

months, the six to eight months' delay in obtaining equipment cannot be tolerated; in such cases we try to improve the delivery date. We expect that requests for priority ratings of this type will continue for some time into the future.

Before I close I should say something about the probable future of priorities and controls in Canada. Here of course I am venturing into a field which is beset with many hazards, but I think it is possible to make general statements of our hopes without too great a danger.

Our general policy is to reduce controls as soon as supplies seem to be adequate for our essential needs. The function of our Branch is to ensure that supplies of materials and equipment necessary to our defence programme are available to those companies which need them, and when the balancing of supplies against needs indicates that controls are no longer necessary for this purpose it is our plan to revoke the controls. We recognize the cost to industry in time and effort in making out the multitude of forms which a control system requires and it is our hope that this cost can be eliminated as rapidly as possible. You will recognize, however, that in certain fields where our supplies come largely from the United States it is not possible for us to revoke our controls before similar controls in that country are removed. To do so would penalize Canadian industry.

Although supplies of many materials are now coming to be in a satisfactory balance with demand, we have to recognize that the actual production of defence equipment is just starting to roll. During the past year and a half we have been building and equipping plants in anticipation of production. During this period the requirement for production materials has been small, but now that the plants are built the companies concerned with production of aircraft, electronic gear, guns and ammunition will all be requiring a much larger volume of materials.

Until the international situation clarifies and the requirements for defence can be more accurately foretold, I think that we must keep at least the framework of our machinery to regulate our supplies of materials. We hope that this necessary machinery will not be too serious a drain on the time or patience of Canadian industry. As problems arise, and they will, we hope that those who are affected will talk their difficulties over with us. The necessary provision for defence production and for maintenance and growth of a strong general economy involves the co-operation of government and industry. That co-operation has been maintained at a very high level in Canada and I hope that no failure or omission on our part may reduce in the future the very pleasant relations we have had in the past in dealing with materials problems.

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