

Allocations form part of a wider give-and-take among the free nations. Among the countries sharing in such allocations the principles of self-help, mutual aid, and similarly effective application of internal policies governing the allocation and use of scarce materials should prevail.

After requirements of high essentiality have been met, the inter-country allocation of remaining supplies should take into account the effects upon the respective civilian economies of the broad contribution of each area or country toward common defence, in direct military production or in increased political and economic strength, including the common aid of controlling inflation of world prices. Individual countries differ widely in their ability to make such contributions; the objective should be to bring about an equitable distribution of the resulting burdens and sacrifices. This objective clearly excludes any mechanical formula, or any mere levelling down to a uniform standard of lowered consumption.

The foregoing principle is admittedly difficult to apply, since standards of consumption in different areas of the world are determined by a complexity of factors, such as normal levels of real incomes, customs, cultures and climate. But its application is of high importance for the attainment of the overall objective of economic strength and morale in the free countries.

To return to the Canadian scene, I think the most orderly way to discuss our materials situation would be to review the work of the Materials Branch. The problem of short supply in relation to rising Canadian and world demand affects the work of the six divisions of the Materials Branch.

In the Steel Division the task is two-fold: to facilitate increased supplies, and to make sure that preference is given to essential requirements. This year, as a result of a rise in production and an increase in imports, we have had more steel in Canada than we had last year. But the demands of Canadian users have increased much more sharply, with the result that we still have a tight supply situation. While the expansion plans of the Canadian steel industry are an encouraging part of the picture, we shall still have to obtain substantial quantities of steel from outside sources to meet our own defence needs. An important task assumed by the Steel Division is to demonstrate these needs to the United States authorities in order to have steel released to Canada.

In order to ensure the best possible distribution of the steel that is available in this country, limitation orders have been placed on certain non-essential types of construction. Last January the supply of steel for certain types of less essential building was restricted, and these restrictions were extended to additional types of buildings in March. In recent months the requirements of steel for defence projects have increased sharply, and we are now faced with a critical situation with respect to supplies of reinforcing steel, plates and structural steel. It has, in fact, been necessary to direct Canadian mills to defer shipments of less urgent projects. In co-operation with the Priorities Division every effort has been made to obtain increased supplies from the United States. I am pleased to be able to tell you that our representations have been well