

in May, 1946, by an Act of parliament, the Canadian Commercial Corporation was brought into being and took over the operations of the Canadian Export Board.

While this agency for foreign procurement of civilian type goods was being built up, the direct procurement activities of the Department of Munitions and Supply were decreasing. The war was over, and it was no longer felt appropriate that purchasing should be carried on under the special emergency powers that had been found necessary during the war. By this time the volume of purchasing through Canadian Commercial Corporation on account of foreign governments had risen to an aggregate greater than the amount of purchasing being done on behalf of the Department of National Defence. A good many of the staff who had been in the Department of Munitions and Supply had by then been transferred to the Canadian Commercial Corporation, and it was apparent that there was no useful purpose to be served by maintaining two procurement agencies. In February, 1947, under appropriate authority, the procurement for the Department of National Defence was taken over by the Minister of Trade and Commerce from the Minister of Reconstruction and Supply (who had by then replaced the Minister of Munitions and Supply), and arrangements were made for the Minister of Trade and Commerce to utilize the Canadian Commercial Corporation as his agent in purchasing the requirements of the Services. It should be noted that, while the Canadian Commercial Corporation acted as a principal in dealings with foreign governments, it acted only as an agent of the Minister in procurement of the requirements of the Canadian Services. It performed as the Minister's agent the same general functions for the Services as had been performed by the Department of Munitions and Supply: namely, the receipt from the Services of details of their requirements, the canvassing of the market to determine the best source of supply, the awarding of the contracts, and the follow-up of deliveries. It did not assume any responsibility for inspection, nor did it pay the suppliers, these two functions being the responsibility of the Department of National Defence. The size of the operation is indicated by the figures for the year ended March 31, 1948, which was the first full year of operation of the Canadian Commercial Corporation. During that year the Corporation handled some 45,000 contracts for the Department of National Defence, having a total value of some \$82 million, compared with purchases on behalf of foreign governments and other agencies amounting to some \$88 million. From that point on, the purchasing on behalf of the Department of National Defence steadily increased: 65,000 contracts for a total of \$145 million in 1949; 84,000 contracts with a value of \$221 million in 1950; and 112,000 contracts to a value of \$676 million in the year ended March 31, 1951. At the same time, the business on behalf of foreign governments and other agencies steadily decreased.

On April 1 of this year the Defence Production Act came into force and provided for the establishment of the Department of Defence Production. In the month or two immediately preceding the 1st of April, 1951, various steps were taken in the Department of Trade and Commerce in anticipation of the coming into force of the Defence Production Act and the setting up of the new Department of government. Included in these arrangements were the steps necessary to provide for the transfer of the bulk of the staff of the Canadian Commercial Corporation to the new department when it was established. It was decided to retain the Canadian Commercial Corporation as an entity, for substantially the purpose for which it had been originally created: namely, to facilitate the carrying out of transactions with other countries. This was really the same function for which War Supplies limited had been incorporated in the Department of Munitions and Supply days. It proved a very successful arrangement. With the creation of a special Department, however, there was no need for a Crown company to act as an agent for the Minister of Defence