

In the early stages of the War it was felt that Canada's industrial role would be confined to the production of materials and equipment mainly for Canadian troops, with limited quantities of guns and aircraft for the United Kingdom. As a result of the industrial expansion organized by the war-time Department of Munitions and Supply, however, Canada now ranks fourth among the United Nations in the production of war supplies; these are being sent to all the war fronts.

The development of war-time industries, however, has not been allowed to interfere with Canada's production of foodstuffs and raw materials. Agriculture has lost many men to the Armed Forces and industry, but despite a manpower reduction of 23 p.c. since the beginning of the War, total agricultural output has increased more than 50 p.c.

The distribution of manpower not only in agriculture but throughout industry has been increasingly important as the War has progressed, and during 1943 the problem was brought under centralized control (see p. xlii). In January, 1943, the National Selective Service regulations were passed which consolidated several Orders in Council in effect since March, 1942. These regulations were designed to maintain and increase the manpower available for the Armed Forces and vital industries and services by reducing the number of persons employed in less essential activities.

It has been the tremendous job of Selective Service to obtain as well as distribute the manpower necessary for Canada's part in the War. By the end of 1943 the gainfully occupied population, including members of the Armed Forces, was estimated at 5,100,000, and 57 p.c. of all persons 14 years of age or over were either in the Armed Forces or at work.

The Government has taken steps to provide for the gradual and economic disposal of surplus war materials or those that are obsolete. A Committee, known as the Crown Assets Allocation Committee, upon which agriculture, labour, householders and the Government Departments concerned are represented, was set-up by Order in Council during the latter part of 1943 and started functioning immediately. A Bill is now before Parliament designed to give statutory incorporation to this arrangement. An agreement between the War Assets Corporation and the parallel disposal agency of the United States Government has been reached to the effect that neither country will dump its surplus war equipment in the other.

Always a trading nation of considerable importance, Canada has, during the War, become the world's third largest external trader as a result of increasingly large exports of war supplies and foodstuffs. During 1943 Canada's trade attained a record value of \$4,736,429,169. In the first four months of 1944, combined imports and exports had risen more than 20 p.c. compared with the same period in 1943. The Government is planning to make provision for the insurance or guarantee of export credits to assist the development of post-war export markets for primary and secondary industries.

With the full realization that the provision of materials to the common cause is no less vital and no less a duty than the provision of fighting men, Canada passed the Mutual Aid Act in May, 1943. It provides for the distribution of Canadian war supplies, including war equipment, raw materials and foodstuffs, to the United Nations to the value of \$1,000,000,000 on the basis of strategic need in excess of what can be paid for. Instead of acting through the United Kingdom, as during operation of the previous contribution of \$1,000,000,000 placed to the credit of the United Kingdom for the purchase of Canadian war supplies, Canada now negotiates directly with each country concerned. Agreements have been signed with the United Kingdom, Australia, Soviet Russia, China and the French Committee of