

The Air Force estimates were exceeded by £5,300,000, due to further expansion of activities since the last Budget was submitted.

Civil
expenditure.

The large expenditure under the heading "Civil" of £14,900,000 effectively emphasizes the obvious fact which is often overlooked that modern war is not exclusively a struggle between masses of armed men. The civilian war effort is second only to the efforts in the field, and the Government must, as no less than their duty, maintain the economic health of the country and direct and assist production both for the armed forces and for the essential needs of the civilian population. So we find for last year, among the larger items of subdivision "Civil," the following—

	£(m.)
Subsidies to primary producers and for stabilization purposes	2·30
Reserve stocks to ensure continuity of production..	0·70
Goods imported by the Ministry of Supply for State Departments and essential commercial activities ..	3·60
Work carried out for the armed Services, &c., the cost of which has not yet been allocated to the Services concerned	1·90
Soldiers' financial assistance	0·30
Grant to Canteen Board equivalent to duty on tobacco ..	0·25
War research	0·40
Imperial Government food contracts	1·10
Emergency Precautions Scheme and Emergency Fire Service	0·40
National Patriotic Fund Board : Prisoner-of-war parcels ..	0·17
Meat-canning : Advances for extension of plants ..	0·17
Air-raid shelters	0·60
Munition workers' hostels	0·12
Miscellaneous	2·89
	£14·90

Reciprocal aid :
Reverse lend-
lease.

A new item which was not anticipated when the last Budget was prepared appears in the accounts for the year—namely, Reciprocal aid : Reverse lend-lease. This is in respect of supplies to the United States Forces, and amounted during the year to a total of £7,000,000.

Reverse lend-lease is the counterpart of the assistance we receive lend-lease from the United States of America. The supplies and services which we provided for the United States forces included capital works such as temporary camps, hospitals, and ships to the value of £3,250,000, food valued at £2,000,000, and transportation, repairs, rentals, and other services to the extent of £1,750,000. These supplies and services for the past year, as already indicated, are shown in the War Expenses Account at £7,000,000, as against corresponding assistance which we received amounting to a total of £26,800,000, comprising motor-vehicles, ammunition, aeroplanes, ordnance stores, oil and petrol, and supplies for other essential purposes. In considering these results, however, account must be taken of the fact that reverse lend-lease was in operation for only part of the financial year, whereas lend-lease, while appearing for the first time in the year's accounts, covered a period of more than a year. Activities under reverse lend-lease are increasing rapidly, and the cost for this year will show a substantial increase.

Although values are quoted in the accounts, I would like to emphasize that lend-lease is granted not in terms of money, but in terms of the quantity of particular kinds of goods required for the war effort. The goods and services provided under reciprocal aid to the United States Forces are paid for by us and are consequently brought into our accounts at the actual cost. Lend-lease, on the other hand, is included in the accounts to complete the picture of our resources for war.